

## Agenda Report

TO: City Council

DATE:

September 18, 2006

FROM: City Manager

SUBJECT: Westgate Project – Fiscal Impact Analysis

RECOMMENDATION

For information only.

## BACKGROUND

Attached is the Fiscal Impact Analysis for the Westgate Project. The City Council requested that this analysis be undertaken during the PPR presentation for this project. The report was prepared by Tischler Bise, a national firm with expertise in this area. A member of their staff will be available at the City Council meeting of September 18, 2006.

The Fiscal Impact Analysis evaluated the costs to the City of Pasadena of providing services to the residents and the commercial development on the site as well as the direct revenues from the site. The consultants were asked to take a conservative look at revenues and only include direct revenues from the development. They did not include, for instance, sales tax generated by the residents of the site from their local purchases or the hotel room nights that their visitors may generate.

The consultant team had access to city records and documents and interviewed staff members from several departments, principally Planning & Development, Finance, Police, Fire, Water & Power, and Public Works. They also relied on the City Budget for expenditures.

The Westgate project is unique in that it is partially in a redevelopment area, Old Pasadena, and is being constructed on land that was once held by a non-profit. The analysis estimates the amount of tax increment the Pasadena Community Development Commission will realize from the project on an annual basis is \$39,035 and considers this apart from city revenues.

The project also generates funds for parks (\$8,500,000), and transportation (\$2,200,000), which are dedicated capital funds and total \$10,700,000. However, these funds are dedicated to specific capital projects required because of the project impacts and are not available for ongoing operational costs. Fees for water, electric, building and planning were not considered as new revenue as they fund the cost of providing a commodity or a service required because of the project. In contrast, the construction tax from this project, estimated at \$2,472,673 was considered as new revenue and was allocated to off-set costs and operations from the project over a 20 year period.

In summary, the report finds that the costs to provide services, produces a range of annual net revenue to the city between a -\$15,056 and a +\$150,000 depending on how many persons occupy each unit. Expenses included debt service paid by the city, as well as all direct services. The highest budget expenses, as can be expected, are for public safety. Expenses were analyzed for the most part by taking the city population and dividing it into the current budgeted amount for that expense. In terms of public safety, it was assumed that 80% of the public safety expenditures provide services to residents and 20% to businesses and other groups.

Respectfully submitted,

ĆYNTHIA J. KURTZ City Manager

Prepared and Approved by:

Richard Bruckner Director of Planning & Development

Attachment: Fiscal Impact Analysis for the Westgate Project