

The Economics of Land Use



Final Draft Report

Docks Area Specific Plan Finance Plan

Prepared for:

City of Sacramento

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1. INTRODUCTION AND SUMMARY

This Finance Plan offers a strategy to finance the infrastructure and public facilities required to serve the Docks Area Specific Plan (Docks Area or Project). The Docks Area was identified as an opportunity site for infill development by the City of Sacramento (City)'s 2003 Riverfront Master Plan. Located adjacent to the Sacramento River, the Project is a planned 29.3-acre infill redevelopment area. Preliminary redevelopment concepts for the site were approved by the City Council in 2007 and envision development of a high-density, mixed use infill neighborhood comprising housing, office, and retail land uses, as well as recreational amenities, including parks and open space and a riverfront parkway/promenade. The City subsequently commenced preparation of the Specific Plan document to provide a comprehensive vision, goals, policies, and development standards for the Docks Area.

Development concepts for the Docks Area, however, are constrained by the location of the Pioneer Reservoir, which currently occupies approximately 15 percent of the Docks Area developable acreage. **Map 1** shows the location of the Docks Area and the Pioneer Reservoir. As part of the Docks Area entitlement process, the City has been evaluating the potential for relocating the reservoir or, alternatively, rehabilitating the existing reservoir to correct structural deficiencies and facilitate the development of a "green-roof" park on top of the existing facility.

This Finance Plan is thus a companion document to the Pioneer Reservoir Finance Plan, which was adopted by the City Council on November 3, 2009. The Pioneer Reservoir Finance Plan evaluated the feasibility of various Pioneer Reservoir alternatives considering the costs associated with each alternative as compared to the revenues available to fund the relocation or rehabilitation costs. Based on this evaluation, the Pioneer Reservoir Finance Plan recommends that the City rehabilitate the existing Pioneer Reservoir to accommodate construction of a green-roof park on top of the existing facility. Based on the availability of funds to complete the rehabilitation costs, the Pioneer Reservoir Finance Plan further recommends that the City implement the associated structural improvements, as well as the park facilities, on a phased implementation basis according to the availability of funds. At the November 3, 2009, City Council meeting, the City accepted this recommendation.

Funding for Docks Area infrastructure and utilities will likely overlap with and compete for revenue sources with the Pioneer Reservoir rehabilitation. This Finance Plan takes into consideration competitive uses for these funding sources and offers one possible strategy to use the available financial resources to achieve both completion of the Pioneer Reservoir improvements and Docks Area development viability. A solution to the Pioneer Reservoir is preferred for Docks Area development to proceed, and funding sources and financing mechanisms necessary to complete the Pioneer Reservoir are contingent on Docks Area development.

Given the current real estate and credit market conditions, the availability of funding and ability of municipalities to issue debt is constrained. Because of these conditions, it is uncertain precisely when Docks Area development will proceed. Real estate market conditions are, however, expected to improve and stabilize over time, thereby improving the viability of Docks Area development. The objective of this Finance Plan is to provide a financing framework that

Map 1
Location of Docks Area and Pioneer Reservoir



facilitates the requisite infrastructure and utility improvements needed for Docks Area development to proceed when market and economic conditions permit.

Implementation of the Project, as well as the Finance Plan, will require several City actions to position this area for development, which are summarized in the implementation section of this document. As implementation of the financing strategy framework set forth herein proceeds, the elements of the financing strategy will need to be reevaluated based on economic and market conditions at that time.

Land Use

Based on the adopted Pioneer Reservoir rehabilitation alternative, this Finance Plan is based on the Docks Area Land Use Option B, which assumes siting of the Docks Park facility on top of the rehabilitated Pioneer Reservoir. The Docks Area land use plan for Option B permits the construction of 1,000 residential units and 243,300 nonresidential square feet, including 200,000 square feet of office and 43,300 square feet of retail.

Infrastructure, Utility, and Public Facility Costs

The infrastructure, utility, and public facility requirements detailed in this Finance Plan are based on the Draft Docks Area Specific Plan document prepared by Wallace Roberts and Todd/Solomon E.T.C. (WRT) and are further detailed in that document. According to the Docks Area Specific Plan document, buildout of the Project will require the following infrastructure, utility, and public facility, improvements:

- Water
- Sewer
- Storm Drain
- Roads
- Engineered Fill
- Electric
- Communication
- Parks

The Project will also fund its share of off-site school facilities. The Project contribution to school facilities will be funded through the payment of school impact fees. Total infrastructure, utility, and public facility costs, including the payment of school impact fees, are thus estimated to total \$22.5 million at buildout of the Project, as detailed in **Table 1**.

Overview of the Financing Strategy

The infrastructure, utilities, and public facilities required for development to proceed in the Docks Area will be funded through a combination of public and private financing. Fees (i.e., City, County, Special District, or Plan Area fees) will be used to fund required facilities when possible. The City and Special Districts serving the Project have established development impact fee programs to fund the school and park facilities.

Table 1
Docks Area Specific Plan Financing Plan
Docks Area Utility, Infrastructure, and Public Facilities Cost Summary (2008\$)

Land Use Option B

Item	Phase 1	Phase 2	Phase 3	Phase F [1]	Total
Utility and Infrastructure Costs					
Water Supply System	\$265,189	\$174,036	\$109,870	\$93,694	\$642,789
Sewer System	\$242,572	\$151,579	\$70,139	\$33,847	\$498,137
Storm Drainage System	\$503,363	\$292,735	\$308,753	\$217,460	\$1,322,310
Electrical Power System	\$454,702	\$442,897	\$183,740	\$117,287	\$1,198,625
Communication System	\$544,588	\$257,365	\$125,441	\$104,271	\$1,031,665
Natural Gas System	\$280,514	\$179,119	\$2,299,151	\$76,892	\$2,835,676
Roads	\$732,249	\$695,543	\$934,805	\$221,187	\$2,583,784
Engineered Fill	\$1,633,445	\$1,418,819	\$273,912	\$181,803	\$3,507,979
Subtotal Utility and Infrastructure Costs	\$4,656,622	\$3,612,093	\$4,305,812	\$1,046,441	\$13,620,967
Public Facilities					
Parks [2]	\$3,800,000	\$1,000,000	\$700,000	\$100,000	\$5,600,000
Schools	\$1,261,652	\$1,172,558	\$776,376	\$84,420	\$3,295,006
Subtotal Public Facilities	\$5,061,652	\$2,172,558	\$1,476,376	\$184,420	\$8,895,006
Total Costs	\$9,718,274	\$5,784,651	\$5,782,188	\$1,230,861	\$22,515,973

"B_costs"

Source: Sacramento Docks Area Draft Specific Plan, January 2008.

[1] Comprising 200,000 square feet of office and 1,000 square feet of retail development, the Specific Plan identifies this phase as Phase F to denote that it is a flexible phase that could proceed at any time. The cost estimates identify it as Phase 4. For consistency, the Financing Plan identifies it as Phase F.

[2] Preliminary assignment of park cost by phase. The assignment of cost will be determined as revised engineering analysis and park design efforts are reevaluated and redesigned to comport with the phasing of the underlying structural improvements

The remainder of the infrastructure, utilities, and public facilities will be funded by a combination of developer funding, Mello-Roos Community Facilities District (CFD) financing, and tax-increment financing. Developer funding will be used to the extent that anticipated achievable market prices can support site infrastructure, utilities, and public facility costs.

CFD bond financing will likely be needed to help fund those items required during the early years of development, as well as at other strategic times when developer revenues from the Project are not able to timely fund the necessary facilities required for new development. However, debt financing will be limited to prudent levels and shall be consistent with State and City guidelines. Tax-increment financing will be used to the extent necessary to facilitate development feasibility and will fund a portion of the infrastructure and utility installation costs.

It is expected that costs will change over time; therefore, each funding mechanism should include a method for adjusting the amount of funding to reflect current costs at the time of construction. At any stage, smaller subareas may develop, depending on the financing capacity of the area, development plans, and market conditions.

Financing Methods

Financing methods may include those detailed below.

City Impact Fees

The City has adopted a set of development impact fees to finance capital improvements. Future updates to the City fees may include certain improvements in the Project. Most of the infrastructure required to serve the Project is subdivision in-tract infrastructure and therefore would not be funded by existing City impact fees. Park facilities serving the Project, however, are citywide amenities that will be funded through the City's Central City Planning Area Park Impact Fee.

School District Impact Fees

The various school districts have established fees, in accordance with State regulations, to be used to construct school facilities. School impact fees are collected by the City before the issuance of a building permit and are forwarded to the applicable school districts.

Mello-Roos CFD

A CFD may be established to help fund the construction or acquisition of infrastructure and facilities in the Project. The 1982 Mello-Roos Community Facilities Act enables cities and other entities to establish a CFD to fund various facilities and services by levying an annual special maximum tax on land within the CFD boundaries. The proceeds from a CFD bond sale can be used for direct funding of improvements, to acquire facilities constructed by the developer, to reimburse developers for advance funding of improvements, or to prepay certain development fees. The annual maximum special tax can be used toward bond debt service or to build or reimburse for infrastructure as needed. The proceeds of the Mello-Roos special tax can be used for direct funding of facilities or to service bond debt.

Tax-Increment Funding

For redevelopment areas, tax-increment funding may be available to fund the construction of infrastructure and public facilities serving the site. Tax-increment revenue is the property tax increment derived from assessed value growth over the base assessed value at the time the redevelopment project area is formed. After mandatory housing and other pass-through set-asides, the remaining tax-increment revenues are available to subsidize a development project's public infrastructure and other eligible improvements.

Tax-increment revenues may be expended annually on a pay-as-you-go basis as the revenues are realized, or the Redevelopment Agency could sell tax allocation revenue bonds. If bonds are sold, annual tax-increment revenues are used to service debt on the bonds. The advantage of bonds is that it enables the redevelopment project area to leverage current and future tax-increment revenues to obtain funds (in the form of bond proceeds) to construct or acquire facilities.

Developer Private Funding

The master project developer will use a combination of cash, equity, or private debt financing to construct infrastructure, utilities, and other public facilities not funded by other means.

Financing Summary

Table 2 shows the estimated \$22.5 million in total site, infrastructure, utility, and public facilities improvement costs at buildout of the Project and identifies the potential funding sources for each facility:

- **Docks Area Developer Private Funding and Tax-Increment Financing.** A combination of Project funding and tax-increment financing is anticipated to fund approximately \$10.3 million in site improvement, infrastructure, and public facility costs, as shown on **Table 2**. Specific terms regarding the tax-increment financing to be used to fund Docks Area improvements will be determined as development proceeds, considering the Project's capacity to fund infrastructure and available tax-increment revenues.

The requirements for developer funding and the use of tax-increment financing will be set forth in the Disposition and Development Agreement (DDA) between the City and the developer. Advance-funding requirements may be met by private developer funding or using other citywide funding sources (e.g., tax increment generated by the Downtown Redevelopment Area). Funding advanced by either source would be reimbursed from future tax increment or CFD bond proceeds generated by the Project.

- **Mello-Roos CFD Financing.** Approximately \$3.3 million in site infrastructure is expected to be directly financed via a Mello-Roos CFD. Additional Mello-Roos CFD funding may be available to fund infrastructure or other requirements (e.g., prepayment of development impact fees or additional improvements to Pioneer Reservoir or the Docks Park).
- **Development Impact Fees.** The total \$8.9 million cost of schools and park facilities are expected to be funded by existing development impact fee programs.

Table 2
Docks Area Specific Plan Financing Plan
Sources and Uses of Funding: Buildout (2008\$)

Improvement Type	Total Costs (Rounded)	Proposed Funding Sources				Total Funding
		Docks Project (Incl. Tax Increment Financing) [1]	Mello-Roos CFD [2]	Development Impact Fees	Other	
Infrastructure and Utility Costs						
Water Supply System	\$640,000	\$260,000	\$380,000	-	-	\$640,000
Sewer System	\$500,000	\$240,000	\$260,000	-	-	\$500,000
Storm Drainage System	\$1,320,000	\$500,000	\$820,000	-	-	\$1,320,000
Electrical Power System	\$1,200,000	\$1,200,000	-	-	-	\$1,200,000
Communication System	\$1,030,000	\$1,030,000	-	-	-	\$1,030,000
Natural Gas System	\$2,840,000	\$2,840,000	-	-	-	\$2,840,000
Roads	\$2,580,000	\$730,000	\$1,850,000	-	-	\$2,580,000
Engineered Fill [3]	\$3,510,000	\$3,510,000	-	-	-	\$3,510,000
Subtotal Infrastructure and Utility Costs	\$13,620,000	\$10,310,000	\$3,310,000	\$0	\$0	\$13,620,000
Public Facilities						
Parks	\$5,600,000	-	-	\$5,600,000	-	\$5,600,000
Schools [4]	\$3,300,000	-	-	\$3,300,000	-	\$3,300,000
Subtotal Public Facilities	\$8,900,000	\$0	\$0	\$8,900,000	\$0	\$8,900,000
Subtotal Infrastructure, Utility, and Facilities	\$22,520,000	\$10,310,000	\$3,310,000	\$8,900,000	\$0	\$22,520,000

"sources_uses2"

Source: Sacramento Docks Area Draft Specific Plan, January 2008 and EPS.

- [1] A combination of Project funding and Tax-Increment Financing is anticipated to fund approximately \$10.3 million in infrastructure and utility costs. Specific terms regarding the tax-increment financing to be used to fund Docks Area improvements will be determined as development proceeds considering the Project's capacity to fund infrastructure and available tax-increment revenues.
- [2] Mello Roos CFD funding is equal to the cost of each improvement during Phases 2, 3 and F. Additional CFD revenue will be available later potentially for direct funding of infrastructure, reimbursement to developer or City for infrastructure, park improvements (fee credits), prepayment of development impact fees, and additional financing or ultimate funding for additional Pioneer Reservoir improvements.
- [3] Engineered fill for public facilities may be reimbursable via Mello Roos CFD Financing.
- [4] Assumes costs are equal to project-generated fee revenue.

These costs are preliminary estimates that will be updated as the financing strategy is implemented.

Implementation and Updates

Implementation of the financing strategy would require several steps to ensure infrastructure and utilities are constructed as necessary to serve development in the Docks Area. Several actions by various parties need to be taken to implement the strategies outlined in this financing strategy. The implementation measures will occur over a period of time, with some measures requiring immediate attention, while others may require action several years from now.

Chapter 6 details the actions that are required to implement the financing strategy for the recommended alternative.

This Finance Plan will need to be periodically updated to account for changes in economic conditions, land use, cost information, or funding sources. Because funding sources for Project infrastructure, utilities, and public facilities overlap with those required to fund Pioneer Reservoir improvements, the financing structure for the Pioneer Reservoir improvements will impact the financing strategy for the Docks Area infrastructure, utilities, and improvements.

Development Feasibility

Real estate pro formas test the financial feasibility of private-sector development when given certain land uses and development costs and revenues. As discussed in more detail later in this report, EPS used a static pro forma modeling methodology to arrive at the residual land value for the Project. The feasibility analysis examines the residual land value for two parking scenarios. Scenario 1 is the base case scenario, which assumes full office structured parking as presented in the Docks Area Specific Plan document. The feasibility analysis shows that this scenario generated a negative residual land value. Scenario 2 assumes a reduction of 50 percent for the office structured parking, which produced a positive residual land value. In addition to the potential parking requirement adjustments analyzed in Scenario 2, the analysis of both scenarios assumed public participation in the form of tax-increment revenue and possible land write downs.

Organization of Report

This report is divided into seven chapters including this **Introduction and Summary**:

- **Chapter 2** describes the land use assumptions for the Docks Area used in this report.
- **Chapter 3** details the infrastructure and utility improvements required to serve the project area.
- **Chapter 4** describes the funding sources available to fund the infrastructure and utility improvements.
- **Chapter 5** describes the park improvements required for Docks Area development and offers a detailed financing strategy to fund those improvements.

- **Chapter 6** describes how this Finance Plan will be implemented.
- **Chapter 7** describes a financial feasibility analysis to assess the burden of the required infrastructure, utility, and park improvements on the proposed Docks Area development.

In addition, the following appendices are provided in this report:

- Appendix A: Tax-Increment Financing—Detailed Calculations
- Appendix B: Mello-Roos CFD Bonding Capacity—Detailed Calculations
- Appendix C: Development Impact Fee Revenues
- Appendix D: Land Use Assumptions
- Appendix E: Residual Land Value Analysis

2. DOCKS AREA LAND USE AND DEVELOPMENT PLAN

The Docks Area is a planned 29.3-acre redevelopment area located in the City, bounded by the Sacramento River to the west, Interstate 5 (I-5) to the east, and US Highway 50 to the south.

Docks Area Land Use Options

The Docks Area Specific Plan document sets forth two separate land use options, Land Use Option A (Option A) and Land Use Option B (Option B), which vary based on whether Pioneer Reservoir is relocated or rehabilitated on site.

- **Option A:** The Pioneer Reservoir will be moved off site.
- **Option B:** The Pioneer Reservoir will be rehabilitated at its current site and capped to accommodate a green-roof park on top.

Through the Pioneer Reservoir Finance Plan process, EPS and the City determined that Option B was the more viable alternative, primarily based on the prohibitive costs associated with the relocation of the Pioneer Reservoir. Furthermore, preliminary development feasibility analysis indicated that Option B is also more viable from a development feasibility perspective. This Finance Plan therefore analyzes Option B.

Option B

Depicted in **Map 2**, Option B assumes the Pioneer Reservoir will stay at its current location in the southern end of the site, and it will be incorporated into the design of the Docks Park. Option B has 1,000 residential units and 243,300 nonresidential square feet, including 200,000 square feet of office and 43,300 square feet of retail. As mentioned above, based on preliminary feasibility analysis, this land use alternative is more viable and therefore provides the basis for this Finance Plan. **Table 3** summarizes the land uses for Option B. **Table D-1** in **Appendix D** provides detailed land use information for Option B.

The Docks Area Specific Plan document identifies the phasing plan for development of the project. The project is designed to be developed in four phases from north to south: Phase 1, Phase 2, Phase 3, and Phase F. Phase F includes the office land use and is a flexible phase that may be implemented at any time. The following is the phasing plan for Option B, detailed in **Tables D-2** and **D-3** in **Appendix D**:

- Phase 1 includes 390 residential units and 40,800 square feet of retail.
- Phase 2 includes 364 residential units and 1,500 square feet of retail.
- Phase 3 includes 246 residential units.
- Phase F includes 200,000 square feet of office and 1,000 square feet of retail.



Illustrative Plan

Site Section B-B'

Table 3
Docks Area Specific Plan Land Use Summary

Land Use	Land Use Option B
Residential	
Townhouse	35
Lowrise Flat (includes 10 loft units)	443
Highrise Flat	522
Total Residential	1,000
Nonresidential	
Office	200,000
Retail	43,300
Total Nonresidential	243,300
Developable Acreage	9.41
Park and Open Space Acres	9.74
Total Acreage	19.15
<i>"lu_summ"</i>	

Source: Draft Docks Area Specific Plan (January 2008).

Land Use Option A2

Land Use Option A2, which is not analyzed in this Finance Plan for the reasons stated above, would relocate the reservoir off site and allow for the Docks Park to be centrally located. Under this option, the Docks Park is a 2.53-acre riverfront facility in the center of the site, and the land use plan presents a greater developable land opportunity (13.30 acres). Land Use Option A2 has 1,155 residential units and 540,500 nonresidential square feet, including 500,000 square feet of office and 40,500 square feet of retail.

3. *INFRASTRUCTURE, UTILITIES, AND PUBLIC FACILITY IMPROVEMENTS AND COSTS*

Reader's Note: Costs are preliminary and are subject to future revisions.

This chapter discusses all infrastructure, utilities, and public facility improvements required for Project development and summarizes the estimated costs (in 2008\$) associated with each improvement type. The infrastructure, utility, and public facility requirements summarized in this chapter are based on the Draft Docks Area Specific Plan document prepared by WRT and are further detailed in that document. According to the Docks Area Specific Plan document, buildout of the Project will require the following infrastructure, utility, and public facility improvements:

- Water
- Sewer
- Storm Drain
- Roads
- Engineered Fill
- Electric
- Communication
- Parks

All infrastructure, utility, and public facility improvements and associated cost estimates described in this chapter are based on Option B and the associated demand generated by that land use configuration. **Table 1** in **Chapter 1** details the infrastructure, utility, and public facility costs by phase of Docks Area development.

Infrastructure

The infrastructure, utility, and public facility requirements discussed below are set forth in the Draft Docks Area Specific Plan document dated January 2008. Improvement cost estimates were completed by WRT as part of the Docks Area Specific Plan document, and are therefore reported in 2008 dollars.

Additional infrastructure improvements will be required by environmental mitigation measures set forth in the Project Environmental Impact Report (EIR). Cost estimates for these facilities are not available at this time. As mitigation measures are finalized and cost estimates determined, this Finance Plan should be updated to reflect those improvements.

Water

The City Department of Utilities will provide water service to the Project. Water demand for drinking, household use, fire suppression, landscaping, commercial, and industrial use generated by the Project will require installation of conveyance facilities to serve the Project. Water system

improvements will be installed in the street grid. Under the Option B land use scenario and associated street layout, installation of 8-inch and 12-inch water mains will be required to serve the Project.

The required water facilities will connect to the existing water supply system via the existing 12-inch water main installed in Front Street. The Project water system will also connect to the proposed water main to be installed along the proposed Docks Promenade Project. Option B water system improvements are estimated to cost approximately \$640,000.

Sanitary Sewer

Sanitary sewer improvements for the Project will connect to the City's Combined Sewer System (CSS) but will be installed as a separate system in accordance with the City's design guidelines for new sanitary system improvements. Option B generates demand for the following sanitary sewer system improvements:

- Construction of new 18-inch sewer main along Front Street.
- Construction of new 12-inch sub-mains along interior streets (R, S, T, U, V, W, Park, and River Streets).

New sub-mains will connect to the 18-inch main along Front Street. Total sanitary sewer system improvements required to serve the Project are estimated to cost approximately \$500,000.

Storm Drain

The Docks Area Specific Plan document sets forth the following goals for stormwater management in the Project:

1. Reduce the rate and quantity of stormwater runoff from the site.
2. Naturally treat stormwater runoff on site and reduce the load on the municipal sewer system.
3. Capture, filter, and potentially store and reuse stormwater as irrigation.

Docks Area site design features, including vegetated roofs, bioswales, rain gardens, stormwater detention zones, and optional oversized pipes to provide in-line storage, are intended to further the Project stormwater management objectives.

Similar to the sanitary sewer system improvements, the proposed Docks Area storm drain system will be separate from the Docks Area sewer system in accordance with City design standards for new drainage facilities and will connect to the City's CSS via Sump 1/1A. Proposed storm drain system improvements include the construction of 30-inch and 12-inch diameter storm drain pipe lines.

The storm drain pipe facilities installed in the street facilities will include drain inlets, rain gardens, bioswales, detention zones, and optional in-line detention structures. Excluding the optional oversized pipes to provide stormwater detention and storage, the estimated costs for stormwater system improvements to serve the Project total approximately \$1.3 million.

Street Improvements

Buildout of the Project will require construction of a new street network to connect to the downtown grid street system as well as improvements to existing access streets. The Specific Plan document estimated the cost for internal, onsite street improvements, which are included in the Finance Plan cost estimates and discussed below. Additional offsite improvements will also be required to satisfy mitigation measures set forth in the EIR. Because these offsite mitigation measures and the associated cost estimates are preliminary, these costs are discussed in this section, but are not included in the Finance Plan infrastructure cost estimates. As mitigation measures and the associated cost estimates are finalized, this Finance Plan should be updated to reflect the costs associated with the offsite improvements.

Internal Street Improvements

Street improvements for Option B include the following facilities:

- **Front Street.** Front Street is a north-south collector facility providing both north and south access to the Project. Front Street will be upgraded to accommodate bicycle and pedestrian traffic generated by Project development.
- **River Street.** Running parallel to the Docks Riverfront Promenade, River Street will be a local street facility providing one travel lane in each direction.
- **Alphabet Streets.** Referring to R, S, T, U, V, and W Streets, the alphabet streets provide east-west local circulation.
- **S Street.** Similar to the alphabet streets, S Street is a local facility but also allows for connection to underground parking facilities.
- **Park Street.** Park Street will provide north-south local circulation on the eastern side of the Project, adjacent to the proposed Docks Park to be located on top of Pioneer Reservoir.

Local and collector street improvements for the Docks Area are estimated to cost a total of \$2.6 million through buildout of the project. These costs are included in the street improvement cost estimates presented in **Table 1** in **Chapter 1**.

EIR Mitigation Measures

As a result of development in the Docks area, offsite street improvements will also be required to mitigate circulation impacts determined through the Project EIR. The EIR identifies construction of additional traffic signals is necessary at two intersections as mitigation measures for Project development. As noted earlier, the infrastructure cost estimates included in this version of the Finance Plan does not yet include these costs. Subsequent to the approval of the Project EIR, the Finance Plan should be updated to include these costs, as well as other environmental mitigation measures that may be required.

The City's Department of Transportation shall monitor the density of the development and when conditions warrant, as determine by the City's Traffic Engineer, traffic signals shall be constructed at the locations listed on the following page.

- Construct a traffic signal at the intersection of 3rd and Broadway (Mitigation Measure 5.9-1a).
- Construct a traffic signal at the NB I-5 off ramp at Broadway (Mitigation Measure 5.9-8a)

The preliminary cost for constructing the signals is estimated to approximate \$811,500. Construction of these signals will be funded by the project developer. If there are multiple developers within the Project Area, each developer shall pay a proportionate share of the cost to construct these signals prior to the issuance of each building permit. When the City's Traffic Engineer determines that the signal(s) are warranted, SHRA and/or the developer(s) shall install, or fund the installation of, the signals as required by the Mitigation Monitoring Plan. The party or parties funding the installation of the signal(s) would then be reimbursed according to the policies set forth in the Finance Plan. These improvements may also be funded through the proposed CFD.

Engineered Fill

The Project will require the use of engineered fill to correct for differences in elevation along the street system and ensure that buildings and facilities located adjacent to the levee are on the same elevation as the proposed Riverfront Promenade. Specifically, under Option B, engineered fill between the levee and Pioneer Reservoir will be placed to allow construction of the Docks Park on top of the reservoir. In addition, engineered fill will be placed and compacted before the construction of the new street grid connecting to Front Street. Engineered fill costs are estimated to total \$3.5 million.

Utilities

Electric

Electric service to the project will be provided by the Sacramento Municipal Utility District (SMUD). Based on the estimated electrical load demand generated by buildout of Option B, SMUD estimates that existing electrical transmission and distribution systems will be sufficient, and installation of new major facilities will not be required. Required electric system improvements include new underground electrical conduit and cable installed in the street system. Electric system improvement costs are estimated to total \$1.2 million.

Telecommunication

The infrastructure plan set forth in the Docks Area Specific Plan document defines the telecommunication system as including phone lines, high-speed internet, fiber optics, and cable TV. Improvements to the existing telecommunication system include undergrounding existing above-ground lines, as well as installing 4-inch conduit bank to be located in R, S, T, U, V, W, Front, River, and Park Streets, as well as individual building connections.

Telecommunication improvements for the Project are estimated to total \$1.0 million at buildout.

Natural Gas

Pacific Gas & Electric Company (PG&E) estimates that the existing natural gas infrastructure and supply system is sufficiently sized to serve Docks Area development. Extension of existing distribution facilities will be necessary to extend service to the Project. The improvements are estimated to include these:

- Reconstruction or relocation of two 16-inch transmission lines between the Sacramento River levee and the Pioneer Reservoir.
- Extension of existing 6-inch gas main located in Front Street.
- Construction of new 6-inch gas mains along R, S, T, V, River, and Park Streets.
- Construction of 2- to 4-inch service lines to serve individual buildings.

Costs to install the requisite natural gas system improvements are estimated to total approximately \$2.8 million.

Public Facilities

Schools

The Project will be served by the Sacramento City Unified School District (SCUSD). As identified in **Table 4**, the Project is expected to generate approximately 80 students. It is assumed that these students will be absorbed into existing SCUSD school facilities. New elementary, middle, and high school facilities are not required as a result of demand generated by Docks Area development. School facility cost estimates in this Finance Plan are therefore based on the school development impact fee revenue generated by the Project, which is discussed further in **Chapter 4**.

Parks

Under Option B, the Docks Park facility will be an 8.18-acre site located on the top of the existing Pioneer Reservoir.

Located adjacent and designed to facilitate connectivity to the Riverfront Promenade, the Docks Park will serve the Docks Area, the larger Central City community, and the region. As discussed in further detail in **Chapter 5**, the Docks Park will be subject to additional analysis and redesign efforts to comport with the phased implementation of Pioneer Reservoir structural improvements, set forth in the Pioneer Reservoir Finance Plan. Discussed in further detail in **Chapter 5**, the total estimated costs to construct the Docks Park total \$5.6 million.

Table 4
Docks Area Specific Plan Financing Plan
Project Students Generated (2008\$)

Item	Formula	Phase 1	Remaining Phases	Total
Residential Units				
Detached		-	-	-
Attached		390	610	1,000
Total Units	A	390	610	1,000
Students				
Absorbed in Existing Schools [1]	$B = A * 0.0795$	32	49	80

"schools"

Sources: Sacramento City USD, Ca. Dept. of Ed., Office of Public School Construction, and EPS.

[1] Based on student generation rates (SGR) from Sacramento City USD Master Plan 2006-2015. SGR for detached units is 0.3180 and for attached units is 0.0795. All Docks Area units assumed to be attached.

4. *INFRASTRUCTURE, UTILITY, AND SCHOOLS* *FINANCING STRATEGY*

This chapter outlines the proposed Docks Area financing strategy and describes how a combination of private and public funding sources will be used to fund the \$13.6 million of infrastructure and utilities required to serve the Project. Funding for the Project's share of backbone infrastructure and school facilities is also discussed. The financing strategy and funding sources for park facility improvements are discussed in the following chapter.

Financing Strategy at Buildout

Backbone Infrastructure

Infrastructure improvements required to serve the Project consist of subdivision or in-tract infrastructure and utilities, which serve the Project only and are not included in existing City development impact fees funding backbone infrastructure improvements. Project infrastructure will, however, tie into the City's existing backbone infrastructure grid for roads, water, drainage, and sewer. The circulation, conveyance, and transmission functions of the City's backbone infrastructure grid will serve the Docks Area development, and as such, the Project will contribute its proportionate share in backbone infrastructure improvement costs through payment of the appropriate development impact fees. These costs are not included in the \$22.5 million in Docks infrastructure, utilities and public facility costs. Detailed in **Appendix C**, the Project will fund its proportionate share of backbone infrastructure through payment of the following existing development impact fees:

- Major Street Construction Fund
- City Water Development Fee
- City Sewer Development Fee
- City CSS Development Fee
- Sacramento Regional County Sanitation District Development Fee

On-Site Infrastructure and Utilities

As shown on **Table 5**, the \$13.6 million in on-site infrastructure and utilities would be funded through a combination of public and private funding sources. Sources of funding for these improvement costs include the following sources and financing mechanisms:

- Project Funding
- Tax-Increment Financing
- Mello-Roos CFD

Each of these funding sources and financing mechanisms is described in further detail below.

Docks Area Developer Private Funding and Tax-Increment Financing

A combination of Project funding and tax-increment financing is anticipated to fund approximately \$10.3 million in infrastructure and utility costs. Specific terms regarding the tax-

**Table 5
Docks Area Specific Plan Financing Plan
Sources and Uses of Funding: Buildout (2008\$)**

Improvement Type	Total Costs (Rounded)	Proposed Funding Sources				Total Funding
		Docks Project (Incl. Tax Increment Financing) [1]	Mello-Roos CFD [2]	Development Impact Fees	Other	
Infrastructure and Utility Costs						
Water Supply System	\$640,000	\$260,000	\$380,000	-	-	\$640,000
Sewer System	\$500,000	\$240,000	\$260,000	-	-	\$500,000
Storm Drainage System	\$1,320,000	\$500,000	\$820,000	-	-	\$1,320,000
Electrical Power System	\$1,200,000	\$1,200,000	-	-	-	\$1,200,000
Communication System	\$1,030,000	\$1,030,000	-	-	-	\$1,030,000
Natural Gas System	\$2,840,000	\$2,840,000	-	-	-	\$2,840,000
Roads	\$2,580,000	\$730,000	\$1,850,000	-	-	\$2,580,000
Engineered Fill [3]	\$3,510,000	\$3,510,000	-	-	-	\$3,510,000
Subtotal Infrastructure and Utility Costs	\$13,620,000	\$10,310,000	\$3,310,000	\$0	\$0	\$13,620,000
Public Facilities						
Parks	\$5,600,000	-	-	\$5,600,000	-	\$5,600,000
Schools [4]	\$3,300,000	-	-	\$3,300,000	-	\$3,300,000
Subtotal Public Facilities	\$8,900,000	\$0	\$0	\$8,900,000	\$0	\$8,900,000
Subtotal Infrastructure, Utility, and Facilities	\$22,520,000	\$10,310,000	\$3,310,000	\$8,900,000	\$0	\$22,520,000

"sources_uses2"

Source: Sacramento Docks Area Draft Specific Plan, January 2008 and EPS.

- [1] A combination of Project funding and Tax-Increment Financing is anticipated to fund approximately \$10.3 million in infrastructure and utility costs. Specific terms regarding the tax-increment financing to be used to fund Docks Area improvements will be determined as development proceeds considering the Project's capacity to fund infrastructure and available tax-increment revenues.
- [2] Mello Roos CFD funding is equal to the cost of each improvement during Phases 2, 3 and F. Additional CFD revenue will be available later potentially for direct funding of infrastructure, reimbursement to developer or City for infrastructure, park improvements (fee credits), prepayment of development impact fees, and additional financing or ultimate funding for additional Pioneer Reservoir improvements.
- [3] Engineered fill for public facilities may be reimbursable via Mello Roos CFD Financing.
- [4] Assumes costs are equal to project-generated fee revenue.

increment financing to be used to fund Docks Area improvements will be determined as development proceeds, considering the Project's capacity to fund infrastructure and available tax-increment revenues.

The requirements for developer funding and the use of tax-increment financing will be set forth in the DDA between the City and the developer. Advance-funding requirements may be met by private developer funding or using other citywide funding sources. Funding advanced by either source would be reimbursed from future tax-increment or CFD bond proceeds generated by the Project.

Docks Area Developer Private Funding

The in-tract infrastructure and utility installation costs required for Docks Area development reflect site improvements that are typically funded by the Project developer via revenues generated by the sale of the Project residential and nonresidential products. A development project's capacity to fund infrastructure and utilities while still achieving appropriate investment returns is contingent on the actual rents and sale prices achieved compared to the construction and other costs associated with Project development.

EPS conducted an initial static financial feasibility analysis (discussed in detail in **Chapter 7**) that preliminarily indicates the Project may have the capacity to fund a portion of the Docks Area in-tract infrastructure and utility installation costs under certain development cost scenarios. Further real estate pro forma analysis will be required to determine the amount of infrastructure and utility costs that could be funded by the Project without detriment to project financial feasibility.

Before commencement of each phase of development, the City and the Project developer will review the Project's capacity to fund the infrastructure and site improvement costs necessary to serve the Project or if other sources of funding are necessary to achieve Project feasibility and appropriate investment returns. This review will consider the market conditions (achievable rents and sale prices), as well as the development cost environment at the time that each phase commences. Conditions for financial responsibility for construction of infrastructure and utilities, including conditions under which the City will provide additional subsidies for infrastructure construction, should be set forth in the DDA between the City and the Project developer.

Tax-Increment Funding—Docks Area

For redevelopment areas, tax-increment funding may be available to fund construction of infrastructure and public facilities serving the site. Tax-increment revenue is the property tax increment derived from assessed value growth over the base assessed value at the time the redevelopment project area is formed. After mandatory housing and other pass-through set-asides, the remaining tax-increment revenues are available to subsidize a development project's public infrastructure and other eligible improvements.

Tax-increment revenues may be expended annually on a pay-as-you-go basis as the revenues are realized, or the Redevelopment Agency could sell tax allocation revenue bonds. If bonds are sold, annual tax-increment revenues are used to service debt on the bonds. The advantage of bonds is that it enables the redevelopment project area to leverage current and future tax-increment revenues to obtain funds (in the form of bond proceeds) to construct or acquire facilities.

Because the change in valuation must be reflected on the annual property tax roll before the leverage of tax-increment financing, the availability of these funds is delayed for 1 to 3 years after development project construction. **Table 6** details the estimated tax-increment revenues available after funding a portion of the Pioneer Reservoir improvements.

Mello-Roos CFD

The 1982 Mello-Roos Community Facilities Act enables cities, counties, special districts, and school districts to establish CFDs and to levy special taxes to fund a wide variety of public facilities and services. Proceeds of Mello-Roos special taxes can be used for direct funding, acquisition, or to pay off bonds. One or more Mello-Roos CFDs may be formed over time to finance the necessary infrastructure and public facilities.

Facilities acquired via a CFD must be publicly owned. As such, this Finance Plan assumes that approximately \$3.3 million in water, sewer, storm drain, and roads will be initially financed via a Mello-Roos CFD.

As detailed in **Table 6**, approximately \$9.4 million in CFD bond proceeds may be available after funding a portion of the Pioneer Reservoir improvements. Because of the ability to levy this special tax on undeveloped property, CFD bonds may be issued at the start of development for each phase. After acquisition of the Docks Area infrastructure facilities, the remaining \$6.1 million in Docks Area CFD bond proceeds could be used for several purposes, including these:

- Direct funding of infrastructure.
- Reimbursement to developer or City for infrastructure.
- Park improvements (fee credits).
- Advance funding of Docks Park improvements.
- Payment of development impact fees.
- Providing bridge financing or ultimate funding for additional Pioneer Reservoir improvements.

School Facilities

The SCUSD has established a development impact fee program, in accordance with State regulations, to be used to construct school facilities. As discussed in the prior chapter, students generated by the Project are anticipated to be absorbed into existing SCUSD school facilities. Docks Area development will fund its proportionate share of school facilities via payment of the SCUSD fee. As identified in **Table 5**, Docks Area development will pay approximately \$3.3 million in school facility impact fees.

School impact fees are collected by the City before the issuance of a building permit and are forwarded to the school district.

Cash Flow Considerations

Project-generated CFD and tax-increment revenues are assumed to provide the primary sources of funding for Docks Area infrastructure and utility improvements, but the timing of revenue

Table 6
Docks Area Specific Plan Financing Plan
Summary of Project-Generated Revenues

Item	Mello Roos CFD	Tax Increment
Project-Generated Revenue [1]	\$17,000,000	\$14,110,000
Less Estimated Amount Needed to Fund Pioneer Reservoir [2]	(\$7,600,000)	(\$5,270,000)
Remaining Available	\$9,400,000	\$8,840,000
Uses for the Remaining Available Project-Generated Revenue [3]		
Direct Funding of Infrastructure	\$3,300,000	X
Reimbursement to Developer or City for Infrastructure	X	
Park Improvements (Fee Credits)	X	
Advance Funding of Docks Park Improvements	X	
Prepayment of Development Impact Fees	X	
Additional Financing or Ultimate Funding for Additional Pioneer Reservoir Improvements	X	

"prj_rev"

Source: EPS.

[1] See Table A-1 and Table B-1.

[2] Preliminary estimate based on the Pioneer Reservoir Specific Plan Financing Plan analysis.

[3] Subsequent to acquisition of the Docks Area infrastructure facilities, the remaining Docks Area CFD bond proceeds may be used for several purposes, which are denoted accordingly.

availability does not precisely comport with when the costs will be incurred. Leverage of tax-increment revenues requires that the valuation increase from redevelopment is reflected on the property tax rolls, which typically occurs 1 to 3 years after project construction.

Table 7 illustrates the timing of the requisite improvement costs, the associated timing of available revenues, and the resulting near-term revenue shortfall. Docks Area improvement costs associated with the first phase of development would total approximately \$4.7 million. Available revenues at the outset of Docks Area development would be generated by the following sources:

- **Docks Project/ Tax-Increment Financing.** A combination of Docks Project funding and tax increment revenue will fund a portion of the infrastructure and utility costs. As shown on **Table 7**, approximately \$1.7 million in Docks Project funding/ tax-increment revenue is estimated to be available in Phase 1.
- **CFD Revenues.** CFD special taxes may be levied on undeveloped property, thereby generating the availability of a portion of anticipated CFD bond proceeds at commencement of Docks Area development. The CFD bond proceeds generated by Phase 1 of Docks Area development are assumed to fund Pioneer Reservoir rehabilitation improvements. CFD bond proceeds for Phase 1 are therefore not available for Docks Area infrastructure and utilities.

Considering the above-described available revenue sources, the resulting Project funding shortfall for the first phase of Docks Area development totals approximately \$3.0 million. Much of this resulting shortfall can be remedied via the use of property tax-increment funding, and CFD bond proceeds in future years. However, at the outset of Phase 1, the property tax roll would not reflect the increase in property values from Phase 1 development and tax-increment financing would not yet be available.

Given the delayed availability of property tax-increment revenues and the use of Phase 1 CFD bond proceeds for Pioneer Reservoir rehabilitation improvements, this Finance Plan assumes that developer or City advance funding will be required to advance fund a portion of Phase 1 improvements. This advance funding could then be reimbursed via revenues generated by future phases of development.

Table 7
Docks Area Specific Plan Financing Plan
Infrastructure & Utilities Cash Flow Summary by Phase (2008\$)

Land Use Option B

Item	Formula	Phase 1	Phase 2	Phase 3	Phase F	Total (Rounded)
Beginning Balance	A	\$0	\$0	\$0	\$0	\$0
Costs						
Docks Area Infrastructure & Utilities		\$4,700,000	\$3,600,000	\$4,300,000	\$1,000,000	\$13,600,000
Subtotal Costs	B	\$4,700,000	\$3,600,000	\$4,300,000	\$1,000,000	\$13,600,000
Revenues						
Docks Project (Including Tax Increment Financing) [1]	C	\$1,700,000	\$1,500,000	\$4,500,000	\$2,600,000	\$10,300,000
CFD Bond Proceeds [2]	D	\$0	\$3,300,000	\$0	\$0	\$3,300,000
Subtotal Revenues	E = C + D	\$1,700,000	\$4,800,000	\$4,500,000	\$2,600,000	\$13,600,000
Subtotal Surplus/(Shortfall) - Rounded	F = A + E - B	(\$3,000,000)	\$1,200,000	\$200,000	\$1,600,000	\$0
Advance Funding	G	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Reimbursement of Advance Funding	H	\$0	(\$1,200,000)	(\$200,000)	(\$1,600,000)	(\$3,000,000)
Net Surplus/ (Shortfall)	I = F + G + H	\$0	\$0	\$0	\$0	\$0

"cf_summ"

[1] Reflects infrastructure costs funded through sale of Docks Area residential and nonresidential development as well as the use of tax increment financing as tax increment revenues are available.

[2] Phase 1 CFD Bond Proceeds assumed to fund Pioneer Reservoir rehabilitation improvements.

5. DOCKS PARK DEVELOPMENT COSTS AND FINANCING STRATEGY

Under Option B, approximately 8.2 acres of park land are provided as part of Project development. Located on top of the existing Pioneer Reservoir, the Docks Park facility will be an 8.2-acre site serving both the Docks Area and the larger Central City community as part of the regional Riverfront Promenade. The Docks Park will be a riverfront park that will serve as the focus of the surrounding neighborhoods and as a key component of the planned Riverfront Promenade.

Park Land Service Standards

The City's current Park and Recreation Master Plan sets a service level standard of 5 acres of neighborhood and community parks per 1,000 residents. New development projects may meet this service level standard through provision of park land or payment of an in-lieu fee (Quimby in-lieu), or a combination of land dedication and in-lieu fee payment. **Table 8** summarizes the park acreage requirements associated with Docks Area development, based on park acreage per-unit factors provided by the City Parks and Recreation Department. These park acreage requirements are compared to the park acres provided to determine if the Docks Area development meets the City's park acreage service level standard.

As identified in **Table 8**, Docks Area park land provided totals 8.2 acres, while the acreage required according to the City's service level standard is approximately 8.8 acres. Docks Area developers may be required to pay an in-lieu fee for the 0.6-acre shortfall, as estimated in **Table 8**. Because there are other park facilities immediately adjacent to the site (e.g. R Street Park and Plaza, Riverfront Promenade) payment of the in-lieu fees may be subject to negotiation.

Docks Park Improvement Financing Strategy

The Docks Park facility was originally proposed to be a green-roof park facility sited on top of the existing Pioneer Reservoir. The remainder of this chapter offers a detailed strategy to fund the Docks Park improvement costs, taking into consideration Pioneer Reservoir structural improvements required to increase the load-bearing capacity of the reservoir.

The Pioneer Reservoir Finance Plan offers a strategy to fund the structural improvements to the reservoir that are necessary to accommodate construction of the Docks Park. The Pioneer Reservoir Finance Plan does not, however, address the construction of the actual park improvements. The financing strategy for the Docks Park improvements is detailed in this chapter via a discussion of the following items:

- Summary of the recommended Pioneer Reservoir rehabilitation alternative.
- Initial park development cost estimates.
- Available Docks Park funding sources.
- Preliminary financing strategy to fund construction of Docks Park improvements paralleling the requisite structural improvements to Pioneer Reservoir.

Table 8
Docks Area Specific Plan Financing Plan
Quimby Park Acreage Requirements and In Lieu Fee Calculation

Land Use Option B

Item	Units	Quimby Requirement	Acres Required	Acres Provided	Surplus/ (Shortfall)	Quimby In-lieu Reimbursement/ (Fee Paid)
<i>Assumption</i>		<i>Per Unit</i>				<i>\$250,000 per acre + 20%</i>
Residential						
Townhouse	35	0.0088	0.3			
Lowrise Flat (includes 10 loft units)	443	0.0088	3.9			
Highrise Flat	522	0.0088	4.6			
Subtotal Residential	1,000		8.8	8.2	(0.6)	(\$186,000)

"quimby"

Source: City of Sacramento Parks and Recreation Private Development Requirements, October 2006.

Recommended Pioneer Reservoir Rehabilitation

The Pioneer Reservoir Finance Plan recommends that the City implement a phased approach to improving Pioneer Reservoir to accommodate construction of a redesigned version of the originally contemplated Docks Park facility. The redesigned park would incorporate lighter load bearing activities and therefore could reduce structural improvements requirements for certain areas of the roof. As revenues are available, additional structural improvements could be completed to facilitate enhancements to the redesigned Docks Park facility that may ultimately fulfill the original Docks Park design concept.

The City would implement the structural roof rehabilitation improvements necessary to accommodate construction of a green-roof park on a phased basis according to the following conceptual improvement phases:

- **Phase 1 Improvements—Targeted Load-Bearing Improvements.** Docks Area development requires, at a minimum, that the Pioneer Reservoir be aesthetically neutralized to facilitate adjacent development and provide a recreational amenity to the Project. To achieve this goal, Phase 1 Pioneer Reservoir improvements would be designed to accommodate a redesigned Docks Park facility featuring more hardscaped areas and areas dedicated to lighter activity requiring less load-bearing capacity than that required by areas with full soil and landscape loads. Informed by additional engineering analysis and park design efforts, a portion of the reservoir roof could be rehabilitated to accommodate fully landscaped park improvements, but the remaining areas would be designed to facilitate lighter load-generating activities.

Phase 1 of Pioneer Reservoir improvements would therefore include structural improvements to the reservoir roof targeted towards certain sections to create adequate support for soil and landscape loads in those targeted sections. This would permit construction of landscaped park improvements on the portion of the roof that has been fully rehabilitated. The other areas of the roof would require some structural rehabilitation and would be designed and improved to accommodate lighter activity, lesser loads, and appropriate aesthetic improvements (e.g., hardscaping).

- **Phase 2—Completion of the Docks Park.** Phase 2 of Pioneer Reservoir improvements would include the remaining structural improvements required to permit full loads on top of the entire reservoir roof. The Phase 2 improvements would be designed to accomplish full buildout of the Docks Park. Phase 2 improvements expanding and enhancing the park facility accommodated by Phase 1 may be completed as revenues are identified and programmed.

The Pioneer Reservoir Finance Plan set forth a conceptual phasing scenario based on preliminary engineering assessments that phasing of structural improvements is theoretically viable. Further engineering analysis and design would be required to determine the precise manner in which the structural improvements would be phased and which areas of the reservoir would be able to accommodate full landscape loads and activities versus those necessitating lighter load-generating activities. As discussed below, this additional engineering and design work would be completed in concert with Docks Park design efforts.

Preliminary Docks Park Development Costs

WRT estimated the costs associated with the Docks Park development under Option B, assuming the park is located on top of the Pioneer Reservoir. As identified in the Draft Docks Area Specific Plan document, the originally contemplated Option B Docks Park was estimated to cost a total of approximately \$5.6 million, as show on **Table 9**. These costs are preliminary and are expected to change as a result of park redesign effort discussed below and necessitated by the phased implementation of Pioneer Reservoir structural improvements. This estimate is used as a placeholder park improvement cost for purposes of this Finance Plan.

Given the proposed phased nature of Pioneer Reservoir structural improvements, the Docks Park design concept would require reevaluation and redesign to comport with phasing of the underlying structural improvements. Programming of recreational amenities would be determined and sited based on where the reservoir roof is improved to accommodate high load-bearing activities versus where lighter load-bearing activities are necessary.

The Docks Park redesign process should be conducted as an iterative process, both responding to and shaping Pioneer Reservoir structural improvement plans. Park design and structural engineering efforts must be a coordinated and parallel process, which will be largely driven by the availability of funds for both structural and park improvements. The remainder of this chapter discusses the sources and cash flow of funds available for Docks Park improvements. Financing of Pioneer Reservoir structural improvements is detailed in the Pioneer Reservoir Finance Plan.

Docks Park Funding Sources

Docks Park improvements will primarily be funded by revenue generated by Central City Planning Area park fee revenue. Other revenue sources may also be used, as discussed further below.

Central City Planning Area Park Fee Revenues

All new residential, retail, office, and industrial construction in the City must pay the City's park development impact fee to finance development of park and recreational facilities in the Community Planning Area, in which the Project is located. Docks Park improvements will be funded primarily by park development impact fee revenue generated by the Central City Planning Area, in which the Project is located.

Park development impact fees collected in the Central City are considerably lower than other parts of the City (projects that qualify for reduced park development impact fees include all residential development and commercial development of 20,000 square feet or fewer); yet park development costs in the Central City can be higher. Parks in the Central City may be smaller or have a higher concentration of hardscape or amenities.

**Table 9
Docks Area Specific Plan Financing Plan
Docks Park Improvement Costs (2008\$)**

Land Use Option B

Park Type	Cost per Park Acre	Acres Provided	Total Cost
Community Park [1]	\$686,339	8.18	\$5,614,255
Total Parks (Rounded)		8.18	\$5,600,000

"parks_costsB"

Source: Sacramento Docks Area Draft Specific Plan (2008), and EPS.

[1] Reflects park facility proposed under land use option B, which would be located on top of Pioneer Reservoir. Park cost includes:

- Bonds
- Project Commencement
- Demolition, Grading & Utilities
- Hardscape
- Furnishings
- Planting
- Landscape Maint.& Plant Establishment
- Irrigation
- Storm Drain
- Utilities
- City Soft Cost

Docks Area Park Fee Revenue

As identified in **Table 10**, Docks Area development will generate approximately \$2.9 million in Central City Planning Area Park Fee revenue, which will be available to fund a portion of the estimated \$5.6 million Docks Park improvement costs.

Other Central City Planning Area Development

The Docks Park will be located adjacent to the Riverfront Promenade and will serve the entire Central City Planning Area, as well as Docks Area development. Because construction of new park facilities in the Central City Planning Area is somewhat constrained by the nature of infill development, revenues generated by other Central City development projects may be available to fund a portion of construction of the Docks Park.

This Finance Plan assumes that the remaining Docks Park development cost of approximately \$2.7 million will be funded by park fee revenue from other development in the Central City Planning Area.

Other Funding Sources

If Central City Planning Area park fee revenues are unavailable to fund the remaining \$2.7 million in Docks Park development costs, the City will have to identify alternative sources of funding. The funding sources detailed below may be available to fund all or a portion of the remaining Docks Park development costs, but would be subject to constraints generated by competition for the same funding sources to fund Pioneer Reservoir structural improvements.

Quimby In-Lieu Fee Revenue

Any residential land division in the City is subject to a requirement to dedicate park land, pay a fee in-lieu of dedication, or a combination of the two. In the Central City, where land is at a premium and there are no large plots of land remaining, it is more typical for the developer to pay the in-lieu fee with some parkland dedication. The collected in-lieu funds may be pooled and used for acquisition, improvement, or expansion of public parks. The City has a service level goal of 5 acres of neighborhood and community parks for every 1,000 residents. The in-lieu fee may not be used for regional facilities.

Statewide Park Development and Community Revitalization Program and Future Grant Program

Authorized by the passage of the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), the State of California Department of Parks and Recreation administers a \$368 million grant program to fund new park construction. Cities and counties can apply for grants to fund the creation of new parks and new recreation opportunities near underserved areas. A portion of the costs to complete Docks Park improvements may be eligible for Proposition 84 monies (or future statewide park development grant program authorization) to the extent that the funds will be used to facilitate park facility construction (e.g., soil fill for a green-roof park or construction of other park amenities). In the future, the state's voters will likely approve additional funding for parks that may be available for the Docks Park.

Table 10
Docks Area Specific Plan Financing Plan
Parks Revenue Summary

Item	Reference	Land Use Option B
Total Docks Area Specific Plan Park Fee Revenue (Rounded)	Table C-6	\$2,900,000
Docks Area Specific Plan Park Cost (Rounded)	Table 9	(\$5,600,000)
Docks Park Development Fee Surplus/ (Shortfall)		(\$2,700,000)
Central City Planning Area Park Fee Revenue		\$2,700,000
Other Revenue		TBD
Total		\$0

"park_rev_summ"

Docks Area Developer Private Funding

The availability of Docks Area developer private funding may be limited by the Project's capacity to fund infrastructure and public facilities, as noted in the preceding chapter. The availability of Docks Area developer private funding will be driven by achievable rents and sale prices at the time of Project development and will be determined by more detailed real estate pro forma analysis completed at that time.

Docks Park Cash Flow Analysis

Table 11 details the estimated timing of the approximately \$5.6 million in Docks Park development costs as it relates to the estimated timing of available revenues. The \$5.6 million park development cost is distributed over the Docks Area development phases according to each phase's proportionate share of Docks Park fee revenue generated. As identified, assuming the availability of the \$2.7 million in park fee revenue from other development in the Central City Planning Area or grant funding, sufficient revenues are available to fund the park development costs for each phase of development. The City will likely program actual park amenities based on associated costs, the availability of funding, and as part of the coordinated park design and structural engineering process discussed above.

Table 11
Docks Area Specific Plan Financing Plan
Parks Cash Flow Summary by Phase (Rounded)

Item	Formula	Phase 1	Phase 2	Phase 3	Phase F	Total (Rounded)
Docks Area Park Improvement Cost [1]	<i>A</i>	\$3,800,000	\$1,000,000	\$700,000	\$100,000	\$5,600,000
Revenues						
Docks Area Park Fee Revenue	<i>B</i>	\$1,100,000	\$1,000,000	\$700,000	\$100,000	\$2,900,000
Central City Planning Area Park Fee Revenue/ Other Funding [2]	<i>C</i>	\$2,700,000	\$0	\$0	\$0	\$2,700,000
Subtotal Revenues	<i>D = B + C</i>	\$3,800,000	\$1,000,000	\$700,000	\$100,000	\$5,600,000
Subtotal Surplus/(Shortfall)	<i>E = A - B</i>	\$0	\$0	\$0	\$0	N/A

"park_cf_summ"

[1] Preliminary assignment of park cost by phase. The assignment of cost will be determined as revised engineering analysis and park design efforts are reevaluated and redesigned to comport with the phasing of the underlying structural improvements

[2] Timing of this revenue to be determined.

6. IMPLEMENTATION AND UPDATES

Implementation of the financing strategy would require several steps to ensure infrastructure and utilities are constructed as necessary to serve development in the Docks Area. Several actions by various parties need to be taken to implement the strategies outlined in this financing strategy. The implementation measures will occur over a period of time with some measures requiring immediate attention, while others may require action several years from now.

This chapter focuses primarily on implementation actions required for the Docks Area land use option associated with the Pioneer Reservoir alternative approved by the City Council (Option B). The City's options with regard to relocating the reservoir or manner in which the improvements would be phased, however, will remain flexible until actual demolition or construction commences. If additional funds do become available to resolve funding shortfalls for an alternative option, the general elements of this financing strategy and associated implementation approach described below would remain relevant.

Modifications to the Financing Strategy

This Finance Plan will need to be periodically updated to account for changes in economic conditions, land use, cost information, or funding sources. Because funding sources for Project infrastructure, utilities, and public facilities overlap with those required to fund Pioneer Reservoir improvements, the financing structure for the Pioneer Reservoir improvements will impact the financing strategy for the Docks Area infrastructure, utilities, and improvements.

The financing strategy must be flexible enough to appropriately adjust to such changes. Changes in the Finance Plan should be reevaluated in context of the overall financing strategy for the Finance Plan to ensure that funding is available when needed. Significant changes in land use, infrastructure projects, cost information, or funding sources for either the Pioneer Reservoir or the Docks Area Finance Plans may necessitate the need for a revised financing strategy. Possible changes are as follows:

- New or revised Docks Area land uses.
- New or revised Docks Area infrastructure projects.
- New cost information based on actual construction costs, updated engineering estimates, or changes in the land use plan.
- New funding source data.
- Changes to the park design and associated cost changes.
- Inflation adjustments to cost and funding data.

Changes in the financing strategy could include both higher and lower cost and funding source information than initially assumed. The costs and funding sources will also require annual adjustments to reflect inflation costs because information contained in the financing strategy is shown in 2008 dollars.

7. FINANCIAL FEASIBILITY ANALYSIS

This chapter describes the results of a series of analyses conducted to test the financial feasibility of development in the Docks Area. The financial feasibility of development in the Project Area was assessed based on Option B and using a static pro forma model as described below. The purpose of this analysis is to help the City evaluate the level of public subsidy that may be required to make the Project viable.

Methodology

Real estate pro formas test the financial feasibility of private-sector development when given certain land uses and development costs and revenues. EPS used a static pro forma modeling methodology to arrive at the residual land value for the Docks Area. The residual land value is the value of the land derived by subtracting the cost of development from the estimated market value of that development. EPS assumes that the Project would not go forward until a recovery in the overall real estate market. Assumed sales prices for Docks Area housing were based on Gregory Group data, Sacramento Housing and Redevelopment Agency (SHRA) data, and EPS assumptions and are intended to represent a stabilized housing market. Negative residual land value is an indication that the Project will require changes in product types to lower costs and increase market value or an infusion of public subsidies. The variables presented in this feasibility analysis, including costs, financing, and income assumptions, are presented in **Appendix E**.

Parking Scenario Analysis

Initial feasibility analysis indicated that costs associated with structured parking for the office land use result in significant negative residual land values for the office land use and the Project as a whole. EPS therefore analyzed two development cost scenarios to evaluate the impact of reduced structured parking costs for the office land use category:

- **Scenario 1 (Base Case):** This scenario assumes full office structured parking as presented in the Docks Area Specific Plan document. A parking garage is planned to support the office towers in addition to subterranean parking. Office parking is provided at one space per 400 building square feet. The City has indicated that it anticipates each parking space will cost approximately \$35,000.
- **Scenario 2 (Reduced Office Structured Parking):** This scenario assumes the structured parking cost for office development is reduced by 50 percent. A CalPERS parking lot is located immediately adjacent to the office site, which may present an opportunity for the City to negotiate a lease with CalPERS to utilize a portion of these spaces.

Residual Land Value Analysis Results

Table 12 presents the results of the residual land value analysis for each land use category and scenario. **Table 13** summarizes the residual land value on a per-unit and per-building-square-

Table 12
Docks Area Specific Plan Financing Plan
Summary of Residual Land Value by Land Use Category [1]

Land Use Type	Scenario 1: Base Case	Scenario 2: Reduced Office Structured Parking
	[2]	[2] [3]
Total Market Value [4]	\$527,190,000	\$527,190,000
Residual Land Value		
Residential [5]		
Townhouse	\$4,049,072	\$4,049,072
Lowrise Flat (incl. 10 Loft Units)	\$7,539,221	\$7,539,221
Highrise Flat	\$11,703,549	\$11,703,549
Subtotal	\$23,291,842	\$23,291,842
Nonresidential		
Office	(\$29,053,196)	(\$15,946,085)
Retail	\$3,975,486	\$3,975,486
Subtotal	(\$25,077,709)	(\$11,970,599)
Total Residual Land Value (Rounded)	(\$1,800,000)	\$11,300,000
Residual Land Value as % of Market Value [6]	-0.34%	2.15%

"summ"

Source: WRT, SHRA, and EPS.

- [1] Assumes \$8,840,000 in tax increment financing available to offset infrastructure costs. Results in reduced infrastructure and financing costs.
- [2] Based on Land Use Option B in the Docks Area Specific Plan.
- [3] Based on Land Use Option B in the Docks Area Specific Plan, assuming a 50% reduction in office structured parking costs per City's indication that surface parking alternatives may be available.
- [4] Scenario 1 and Scenario 2 market values estimated in Table E-2 and Table E-6, respectively.
- [5] Assumes all units are market rate. According to City staff, affordable housing requirements will be fulfilled by setting aside 30% of the property tax increment.
- [6] This analysis assumes that the developer does not incur land acquisition costs.

Table 13
Docks Area Specific Plan Financing Plan
Summary of Residual Land Value per Unit/ Sq. Ft. [1]

Residential Land Use	Residual Land Value	
	Scenario 1: Base Case	Scenario 2: Reduced Office Structured Parking
	[2]	[2] [3]
Residential (Rounded) [4]	<i>per unit</i>	<i>per unit</i>
Townhouse	\$116,000	\$116,000
Lowrise Flat (incl. 10 Loft Units)	\$17,000	\$17,000
Highrise Flat	\$22,000	\$22,000
Nonresidential	<i>per sq. ft.</i>	<i>per sq. ft.</i>
Office	(\$145)	(\$80)
Retail	\$92	\$92
Residual Land Value as % of Market Value	-0.34%	2.15%

"summ_unit"

- [1] Assumes \$8,840,000 in tax increment financing available to offset infrastructure costs. Results in reduced infrastructure and financing costs.
- [2] Based on Land Use Option B in the Docks Area Specific Plan.
- [3] Based on Land Use Option B in the Docks Area Specific Plan, assuming a 50% reduction in office structured parking costs per City's indication that surface parking alternatives may be available.
- [4] Assumes all units are market rate. According to City staff, affordable housing requirements will be fulfilled by setting aside 30% of the property tax increment.

foot basis. The feasibility analysis examines the residual land value for the two parking scenarios:

- **Scenario 1:** Scenario 1 results in a residual land value of negative \$1.8 million. Based on the assumptions employed in this analysis, Scenario 1 is not viable without adjustments or public subsidies in addition to the public subsidies (tax increment revenue and land write downs) already assumed as part of the residual land value analysis. The residential portion of the Project appears feasible. The office development's negative residual land value drives the overall negative residual land value. The negative residual land value for office land uses largely results from high parking costs—approximately \$88 per building square foot for office development.
- **Scenario 2:** Scenario 2 results in a residual land value of \$11.3 million. While Scenario 2 office development still has a negative residual land value, as shown on **Table 13**, the negative amount per building square foot is less than Scenario 1, thereby generating an overall positive residual land value for the Project, indicating that the Project may be feasible under this development cost scenario.

Data Assumptions

Appendix E presents a comprehensive list of the assumptions used in the feasibility calculation.

Land Use and Absorption

As stated above, the feasibility analysis is based on Option B. The static pro forma presented is a point-in-time calculation, which assumes 100 percent of product sale. Assumptions are made as to construction periods to account for financing costs, and contingencies are built in to help account for lags in sales or construction glitches. Rate of absorption, however, is not considered in this form of analysis.

Costs

- **Land:** The residual land value calculation does not include the cost of land or entitlements, assuming that the City transfers the land to the private developer at no cost. The terms of the land transaction between the City and the private developer are not yet determined. Land acquisition costs incurred by the private developer will affect the outcome of this analysis.
- **On-Site Improvements:** On-site improvement costs are based on the costs provided in the Docks Area Specific Plan document for infrastructure and utilities. EPS distributed the total cost across all Project square footage to estimate a per-square-foot cost (see **Table E-7**). No infrastructure costs are assumed to be creditable against City/County fees. This analysis assumes the cost for parks and schools will be covered by development fee revenue.
- **Construction Cost:** EPS estimated vertical construction costs based on other developer pro formas, a review of R.S. Means' estimates, and assumed unit sizes. **Table E-8** provides back-up data for those assumptions.

- **Parking Costs:** The City has indicated that it anticipates that each parking space will cost approximately \$35,000. To distribute this cost, EPS segregated the parking spaces attributed to residential development (Docks Area Specific Plan document, p. 3-15) from the parking attributed to office development. There was no parking assigned to retail land uses. Residential spaces average 1.4 spaces per unit, and office parking is provided at one space per 400 building square feet.
- **Building Fees:** EPS calculated the building fees that would be associated with each land use prototype. The back-up data for those estimates is provided in **Appendix C**.
- **Other Indirect Costs:** Other indirect cost assumptions are derived from EPS's experience with other, similar projects.

Income

Income for the Project will be generated from the sale of residential and nonresidential land uses:

- **Residential:** **Tables E-9** through **E-11** provide back-up data for EPS's base pricing assumptions. EPS accessed Gregory Group data on new development sales in Downtown Sacramento (see **Table E-9**). In addition, data provided to EPS by SHRA is included. According to SHRA, these figures came from the Project developer. EPS's base residential price assumption is in line with these developer/SHRA estimates for townhomes and lowrise residential. It is important to note that this analysis does not incorporate any price-restricted units.
- **Nonresidential:** **Tables E-10** and **E-11** present resale valuation data for office buildings and retail establishments. Nonresidential property derives its value from the operating revenue paid by tenants. Stable tenants with long-term leases increase a property's value. The actual value of the nonresidential portions of the Project will depend on the dynamics of office and retail markets and the developer's ability to attract stable tenants.

Public Participation

The Project is a City-led development effort designed to further the City's goals of redeveloping the Sacramento Riverfront. The City has solicited a developer and is in the process of negotiating DDA terms.

Development of the Project will proceed as a public/private partnership. As such, the City intends to make significant investments in the Project in the form of tax-increment financing and potentially other mechanisms as necessary.

This feasibility analysis assumed that tax-increment revenue will offset a significant portion of infrastructure and site improvement costs. Other avenues to improve Project viability are also considered (i.e., reduced structured parking, land write downs). The City and the Project developer will work to define the terms of public participation in the Project as negotiation of the DDA proceeds and further real estate feasibility analysis is completed.

Mechanisms to Improve Project Feasibility

Below is a summary of mechanisms available for the City to improve the financial feasibility of new development in the Docks Area. As stated previously, the feasibility analysis computed herein assumes several of the mechanisms identified below:

- **General improvements:** Improve the overall image of the Docks Area through streetscape improvements, signage, parking improvements, and an overall marketing strategy. By providing improvements and a marketing strategy, rents for the immediate area may increase, thereby improving Project feasibility.
- **Off-site parking construction or relaxed parking regulations:** The City could provide off-site parking for the Docks Area, such as a central parking facility in the Docks Area or nearby, thus allowing development to dedicate more land to building purposes while reducing costs to provide parking. Alternatively, the City could reduce parking standards for mixed use development to reduce costs and improve Project feasibility. Often, mixed use product reduces vehicle trips, thereby reducing the overall need for parking. The City could also explore surface parking alternatives that might be available. Scenario 2 assumes that surface parking alternatives may be available.
- **Infrastructure fee credits or reductions:** The City could reduce the infrastructure fee burden for development, thus reducing overall development costs.
- **Direct investment in the Project:** The City could invest directly in the Project to improve project feasibility.



APPENDICES:

- Appendix A: Tax Increment Financing—
Detailed Calculations
- Appendix B: Mello-Roos CFD Bonding Capacity—
Detailed Calculations
- Appendix C: Development Impact Fee Revenues
- Appendix D: Land Use Assumptions
- Appendix E: Residual Land Value Analysis



APPENDIX A: Tax Increment Financing— Detailed Calculations

Table A-1	Tax Allocation Bond Calculations
Table A-2	Tax Increment Revenue Projections
Table A-3	Assessed Value

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Land Use Option B

**Table A-1
Docks Area Specific Plan Financing Plan
Tax Allocation Bond Calculations**

Item	Formula	Bond Issue #1	Bond Issue #2	Bond Issue #3	Bond Issue #4	Total
Project Phase		Phase 1	Phase 2	Phase 3	Phase F	
Assumptions						
Term (years)	A	17	15	10	8	
Coverage	B	1.25	1.25	1.25	1.25	
Interest Rate	C	6%	6%	6%	6%	
New Tax Increment Revenue Available [1]	<i>D = Table B-3</i>	\$710,544	\$659,637	\$709,856	\$200,232	
Annual Payment	<i>E</i>	\$568,435	\$527,710	\$567,885	\$160,185	
Bond Size	<i>F = PV(C,A,-E)</i>	\$5,955,639	\$5,125,248	\$4,179,681	\$994,718	
Less: Reserve for Future Delinquencies	<i>G = -E</i>	(\$568,435)	(\$527,710)	(\$567,885)	(\$160,185)	
Less: Issuance Costs (2%)	<i>H = F * 2%</i>	(\$119,113)	(\$102,505)	(\$83,594)	(\$19,894)	
Estimated Tax Allocation Bond Proceeds	<i>I = F + G + H</i>	\$5,268,092	\$4,495,034	\$3,528,203	\$814,638	\$14,105,966
Estimated Tax Allocation Bond Proceeds (Rounded)		\$5,270,000	\$4,500,000	\$3,530,000	\$810,000	\$14,110,000

"bonding"

Source: SHRA and EPS.

[1] Tax increment revenue available in that given year, less the revenue applied to previous bonds issued.

Table A-2
Docks Area Specific Plan Financing Plan
Tax Increment Revenue Projections

Land Use Option B

Fiscal Year [1]	Bond Issue	Assessed Value	Gross Tax Increment [2]	Less: Housing Set Aside [3]	Tax Increment Less Housing Set Aside	Less: Other Agency Pass-Thru Payments [4]			Admin. (2%)	Net Tax Increment	Tax Increment Available For Bond Sale
						Redevelopment Plan Years					
						FY 12/13 to End (14%)	FY 12/13 to End (16.8%)	FY 27/28 to End (11.2%)			
Base Assessed Value		\$0				\$0	\$640,169,032 [5]				
FY 12/13		\$57,690,000	\$576,900	(\$173,070)	\$403,830	(\$80,766)	(\$96,919)		(\$8,077)	\$218,068	
FY 13/14		\$116,533,800	\$1,165,338	(\$349,601)	\$815,737	(\$163,147)	(\$195,777)		(\$16,315)	\$440,498	
FY 14/15	Bond Issue #1	\$187,974,476	\$1,879,745	(\$563,923)	\$1,315,821	(\$263,164)	(\$315,797)		(\$26,316)	\$710,544	\$710,544
FY 15/16		\$274,159,966	\$2,741,600	(\$822,480)	\$1,919,120	(\$383,824)	(\$460,589)		(\$38,382)	\$1,036,325	
FY 16/17	Bond Issue #2	\$362,481,665	\$3,624,817	(\$1,087,445)	\$2,537,372	(\$507,474)	(\$608,969)		(\$50,747)	\$1,370,181	\$659,637
FY 17/18		\$398,497,298	\$3,984,973	(\$1,195,492)	\$2,789,481	(\$557,896)	(\$669,475)		(\$55,790)	\$1,506,320	
FY 18/19		\$435,233,244	\$4,352,332	(\$1,305,700)	\$3,046,633	(\$609,327)	(\$731,192)		(\$60,933)	\$1,645,182	
FY 19/20		\$472,703,909	\$4,727,039	(\$1,418,112)	\$3,308,927	(\$661,785)	(\$794,143)		(\$66,179)	\$1,786,821	
FY 20/21		\$509,937,987	\$5,099,380	(\$1,529,814)	\$3,569,566	(\$713,913)	(\$856,696)		(\$71,391)	\$1,927,566	
FY 21/22	Bond Issue #3	\$550,274,247	\$5,502,742	(\$1,650,823)	\$3,851,920	(\$770,384)	(\$924,461)		(\$77,038)	\$2,080,037	\$709,856
FY 22/23		\$591,417,232	\$5,914,172	(\$1,774,252)	\$4,139,921	(\$827,984)	(\$993,581)		(\$82,798)	\$2,235,557	
FY 23/24	Bond Issue #4	\$603,245,576	\$6,032,456	(\$1,809,737)	\$4,222,719	(\$844,544)	(\$1,013,453)		(\$84,454)	\$2,280,268	\$200,232
FY 24/25		\$615,310,488	\$6,153,105	(\$1,845,931)	\$4,307,173	(\$861,435)	(\$1,033,722)		(\$86,143)	\$2,325,874	
FY 25/26		\$627,616,698	\$6,276,167	(\$1,882,850)	\$4,393,317	(\$878,663)	(\$1,054,396)		(\$87,866)	\$2,372,391	
FY 26/27		\$640,169,032	\$6,401,690	(\$1,920,507)	\$4,481,183	(\$896,237)	(\$1,075,484)		(\$89,624)	\$2,419,839	
FY 27/28		\$652,972,412	\$6,529,724	(\$1,958,917)	\$4,570,807	(\$914,161)	(\$1,096,994)	(\$14,340)	(\$91,416)	\$2,453,896	
FY 28/29		\$666,031,861	\$6,660,319	(\$1,998,096)	\$4,662,223	(\$932,445)	(\$1,118,934)	(\$28,966)	(\$93,244)	\$2,488,634	
FY 29/30		\$679,352,498	\$6,793,525	(\$2,038,057)	\$4,755,467	(\$951,093)	(\$1,141,312)	(\$43,885)	(\$95,109)	\$2,524,067	
FY 30/31		\$692,939,548	\$6,929,395	(\$2,078,819)	\$4,850,577	(\$970,115)	(\$1,164,138)	(\$59,103)	(\$97,012)	\$2,560,209	
Total		n/a	\$91,345,000	(\$27,404,000)	\$63,942,000	(\$12,788,000)	(\$15,346,000)	(\$146,000)	(\$1,279,000)	\$34,382,000	

Source: Draft Docks Area Specific Plan (January 2008) and SHRA.

"li_2pct"

- [1] Timing of development is assumed for analytical purposes. If the timing of development changes or is delayed, the tax increment revenue generated may vary.
- [2] Gross Tax Increment is 1% of the difference between assessed values in current and base years.
- [3] Housing Set Aside is 30% of the Gross Tax Increment.
- [4] Other Agency Pass-Thru Payments are calculated using Gross Tax Increment and the appropriate Base Assessed Value as determined by SHRA.
- [5] Base assessed value calculated based on prior year assessed value (FY 26/27).

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**Table A-3
Docks Area Specific Plan Financing Plan
Assessed Value**

Land Use Option B

Phase	Fiscal Year [2]	Beginning AV	Annual 2% Growth	New Residential Development [1]			New Commercial Dev. [1]		New Development Subtotal	Total Assessed Value
				Townhouse	Lowrise Flat	Highrise Flat	Retail	Office		
<i>Formula</i>		<i>A</i>	<i>B = A * 2%</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H = C + D + E + F + G</i>	<i>I = A + B + H</i>
	FY 11/12	NA	NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 1	FY 12/13	\$0	\$0	\$2,372,000	\$26,724,000	\$28,594,000	\$0	\$0	\$57,690,000	\$57,690,000
	FY 13/14	\$57,690,000	\$1,153,800	\$2,372,000	\$26,724,000	\$28,594,000	\$0	\$0	\$57,690,000	\$116,533,800
	FY 14/15	\$116,533,800	\$2,330,676	\$2,965,000	\$26,331,000	\$28,594,000	\$11,220,000	\$0	\$69,110,000	\$187,974,476
Phase 2	FY 15/16	\$187,974,476	\$3,759,490	\$6,523,000	\$33,012,000	\$42,891,000	\$0	\$0	\$82,426,000	\$274,159,966
	FY 16/17	\$274,159,966	\$5,483,199	\$6,523,000	\$33,012,000	\$42,891,000	\$412,500	\$0	\$82,838,500	\$362,481,665
Phase 3	FY 17/18	\$362,481,665	\$7,249,633	\$0	\$7,074,000	\$21,692,000	\$0	\$0	\$28,766,000	\$398,497,298
	FY 18/19	\$398,497,298	\$7,969,946	\$0	\$7,074,000	\$21,692,000	\$0	\$0	\$28,766,000	\$435,233,244
	FY 19/20	\$435,233,244	\$8,704,665	\$0	\$7,074,000	\$21,692,000	\$0	\$0	\$28,766,000	\$472,703,909
	FY 20/21	\$472,703,909	\$9,454,078	\$0	\$7,074,000	\$20,706,000	\$0	\$0	\$27,780,000	\$509,937,987
Phase F	FY 21/22	\$509,937,987	\$10,198,760	\$0	\$0	\$0	\$137,500	\$30,000,000	\$30,137,500	\$550,274,247
	FY 22/23	\$550,274,247	\$11,005,485	\$0	\$0	\$0	\$137,500	\$30,000,000	\$30,137,500	\$591,417,232
	FY 23/24	\$591,417,232	\$11,828,345	\$0	\$0	\$0	\$0	\$0	\$0	\$603,245,576
	FY 24/25	\$603,245,576	\$12,064,912	\$0	\$0	\$0	\$0	\$0	\$0	\$615,310,488
	FY 25/26	\$615,310,488	\$12,306,210	\$0	\$0	\$0	\$0	\$0	\$0	\$627,616,698
	FY 26/27	\$627,616,698	\$12,552,334	\$0	\$0	\$0	\$0	\$0	\$0	\$640,169,032
	FY 27/28	\$640,169,032	\$12,803,381	\$0	\$0	\$0	\$0	\$0	\$0	\$652,972,412
	FY 28/29	\$652,972,412	\$13,059,448	\$0	\$0	\$0	\$0	\$0	\$0	\$666,031,861
	FY 29/30	\$666,031,861	\$13,320,637	\$0	\$0	\$0	\$0	\$0	\$0	\$679,352,498
	FY 30/31	\$679,352,498	\$13,587,050	\$0	\$0	\$0	\$0	\$0	\$0	\$692,939,548
	Total		\$168,832,048	\$20,755,000	\$174,099,000	\$257,346,000	\$11,907,500	\$60,000,000	\$524,107,500	

"av_2pct"

Source: Draft Docks Area Specific Plan (January 2008).

[1] Assumes that development will be put on tax roll one year after start of construction. See Table D-4 for absorption assumptions.

[2] Timing of development is assumed for analytical purposes. If the timing of development changes or is delayed, the tax increment revenue generated may vary.



APPENDIX B: Mello-Roos CFD Bonding Capacity— Detailed Calculations

Table B-1	Estimated CFD Bond Sizing at Buildout
Table B-2	Estimated CFD Bond Proceeds by Phase
Table B-3	Estimated Bond Proceeds per Unit and Nonresidential Acre at Buildout

**Table B-1
Docks Area Specific Plan Financing Plan
Estimated CFD Bond Sizing at Buildout [1]**

Item	Assumptions/ Reference	Estimated Bond Size
Assumptions [2]		
Interest Rate		6.00%
Term (bonds could be for 25 or 30 years)		30 years
Annual Tax Escalation		2.00%
Maximum Special Taxes Available for Debt Service		
Estimated Annual Maximum Special Taxes	Table B-3	\$1,457,300
<i>Less Estimated Administration Costs</i>	4%	(\$58,000)
<i>Less Delinquency Coverage</i>	10%	(\$146,000)
<i>Adjustment for Rounding</i>		(\$3,300)
Estimated Maximum Special Taxes Available for Debt Service (Rounded)		\$1,250,000
Bond Size		
Total Bond Size		\$17,206,000
<i>Adjustment for Rounding</i>		(\$6,000)
Total Bond Size (Rounded)		\$17,200,000
<i>Increase for Annual Tax Escalation [3]</i>	20%	\$3,440,000
Total Bond Size (Rounded)		\$20,640,000
Estimated Bond Proceeds		
Rounded Bond Size		\$20,640,000
<i>Less Capitalized Interest [4]</i>	18 months	(\$1,858,000)
<i>Less Bond Reserve Fund</i>	1 year debt service	(\$1,250,000)
<i>Less Issuance Cost</i>	5%	(\$1,032,000)
Estimated Bond Proceeds (Rounded)		\$17,000,000

"est_bond"

Source: EPS

[1] Assumes Land Use Option B.

[2] Estimated bond sizing based on conservative assumptions. The interest rate will be determined at the time of bond sale; the bond term could be 25 to 30 years or more. This analysis assumes 30 years.

[3] Assumes special taxes are escalated 2.0% annually for 30 years, which is assumed to increase total Bond Size by approximately 20%.

[4] Dependent upon developer and county preference on the length of time for capitalized interest.

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Table B-2
Docks Area Specific Plan Financing Plan
Estimated CFD Bond Proceeds by Phase (Rounded)

CFD Bond Proceeds by Phase
(Land Use Option B)

Item	Residential Development			Subtotal	Commercial Development			Total
	Townhouse	Lowrise Flat (incl. 10 Lofts)	Highrise Flat		Retail	Office	Subtotal	
Bond Proceeds per Unit/ Sq. Ft.	\$18,700	<i>Per Unit</i> \$14,000	\$14,000		<i>Per Sq. Ft.</i> \$12.00	\$12.00		
Phase 1								
Block 1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Block 2	\$0	\$1,050,000	\$0	\$1,050,000	\$245,000	\$0	\$245,000	\$1,295,000
Block 3	\$243,000	\$1,792,000	\$2,436,000	\$4,471,000	\$231,000	\$0	\$231,000	\$4,702,000
Subtotal Phase 1	\$243,000	\$2,842,000	\$2,436,000	\$5,521,000	\$476,000	\$0	\$476,000	\$5,997,000
Phase 2								
Block 4	\$149,000	\$1,400,000	\$0	\$1,549,000	\$17,000	\$0	\$17,000	\$1,566,000
Block 5	\$261,000	\$952,000	\$2,436,000	\$3,649,000	\$0	\$0	\$0	\$3,649,000
Subtotal Phase 2	\$410,000	\$2,352,000	\$2,436,000	\$5,198,000	\$17,000	\$0	\$17,000	\$5,215,000
Phase 3								
Block 6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Block 7	\$0	\$1,008,000	\$2,436,000	\$3,444,000	\$0	\$0	\$0	\$3,444,000
Subtotal Phase 3	\$0	\$1,008,000	\$2,436,000	\$3,444,000	\$0	\$0	\$0	\$3,444,000
Phase F								
Block 8	\$0	\$0	\$0	\$0	\$12,000	\$2,333,000	\$2,345,000	\$2,345,000
Block 9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Phase F	\$0	\$0	\$0	\$0	\$12,000	\$2,333,000	\$2,345,000	\$2,345,000
Total	\$653,000	\$6,202,000	\$7,308,000	\$14,163,000	\$505,000	\$2,333,000	\$2,838,000	\$17,001,000
Total (Rounded)								\$17,000,000

"bond_phase"

Source: City of Sacramento, Draft Docks Area Specific Plan (January 2008), and EPS.

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Table B-3
Docks Area Specific Plan Financing Plan
Estimated Bond Proceeds per Unit and Nonresidential Acre at Buildout (2009\$)

Land Use Option B

Item	Units/ Sq. Ft. [1]	Preliminary Infrastructure Tax Rate [2]	Infrastructure Maximum Special Tax		Total Bonds		Bond Proceeds		
			Total	% of Total	Amount	Per Unit/Acre	Amount	Per Unit/Acre	Per Unit/Acre (Rounded)
<i>Formula</i>	<i>A</i>	<i>B</i>	<i>C = A x B</i>	<i>D = C/\$1,457,300</i>	<i>E = D x total bond</i>	<i>F = E/A</i>	<i>G = D x bond proceeds</i>	<i>H = G/A</i>	<i>I = H Rounded</i>
Residential	<u>Units</u>					<u>Per Unit</u>		<u>Per Unit</u>	<u>Per Unit</u>
Townhouse	35	\$1,600	\$56,000	3.8%	\$793,138	\$22,661	\$653,263	\$18,665	\$18,700
Lowrise Flat	443	\$1,200	\$531,600	36.5%	\$7,529,146	\$16,996	\$6,201,331	\$13,998	\$14,000
Highrise Flat	522	\$1,200	\$626,400	43.0%	\$8,871,815	\$16,996	\$7,307,212	\$13,998	\$14,000
Subtotal	1,000		\$1,214,000	83.3%	\$17,194,099		\$14,161,806		
Nonresidential	<u>Sq. Ft.</u>					<u>Per Sq. Ft.</u>		<u>Per Sq. Ft.</u>	<u>Per Sq. Ft.</u>
Commercial	200,000	\$1.00	\$200,000	13.7%	\$2,832,636	\$14.16	\$2,333,082	\$11.67	\$12.00
Office	43,300	\$1.00	\$43,300	3.0%	\$613,266	\$14.16	\$505,112	\$11.67	\$12.00
Subtotal	243,300		\$243,300	16.7%	\$3,445,901		\$2,838,194		
Total			\$1,457,300	100.0%	\$20,640,000		\$17,000,000		
Total (Rounded)			\$1,500,000		\$20,600,000		\$17,000,000		

"bond_unit"

Source: City of Sacramento and EPS.

[1] Based on Docks Specific Plan Land Use Option B, which assumes the Pioneer Reservoir will be renovated and will remain onsite.

[2] Assumes roughly \$1.00 per sq. ft. maximum special tax rate, consistent with other recent projects in the area.



APPENDIX C:

Development Impact Fee Revenues

Table C-1	Projected Major Street Construction Tax Funds Generated by Project
Table C-2	City Water Development Impact Fee Revenue
Table C-3	Estimated City Sewer Fee Revenue
Table C-4	Estimated SRCSD Fee Revenue
Table C-5	School Development Impact Fee Revenues
Table C-6	Central City Planning Area Park Fee Revenue

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MSCT Funds

Table C-1
Docks Area Specific Plan Financing Plan
Projected Major Street Construction Tax (MSCT) Funds Generated by Project (2009\$) [1]

Item	Estimated Tax Per Unit/Sq. Ft. [2]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [3]	Amount	Units/ Sq. Ft. [3]	Amount	Units/ Sq. Ft. [3]	Amount
Residential	<i>per unit</i>	<i>units</i>		<i>units</i>		<i>units</i>	
Townhouse	\$1,183	13	\$15,375	22	\$26,020	35	\$41,395
Lowrise Flat [4]	\$887	203	\$180,069	240	\$212,890	443	\$392,959
Highrise Flat	\$887	174	\$154,345	348	\$308,690	522	\$463,035
Subtotal Residential		390	\$349,789	610	\$547,599	1,000	\$897,389
Commercial	<i>per bldg. sq. ft.</i>	<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>	
Office	\$0.85	0	\$0	200,000	\$170,880	200,000	\$170,880
Retail	\$0.62	40,800	\$25,361	2,500	\$1,554	43,300	\$26,915
Subtotal Commercial		40,800	\$25,361	202,500	\$172,434	243,300	\$197,795
Total MSCT Revenue			\$375,151		\$720,033		\$1,095,184
Total MSCT Revenue (Rounded)			\$380,000		\$720,000		\$1,100,000

"street_rev"

Source: City of Sacramento and EPS.

- [1] The Major Street Construction Tax funds reconstruction, replacement, modification and alteration of existing and proposed streets/roads in the City. It cannot be used for maintenance and repair.
- [2] The major street construction tax is 8% of the building valuation.
- [3] Land Use Option B.
- [4] Includes 10 loft units.

**Table C-2
Docks Area Specific Plan Financing Plan
City Water Development Impact Fee Revenues (2009\$)**

Item	Fee Per Unit/Sq. Ft. [1]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount
Residential	<i>per unit</i>	<i>units</i>		<i>units</i>		<i>units</i>	
Townhouse	\$500	13	\$6,506	22	\$11,011	35	\$17,517
Lowrise Flat [3]	\$375	203	\$76,201	240	\$90,090	443	\$166,291
Highrise Flat	\$375	174	\$65,315	348	\$130,630	522	\$195,946
Subtotal Residential		390	\$148,023	610	\$231,731	1,000	\$379,754
Commercial	<i>per bldg. sq. ft.</i>	<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>	
Office	\$0.60	0	\$0	200,000	\$120,565	200,000	\$120,565
Retail	\$0.45	40,800	\$18,203	2,500	\$1,115	43,300	\$19,319
Subtotal Commercial		40,800	\$18,203	202,500	\$121,681	243,300	\$139,884
Total Water Fee Revenue			\$166,226		\$353,412		\$519,638

"water_rev"

Source: City of Sacramento and EPS.

[1] The City of Sacramento assumes a 6-inch water meter for block 9 for residential and a 4-inch water meter for block 2 and a 6-inch water meter for block 9 for nonresidential. This analysis does not include a fire tap charge. The City's building and fire departments will determine the fire service protection requirements when on-site building plans are submitted for review and approval.

[2] Land Use Option B.

[3] Includes 10 loft units.

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Table C-3
Docks Area Specific Plan Financing Plan
Estimated City Sewer Fee Revenue (2009\$)

City Sewer Fee Revenue
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Item	Fee Per Unit/Sq. Ft. [1]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount
Residential	<i>per unit</i>	<i>units</i>		<i>units</i>		<i>units</i>	
Townhouse	\$627	13	\$8,145	22	\$13,784	35	\$21,928
Lowrise Flat [3]	\$1,758	203	\$356,778	240	\$421,807	443	\$778,586
Highrise Flat	\$1,718	174	\$298,977	348	\$597,954	522	\$896,931
Subtotal Residential		390	\$663,900	610	\$1,033,545	1,000	\$1,697,445
Commercial	<i>per sq. ft.</i>	<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>	
Office	\$0.53	0	\$0	200,000	\$106,302	200,000	\$106,302
Retail	\$0.53	40,800	\$21,686	2,500	\$1,329	43,300	\$23,014
Subtotal Commercial		40,800	\$21,686	202,500	\$107,630	243,300	\$129,316
Total Sewer Fee Revenue			\$685,586		\$1,141,175		\$1,826,761

"sewer_rev2"

Source: City of Sacramento and EPS.

- [1] City of Sacramento Combined Sewer fee is 75% of 106.50 for the first 25 ESD, plus 75% of \$2,657.54 per ESD in excess of 25 for residential.
 Retail stores equivalent ESD is 0.2 per sq. ft. of gross floor area. Office buildings (including eating facilities) equivalent ESD is 0.2 per sq. ft. of gross floor area.
- [2] Land Use Option B.
- [3] Includes 10 loft units.

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SRCS D Revenue

**Table C-4
Docks Area Specific Plan Financing Plan
Estimated SRCS D Fee Revenue (2009\$)**

Item	Fee Per Unit/Sq. Ft. [1]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount
Residential	<i>per unit</i>	<i>units</i>		<i>units</i>		<i>units</i>	
Townhouse	\$2,100	13	\$27,300	22	\$46,200	35	\$73,500
Lowrise Flat [3]	\$2,100	203	\$426,300	240	\$504,000	443	\$930,300
Highrise Flat	\$2,100	174	\$365,400	348	\$730,800	522	\$1,096,200
Subtotal Residential		390	\$819,000	610	\$1,281,000	1,000	\$2,100,000
Commercial	<i>per sq. ft.</i>	<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>	
Office	\$0.12	0	\$0	200,000	\$23,226	200,000	\$23,226
Retail	\$0.05	40,800	\$2,224	2,500	\$136	43,300	\$2,360
Subtotal Commercial		40,800	\$2,224	202,500	\$23,362	243,300	\$25,586
Total SRCS D Fee Revenue			\$821,224		\$1,304,362		\$2,125,586
Total SRCS D Fee Revenue (Rounded)			\$820,000		\$1,300,000		\$2,130,000

"sewer_rev"

Source: City of Sacramento and EPS.

[1] The residential fee is 75% of \$2,800 per ESD. The nonresidential fee is \$12,000 per net acre in relief area.

[2] Land use option B.

[3] Includes 10 loft units.

**Table C-5
Docks Area Specific Plan Financing Plan
School Development Impact Fee Revenues**

School Fee Revenue

Item	Estimated Fee Per Unit/Sq. Ft. [1]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount
Residential	<i>per unit</i>					<i>units</i>	
Townhouse	\$4,208	13	\$54,704	22	\$92,576	35	\$147,280
Lowrise Flat [3]	\$3,156	203	\$640,668	240	\$757,440	443	\$1,398,108
Highrise Flat	\$3,156	174	\$549,144	348	\$1,098,288	522	\$1,647,432
Subtotal		390	\$1,244,516	610	\$1,948,304	1,000	\$3,192,820
Nonresidential	<i>per sq. ft.</i>					<i>sq. ft.</i>	
Office	\$0.42	0	\$0	200,000	\$84,000	200,000	\$84,000
Retail	\$0.42	40,800	\$17,136	2,500	\$1,050	43,300	\$18,186
Subtotal		40,800	\$17,136	202,500	\$85,050	243,300	\$102,186
Total			\$1,261,652		\$2,033,354		\$3,295,006

"school_rev"

Source: EPS.

[1] School mitigation for residential development is \$2.63 per sq. ft. of living area. The fee for nonresidential development is \$0.42 per sq. ft.

[2] Land Use Option B.

[3] Includes 10 loft units.

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Park Fee Revenue

**Table C-6
Docks Area Specific Plan Financing Plan
Central City Planning Area Park Fee Revenue (2009\$)**

Item	Fee Per Unit/Sq. Ft. [1]	Phase 1		Remaining Phases		Buildout	
		Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount	Units/ Sq. Ft. [2]	Amount
Residential	<i>per unit</i>	<i>units</i>		<i>units</i>		<i>units</i>	
Townhouse	\$1,336	13	\$17,368	22	\$29,392	35	\$46,760
Lowrise Flat [3]	\$2,868	203	\$582,204	240	\$688,320	443	\$1,270,524
Highrise Flat	\$2,868	174	\$499,032	348	\$998,064	522	\$1,497,096
Subtotal Residential		390	\$1,098,604	610	\$1,715,776	1,000	\$2,814,380
Commercial	<i>per bldg. sq. ft.</i>	<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>		<i>bldg. sq. ft.</i>	
Office	\$0.34	0	\$0	200,000	\$68,000	200,000	\$68,000
Retail	\$0.34	40,800	\$13,872	2,500	\$850	43,300	\$14,722
Subtotal Commercial		40,800	\$13,872	202,500	\$68,850	243,300	\$82,722
Total Park Fee Revenue (Rounded)			\$1,100,000		\$1,800,000		\$2,900,000

"park_rev"

Source: City of Sacramento and EPS.

[1] City of Sacramento park infill rate is \$1,336 per unit for ≤ 20 units and \$2,868 per unit for ≥ 21 units for residential development. The nonresidential fee is \$0.34 per sq. ft.
 [2] Land Use Option B.
 [3] Includes 10 loft units.



APPENDIX D: Land Use Assumptions

Table D-1	Land Uses—Land Use Option B
Table D-2	Residential Units and Commercial Square Footage Available by Phase
Table D-3	Construction Schedule by Phase

**Table D-1
Docks Area Specific Plan Financing Plan
Land Uses - Land Use Option B**

Land Use Option B

Land Use Categories	Phase 1	Phase 2	Phase 3	Phase F	Buildout
Residential					
	<i>Units</i>				
Townhouse	13	22	0	0	35
Lowrise Flat (incl. 10 Loft Units)	203	168	72	0	443
Highrise Flat	174	174	174	0	522
Subtotal Residential	390	364	246	0	1,000
Nonresidential					
	<i>Bldg. Sq. Ft.</i>				
Office	0	0	0	200,000	200,000
Retail	40,800	1,500	0	1,000	43,300
Subtotal Nonresidential	40,800	1,500	0	201,000	243,300

"lu_B"

Source: Sacramento Docks Area Draft Specific Plan (January 2008).

**Table D-2
Docks Area Specific Plan Financing Plan
Residential Units and Commercial Square Footage Available by Phase**

Land Use Option B

Item	Residential Development				Commercial Development		
	Townhouse	Lowrise Flat (incl. 10 Lofts)	Highrise Flat	Total	Retail Sq. Ft.	Office Sq. Ft.	Total Sq. Ft.
Phase 1	13	203	174	390	40,800	0	40,800
Phase 2	22	168	174	364	1,500	0	1,500
Phase 3	0	72	174	246	0	0	0
Phase F	0	0	0	0	1,000	200,000	201,000
Total	35	443	522	1,000	43,300	200,000	243,300

"phasing"

Source: Draft Docks Area Specific Plan (January 2008).

**Table D-3
Docks Area Specific Plan Financing Plan
Construction Schedule by Phase**

Land Use Option B

Fiscal Year	Residential Development				Nonresidential Development		
	Townhouse	Lowrise Flat	Highrise Flat	Total	Retail Sq. Ft.	Office Sq. Ft.	Total Sq. Ft.
Phase 1; Blocks 1-3							
FY 11/12	4	68	58	130	0	0	0
FY 12/13	4	68	58	130	0	0	0
FY 13/14	5	67	58	130	40,800	0	40,800
Subtotal Phase 1	13	203	174	390	40,800	0	40,800
Phase 2; Blocks 4-5							
FY 14/15	11	84	87	182	0	0	0
FY 15/16	11	84	87	182	1,500	0	1,500
Subtotal Phase 2	22	168	174	364	1,500	0	1,500
Phase 3; Blocks 6-7							
FY 16/17	0	18	44	62	0	0	0
FY 17/18	0	18	44	62	0	0	0
FY 18/19	0	18	44	62	0	0	0
FY 19/20	0	18	42	60	0	0	0
Subtotal Phase 3	0	72	174	246	0	0	0
Phase F; Blocks 8-9							
FY 20/21	0	0	0	0	500	100,000	100,500
FY 21/22	0	0	0	0	500	100,000	100,500
Subtotal Phase F	0	0	0	0	1,000	200,000	201,000
Total All Phases	35	443	522	1,000	43,300	200,000	243,300

"absorb_b"

Source: Docks Area Specific Plan (January 2008) and EPS.



APPENDIX E: Residual Land Value Analysis

Table E-1	Residual Land Value at Buildout—Scenario 1
Table E-2	Prototype Residual Land Value Calculations—Scenario 1
Table E-3	Base Assumptions—Scenario 1
Table E-4	Residual Land Value at Buildout—Scenario 2
Table E-5	Residual Land Value at Buildout—Scenario 2
Table E-6	Base Assumptions—Scenario 2
Table E-7	Infrastructure Allocation
Table E-8	Construction Cost Assumption Back Up
Table E-9	Residential Price Estimates
Table E-10	Office Price Estimate
Table E-11	Retail Price Estimate
Table E-12	Valuation Assumptions

**Table E-1
Docks Area Specific Plan Financing Plan
Residual Land Value at Buildout**

Scenario 1: Full Structured Parking
--

Land Use Type	Units/ Sq. Ft.	Land Use Option B		
		Sales Price	Residual Land Value	Total Residual Land Value
Residential [2]			<i>per unit</i>	
Townhouse	35	\$600,000	\$115,688	\$4,049,072
Lowrise Flat (incl. 10 Loft Units)	443	\$400,000	\$17,019	\$7,539,221
Highrise Flat	522	\$500,000	\$22,421	\$11,703,549
Subtotal	1,000			\$23,291,842
Nonresidential			<i>per bldg. sq. ft.</i>	
Office	200,000	\$275	(\$145)	(\$29,053,196)
Retail	43,300	\$300	\$92	\$3,975,486
Subtotal	243,300			(\$25,077,709)
Total Market Value		\$527,190,000		
Total Residual Land Value				(\$1,785,868)
Residual Land Value as % of Market Value				-0.34%

"rlv_b"

Source: WRT, SHRA, and EPS.

[1] Assumes all units are market rate.

**Table E-2
Docks Area Specific Plan Financing Plan
Prototype Residual Land Value Calculations**

Scenario 1: Full Structured Parking
--

Item	Residential			Nonresidential	
	Townhouse	Lowrise Flat (incl. 10 Loft Units)	Highrise Flat	Office	Retail
	<i>per unit</i>			<i>per building sq. ft.</i>	
Development Program Assumptions					
Average Net Unit Size (Sq. Ft.) [1]	1,600	1,200	1,200	n/a	n/a
Assumed Sales Price (Market Value)	\$600,000	\$400,000	\$500,000	\$275	\$300
Cost Assumptions [2]					
Construction Costs per Unit/per Sq. Ft.	\$240,000	\$180,000	\$240,000	\$190	\$130
Parking Cost per Unit/per Sq. Ft.	\$47,950	\$47,950	\$47,950	\$88	\$0
Site Improvements per Unit/Sq. Ft.	\$5,249	\$3,937	\$3,937	\$3	\$3
Indirect Costs per Unit/Sq. Ft.	\$90,729	\$68,929	\$86,729	\$70	\$37
Building Fees per Unit/Sq. Ft.	\$14,562	\$14,464	\$14,333	\$5	\$9
Financing Costs per Unit/Sq. Ft.	\$22,652	\$17,748	\$22,338	\$9	\$2
Subtotal Cost per Unit/Sq. Ft. (excl. profit)	\$421,141	\$333,027	\$415,286	\$365	\$181
Builder Profit per Unit/Sq. Ft.	\$63,171	\$49,954	\$62,293	\$55	\$27
Total Cost per Unit/Sq. Ft.	\$484,312	\$382,981	\$477,579	\$420	\$208
Residual Land Value	\$115,688	\$17,019	\$22,421	(\$145)	\$92
Residual Land Value as % of Market Value	19.3%	4.3%	4.5%	-52.8%	30.6%

"prototype_b"

Source: Gregory Group, Loopnet, EPS.

[1] EPS assumption.

[2] Detailed cost estimate explanations are provided in Table E-3.

Table E-3
Docks Area Specific Plan Financing Plan
Base Assumptions

Scenario 1: Full Structured Parking

Item	Residential				Nonresidential			Notes
	Townhome	Low Rise Flat	High Rise Flat	Unit	Office	Retail	Unit	
Cost Assumptions								
Direct Costs								
Site Preparation								
Demolition	\$0	\$0	\$0	per unit	\$0	\$0	per sq. ft.	Placeholder
On-Site Improvements	\$3	\$3	\$3	per sq. ft.	\$3	\$3	per sq. ft.	Includes utilities, infrastructure, and parks. See Table E-7.
Off-Site Improvements	\$0	\$0	\$0	per unit	\$0	\$0	per sq. ft.	Placeholder
Subtotal Site Improvements					\$3	\$3	per sq. ft.	
Vertical (Shell and Core) Construction	\$150	\$150	\$200	per sq. ft.	\$165	\$100	per sq. ft.	EPS Assumption. See Table E-8.
Tenant Improvements	\$0	\$0	\$0	per sq. ft.	\$25	\$30	per sq. ft.	EPS Assumption. See Table E-8.
Structured Parking Construction	\$47,950	\$47,950	\$47,950	per unit	\$88	\$0	per sq. ft. (office only)	City of Sacramento
Indirect Costs								
Construction Defect Lit. Insurance	4.0%	4.0%	4.0%	of gross revenues		n/a		EPS Estimate
Architecture and Engineering	6.0%	6.0%	6.0%	of direct costs	6.0%	6.0%	of direct costs	EPS Estimate
Developer Project Management and Overhead	4.0%	4.0%	4.0%	of direct costs	4.0%	4.0%	of direct costs	EPS Estimate
Taxes, Insurance, Legal, and Accounting	3.0%	3.0%	3.0%	of direct costs	3.0%	3.0%	of direct costs	EPS Estimate
Marketing	\$500	\$500	\$500	allowance per unit	2.0%	2.0%	of gross revenues	EPS Estimate
Cost Contingency	10.0%	10.0%	10.0%	of direct costs	10.0%	10.0%	of direct costs	EPS Estimate
Building Fees (Permits, Impact Fees)	\$14,562	\$14,464	\$14,333	per unit	\$5	\$9	per building sq. ft.	EPS Estimate
Financing								
Construction Loan Amount	80.0%	80.0%	80.0%	of Hard & Soft Costs	80.0%	80.0%	of Hard & Soft Costs	EPS Estimate
Interest Rate	6.5%	6.5%	6.5%	annually	6.5%	6.5%	annually	EPS Estimate
Construction Period Interest (on 50% take-down)	18	18	18	months	18	18	months	EPS Estimate
Points and Fees - Construction	1.0%	1.0%	1.0%	of loan	1.0%	1.0%	of loan	EPS Estimate
Points, Fees, & Closing Costs - Permanent	1.5%	1.5%	1.5%	of loan	1.5%	1.5%	of loan	EPS Estimate
Builder Profit	15.0%	15.0%	15.0%	of total costs	15.0%	15.0%	of total costs	EPS Estimate
Income Assumptions								
Residential Pricing (Market)	\$600,000	\$400,000	\$500,000	per unit				EPS Assumption. See Table E-9.
Nonresidential Pricing					\$275	\$300	per sq. ft.	Sales data. See Table E-10 and Table E-11.

Source: SHRA, EPS

"assum_b"

**Table E-4
Docks Area Specific Plan Financing Plan
Residual Land Value at Buildout**

Scenario 2: Reduced Office Structured Parking
--

Land Use Type	Units/ Sq. Ft.	Land Use Option B		
		Sales Price	Residual Land Value	Total Residual Land Value
Residential [1]			<i>per unit</i>	
Townhouse	35	\$600,000	\$115,688	\$4,049,072
Lowrise Flat (incl. 10 Loft Units)	443	\$400,000	\$17,019	\$7,539,221
Highrise Flat	522	\$500,000	\$22,421	\$11,703,549
Subtotal	1,000			\$23,291,842
Nonresidential			<i>per bldg. sq. ft.</i>	
Office	200,000	\$275	(\$80)	(\$15,946,085)
Retail	43,300	\$300	\$92	\$3,975,486
Subtotal	243,300			(\$11,970,599)
Total Market Value		\$527,190,000		
Total Residual Land Value				\$11,321,243
Residual Land Value as % of Market Value				2.15%

"rlv_bprkg"

Source: WRT, SHRA, and EPS.

[1] Assumes all units are market rate.

**Table E-5
Docks Area Specific Plan Financing Plan
Prototype Residual Land Value Calculations**

Scenario 2: Reduced Office Structured Parking
--

Item	Residential			Nonresidential	
	Townhouse	Lowrise Flat (incl. 10 Loft Units)	Highrise Flat	Office	Retail
	<i>per unit</i>			<i>per building sq. ft.</i>	
Development Program Assumptions					
Average Net Unit Size (Sq. Ft.) [1]	1,600	1,200	1,200	n/a	n/a
Assumed Sales Price (Market Value)	\$600,000	\$400,000	\$500,000	\$275	\$300
Cost Assumptions [2]					
Construction Costs per Unit/per Sq. Ft.	\$240,000	\$180,000	\$240,000	\$190	\$130
Parking Cost per Unit/per Sq. Ft.	\$47,950	\$47,950	\$47,950	\$44	\$0
Site Improvements per Unit/Sq. Ft.	\$5,249	\$3,937	\$3,937	\$3	\$3
Indirect Costs per Unit/Sq. Ft.	\$90,729	\$68,929	\$86,729	\$60	\$37
Building Fees per Unit/Sq. Ft.	\$14,562	\$14,464	\$14,333	\$5	\$9
Financing Costs per Unit/Sq. Ft.	\$22,652	\$17,748	\$22,338	\$6	\$2
Subtotal Cost per Unit/Sq. Ft. (excl. profit)	\$421,141	\$333,027	\$415,286	\$308	\$181
Builder Profit per Unit/Sq. Ft.	\$63,171	\$49,954	\$62,293	\$46	\$27
Total Cost per Unit/Sq. Ft.	\$484,312	\$382,981	\$477,579	\$355	\$208
Residual Land Value	\$115,688	\$17,019	\$22,421	(\$80)	\$92
Residual Land Value as % of Market Value	19.3%	4.3%	4.5%	-29.0%	30.6%

"prototype_bprkg"

Source: Gregory Group, Loopnet, EPS.

[1] EPS assumption.

[2] Detailed cost estimate explanations are provided in Table E-6.

Table E-6
Docks Area Specific Plan Financing Plan
Base Assumptions

Scenario 2:
Reduced Office Structured Parking

Item	Residential				Nonresidential			Notes
	Townhome	Low Rise Flat	High Rise Flat	Unit	Office	Retail	Unit	
Cost Assumptions								
Direct Costs								
Site Preparation								
Demolition	\$0	\$0	\$0	per unit	\$0	\$0	per sq. ft.	Placeholder
On-Site Improvements	\$3	\$3	\$3	per sq. ft.	\$3	\$3	per sq. ft.	Includes utilities, infrastructure, and parks. See Table E-7.
Off-Site Improvements	\$0	\$0	\$0	per unit	\$0	\$0	per sq. ft.	Placeholder
Subtotal Site Improvements					\$3	\$3	per sq. ft.	
Vertical (Shell and Core) Construction	\$150	\$150	\$200	per sq. ft.	\$165	\$100	per sq. ft.	EPS Assumption. See Table E-8.
Tenant Improvements	\$0	\$0	\$0	per sq. ft.	\$25	\$30	per sq. ft.	EPS Assumption. See Table E-8.
Structured Parking Construction	\$47,950	\$47,950	\$47,950	per unit	\$44	\$0	per sq. ft. (office only)	City of Sacramento
Indirect Costs								
Construction Defect Lit. Insurance	4.0%	4.0%	4.0%	of gross revenues		n/a		EPS Estimate
Architecture and Engineering	6.0%	6.0%	6.0%	of direct costs	6.0%	6.0%	of direct costs	EPS Estimate
Developer Project Management and Overhead	4.0%	4.0%	4.0%	of direct costs	4.0%	4.0%	of direct costs	EPS Estimate
Taxes, Insurance, Legal, and Accounting	3.0%	3.0%	3.0%	of direct costs	3.0%	3.0%	of direct costs	EPS Estimate
Marketing	\$500	\$500	\$500	allowance per unit	2.0%	2.0%	of gross revenues	EPS Estimate
Cost Contingency	10.0%	10.0%	10.0%	of direct costs	10.0%	10.0%	of direct costs	EPS Estimate
Building Fees (Permits, Impact Fees)	\$14,562	\$14,464	\$14,333	per unit	\$5	\$9	per building sq. ft.	EPS Estimate
Financing								
Construction Loan Amount	80.0%	80.0%	80.0%	of Hard & Soft Costs	80.0%	80.0%	of Hard & Soft Costs	EPS Estimate
Interest Rate	6.5%	6.5%	6.5%	annually	6.5%	6.5%	annually	EPS Estimate
Construction Period Interest (on 50% take-down)	18	18	18	months	18	18	months	EPS Estimate
Points and Fees - Construction	1.0%	1.0%	1.0%	of loan	1.0%	1.0%	of loan	EPS Estimate
Points, Fees, & Closing Costs - Permanent	1.5%	1.5%	1.5%	of loan	1.5%	1.5%	of loan	EPS Estimate
Builder Profit	15.0%	15.0%	15.0%	of total costs	15.0%	15.0%	of total costs	EPS Estimate
Income Assumptions								
Residential Pricing (Market)	\$600,000	\$400,000	\$500,000	per unit				EPS Assumption. See Table E-9.
Nonresidential Pricing					\$275	\$300	per sq. ft.	Sales data. See Table E-10 and Table E-11.

Source: SHRA, EPS

"assum_bprkg"

**Table E-7
Docks Area Specific Plan Financing Plan
Infrastructure Allocation**

Item		Utility and Infrastructure Costs	Total
	<i>formula</i>		
Total Infrastructure Costs	<i>a</i>	\$13,620,967	\$13,620,967
Tax Increment Financing [1]	<i>b</i>	\$8,840,000	\$8,840,000
Cost Net of Tax Increment	<i>c = a - b</i>	\$4,780,967	\$4,780,967
Total Sq. Ft. at Buildout	<i>d</i>	1,457,300	1,457,300
Cost per Building Sq. Ft.	<i>e = c / d</i>	\$3.28	\$3.28

"infrast_cost_b"

Source: Docks Area Draft Specific Plan (Jan. 08), EPS.

[1] Tax increment financing assumed to offset a portion of the utility and infrastructure costs. Mello Roos CFD funding is also assumed to fund a portion of infrastructure costs, but is not assumed to offset the infrastructure burden as the special tax levy may result in lower achievable sale prices.

**Table E-8
Docks Area Specific Plan Financing Plan
Construction Cost Assumption Back Up**

Item	Cost per Sq. Ft.	Notes
Townhome Shell and Core		
Case Study #1	\$110	Developer Pro Forma
Case Study #2	\$135	Developer Pro Forma
Case Study #3	\$220	Developer Pro Forma
R.S. Means	\$100	Luxury, 3 Story, 1800 sq. ft., Brick Veneer/Wood Frame, p. 54 of 2008 Guide.
EPS Assumption	\$150	Docks townhomes are 3-story not attached to condos.
Low Rise Shell and Core		
Case Study #1	\$128	Developer Pro Forma - Low rise.
Case Study #2	\$225	Developer Pro Forma - 10-story building with ground floor retail
R.S. Means	\$121	4-7 Story Apartment Building, p. 80 of 2008 Guide
EPS Assumption	\$150	Docks low rise buildings are 5 stories.
High Rise Shell and Core		
Case Study #1	\$270	Developer Pro Forma - 15-Story
Case Study #2	\$290	Developer Pro Forma
R.S. Means	\$153	8-24 Story Apartment Building, p. 82 of 2008 Guide.
EPS Assumption	\$200	Docks high rise buildings are 28 stories.
Office Shell and Core		
Case Study #1	\$95	Developer Pro Forma - \$30 tenant improvement not included. Low rise building.
Case Study #2	\$130	Developer Pro Forma - \$25 tenant improvement not included.
Case Study #3	\$162	Natomas 12 Story Office Building, Bid 2007.
R.S. Means	\$109	
EPS Assumption	\$165	Additional \$25 tenant improvements, Docks offices are 14 stories.
Retail Shell and Core		
Developer Pro Forma Estimate	\$130	\$25 tenant improvement not included. Ground floor/mixed use.
Developer Pro Forma Estimate	\$200	Stand alone retail, no. tenant improvement assumption.
Developer Pro Forma Estimate	\$85	Stand alone, no tenant improvement estimate
Developer Pro Forma Estimate	\$75	\$30 tenant improvement not included.
R.S. Means	\$82	Retail store, p. 212 of 2008 Guide.
EPS Assumption	\$100	Additional \$30 tenant improvement.

"cost_backup"

Source: EPS.

**Table E-9
Docks Area Specific Plan Financing Plan
Residential Price Estimates**

Gregory Group Data				EPS Assumptions				
Development	Sq. Ft. Range	Avg. Sales Price	SHRA Estimate [1]	Base Value	Unit Sq. Ft.	Price per Sq. Ft.	10% Increase	20% Reduction
Townhouse								
9 on F	1,300 - 1,550	\$485,000						
SoCap Lofts	1,185 - 1,224	\$429,995						
Pavilions	2,006 - 2,537	\$584,725						
Tapestri Square	1,320 - 2,600	\$631,000						
Average Townhouse		\$532,680	\$612,500	\$600,000	1,600	\$375	\$660,000	\$480,000
Low Rise Flat								
L Street Lofts	676 - 1,264	\$518,657						
Average Low Rise Flat		\$518,657	\$308,700 - \$443,940	\$400,000	1,200	\$333	\$440,000	\$320,000
High Rise Flat								
500 N Street	832 - 2,499	\$721,360						
Average High Rise Flat		\$721,360	\$295,960 - \$431,200	\$500,000	1,200	\$417	\$550,000	\$400,000

"res_price"

Source: Gregory Group, SHRA, EPS.

[1] Figures provided to SHRA by developer.

**Table E-10
Docks Area Specific Plan Financing Plan
Office Price Estimate**

Building Address	Building Name	Total Sq. Ft.	Price	Price per Sq. Ft.
Sacramento				
2003				
980 9th Street	US Bank Plaza	453,901	\$112,500,000	\$248
915 L Street	Capitol Place	151,440	\$39,000,000	\$258
2004				
1415 L Street	Meridian Plaza	230,000	\$75,000,000	\$326
801 K Street	Renaissance Tower	301,000	\$65,500,000	\$218
906 G Street		126,000	\$13,700,000	\$109
2005				
980 9th Street	US Bank Plaza	453,901	\$159,000,000	\$350
1515 S Street	Benvenuti Plaza	350,000	\$69,000,000	\$197
1325 J Street		326,306	\$66,000,000	\$202
801 K Street	Renaissance Tower	336,104	\$79,350,000	\$236
400 R Street		215,000	\$44,000,000	\$205
2007				
Bulk Portfolio Sale	n/a	2,432,356	\$760,000,000	\$312
300 Capitol Mall	Emerald Tower	383,238	\$130,000,000	\$339
801 K Street	Renaissance Tower	336,104	\$87,500,000	\$260
Average Price per Sq. Ft.				\$251
SHRA Assumption [1]				\$190
EPS Assumption				\$275

"office_sales"

Source: Colliers International: 4th Quarter 2003, 2004, and 3rd Quarter 2007 Office Market Reports.
NAIBT Commercial: 4th Quarter 2005, 2006; 1st, 2nd, and 3rd Quarters 2007; and 1st
Quarter 2008 Office Market Reports.

[1] Figures provided to SHRA by developer.

**Table E-11
Docks Area Specific Plan Financing Plan
Retail Price Estimate**

Building Address	Year Built [1]	Square Footage	Sales Price	Price per Sq. Ft.	Description
Sacramento					
2006					
4110 Norwood Ave.	2005	5,400	\$2,932,276	\$543	4-tenant, strip mall
5020 Madison Ave.	2003	14,490	\$7,622,500	\$526	Free standing, Walgreens
2005					
1401-1429 Broadway	2001	17,390	\$8,200,000	\$472	Free standing, Jamba Juice/Walgreens
4495 Mack Road	2004	14,490	\$5,147,500	\$355	Free standing, Walgreens
7385 Greenhaven Dr.	2005	12,002	\$5,317,500	\$443	New construction at time of sale.
2007					
2115 J St.	1986	17,503	\$4,250,000	\$243	Tapa the World bldg. w/2nd floor office
4830 J St.	2007	16,863	\$10,575,000	\$627	Free standing, Rite Aid
2008					
3800 Northgate Blvd.	2001	4,075	\$3,025,000	\$742	Free standing, IHOP
8230 Calvine Rd.	2002	2,300	\$2,038,000	\$886	Free standing, Del Taco
Average Price per Sq. Ft.				\$537	
SHRA Assumption [1]				\$210	
EPS Assumption				\$300	Retail part of mixed use, not stand alone.

"retail"

Source: Loopnet and EPS.

[1] Figures provided to SHRA by developer.

Table E-12
Docks Area Specific Plan Financing Plan
Valuation Assumptions [1]

Valuation	Value	Source/Notes
Residential Market Value		
Townhouse	\$600,000 per unit	EPS Assumption.
Lowrise Flat	\$400,000 per unit	EPS Assumption.
Highrise Flat	\$500,000 per unit	EPS Assumption.
Residential Assessed Value (AV) [2]		
Townhouse	\$593,000 per unit	
Lowrise Flat	\$393,000 per unit	
Highrise Flat	\$493,000 per unit	
Commercial Market Value/AV		
Retail	\$275 per sq. ft.	EPS Assumption.
Office	\$300 per sq. ft.	EPS Assumption.
Base Valuation	\$0	Current use is public.

"assum"

[1] Valuation assumptions based on projected values in a stabilized housing market.

[2] Per unit AV accounts for homeowner's exemption (\$7,000).