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**MILL CREEK  
WINDSOR, CA**

**ECONOMIC IMPACT AND GENERAL FUND FISCAL REVENUE ANALYSIS**

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## 1.0 INTRODUCTION

This report evaluates the regional economic benefits that would result from construction of the proposed Mill Creek Apartment Development in the Town of Windsor (Sonoma County), California. The proposed development includes 360 units, consisting of a mix of one-, two-, and three-bedroom apartments (including townhouse type apartments).

The economic impact analysis focuses on Town-level and regional (i.e., county-wide) economic benefits that will be generated during the construction phase of the project, in addition to annually-recurring benefits resulting from new residents' spending on local retail goods and services and management/operation of the apartment complex. These benefits are quantified in terms of the number of jobs created, the total wage/salary income associated with these jobs, and the overall volume of economic output (i.e., total business activity) supported by the project.

Along with regional economic benefits, this analysis also evaluates annually-recurring fiscal revenue impacts to the Town's General Fund.

### 1.1. Organization of the Report

This introduction summarizes the project description and describes the scope of the study. Chapter 2 provides a brief summary of the project's Town-level and regional economic benefits, which include the short-term economic impacts related to construction of the project, along with the ongoing impacts resulting from new residents' local expenditures and management/operation of the apartment complex. In addition to the regional economic benefits, this section also summarizes the project's fiscal revenue impacts to the Town's General Fund. Chapter 3 provides further details on the construction-related economic impacts, while Chapter 4 provides further details on the ongoing economic impacts. Chapter 5 provides additional detail on the projection of fiscal revenues to the Town's General Fund. Appendix A provides documentation of the construction-phase data inputs used in the economic impact analysis. For the ongoing benefits generated by the new residents and management/operation of the apartment complex, Appendix B provides documentation of the resident-spending assumptions and data inputs used in the analysis. Finally, Appendix C provides a glossary of the economic impact measures evaluated in this analysis.

### 1.2. Scope of the Study

The analysis considers direct economic impacts (e.g., on-site for the construction-phase) as well as indirect and induced, or "multiplier", benefits in the Town and in the remainder of Sonoma County. The analysis estimates the following types of economic impacts:

- Construction-phase impacts
  - Direct construction employment by year for the project build-out period
  - Direct construction payroll
  - Indirect/induced (i.e., "multiplier") jobs and payroll
  - Other construction-related benefits (i.e., local spending)

- Ongoing (permanent) impacts
  - Employment generated by new resident spending and overall property management of the apartment complex
  - Direct payroll for new jobs
  - Indirect/induced (i.e., “multiplier”) jobs and payroll
  - Direct and indirect/induced economic impacts (i.e., dollars spent in local and regional economies)

Along with economic impacts, the analysis evaluates the annually-recurring fiscal revenue impacts to the Town’s General Fund.

All projections provided in this report are expressed in 2019 “constant” dollars (i.e., not escalated for future inflation).

### 1.3. Project Description

Table 1-1, below, provides a summary of the proposed development, including average annual rent per unit and average household income project households.

**Table 1-1: Summary Project Description –Mill Creek**

<b>Apartment Unit Total</b>	<b>Annual Rent Per Unit</b>	<b>Rent as a Share of Income*</b>	<b>Avg. Household Income</b>
360	\$41,838	0.35	\$119,538

\*Average household income estimate assumes monthly rent accounts for 35% of monthly income. The applicant has indicated that they qualify renters at 35% of gross income, but that the average renter will likely fall into the 23%-28% range. Relying on the higher income factor provides for a more conservative analysis, in that it yields a lower average house income estimate. Average household income estimates are used to derive resident spending patterns (see Sections 4.0 and 5.0),

Source: Applicant; TNDG

### 1.4. Categories of Regional Economic Benefits Considered in the Study

The proposed project will generate the following types of economic benefits in the Town and regional economy:

- Direct Benefits – Direct benefits relate to: a) short-term business activity of general contractors and associated business (architecture services, engineering services, etc.) involved in the project construction and b) the ongoing local spending by new residents and expenditures to managing the apartment complex.

- Indirect Benefits – Indirect benefits will result when local firms directly impacted by the project in turn purchase materials, supplies or services from other firms. Examples would include increased sales of building materials as a result of construction activity, along with purchases of local goods and services associated with managing and operating the apartment complex.
- Induced Benefits – Induced benefits relate to the consumption spending of employees of firms that are directly or indirectly affected by the project. These would include all of the goods and services normally associated with household consumption (e.g., housing, retail purchases, local services, etc.).

Based on construction cost data provided by the applicant, all construction-phase direct benefits are tied to construction-related expenditures within the Town and the County; impacts from construction-related expenditures made outside of the County (e.g., loan fees, interest, marketing, etc.) are not evaluated in this analysis. The analysis quantifies the above benefits in terms of the following measures:

- Total industry output – The increase in gross industry receipts, representing the total economic activity generated by the construction phase and from local spending by new residents. For local retailers, output equals gross margin and not gross sales.
- Value added – The portion of total output that most accurately reflects local economic activity (i.e., local payrolls, profits, taxes, as distinct from *gross* output which includes the value of intermediate goods [construction raw materials] purchased outside the region)
- Jobs – expressed in this analysis in terms of full-time and part-time employees lasting one year
- Employee Compensation – associated with the created jobs<sup>1</sup>

As discussed further below, these are the categories of benefits evaluated by the economic modelling software used for this analysis. Appendix C (glossary) provides additional technical definitions of these economic benefit categories.

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<sup>1</sup> Employee compensation includes total payroll cost of the employee paid by the employer. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.)

### 1.5. Study Methodology

This analysis used the IMPLAN (Impact Analysis for Planning) economic impact modeling software to evaluate the project’s one-time construction impacts, along with ongoing impacts resulting from new resident local spending<sup>2</sup>. This software is classified as an “Input-Output” (IO) model that computes all of the economic impacts of industries in a user-defined region (in this case, The Town of Windsor and Sonoma County), including the estimated local expenditures of employees of both project-direct and supplier firms. The current version of the IMPLAN model divides the economy into 526 sectors that correspond to 4-digit and 5-digit NAICS codes<sup>3</sup>. For construction activity, the IMPLAN modeling system relies on data from the compiled U.S. Census Bureau instead of the NAICS system.

The report appendix documents all of the assumptions used in this analysis to translate project-specific data into IMPLAN model inputs. As shown in Appendix A, construction-related impacts are based on anticipated construction values provided by the applicant. These construction values were matched to the appropriate IMPLAN construction sector for the impact analysis. Ongoing (permanent) impacts are based on new resident spending (on local retail goods and services), along with expenditures related to management/operation of the apartment complex, as shown in Appendix B. The tables in Appendix B also show the assumptions used to estimate new residents’ household income levels and associated local spending on retail goods and services. It should be noted that the analysis treats resident-related spending as “new” spending in the Town and in The County. Although some residents at the proposed apartment complex may already reside in another location in the Town or County, by moving these residents would create an occupancy that would be filled by new household in the Town or County. Thus, the treatment of residents’ local spending as *net* increases in sales in the Town and County is a valid assumption for purposes of the analysis.

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<sup>2</sup> This model was developed by researchers at the University of Minnesota and is widely used in economic impact analysis throughout the Country.

<sup>3</sup> As excerpted from the U.S. Census Bureau’s website, the North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. The NAICS system is hierarchical in each level of the system provides an aggregation of detail at the next lower level. For example, there are 20 2-digit industry groups that are further subdivided into 99 3-digit industry groups. Further disaggregation continues to the 6-digit level, which includes 1,175 disaggregated industries.

## 2.0 EXECUTIVE SUMMARY

### 2.1. Short-term (Construction) Impacts to Regional Economy

This section provides a summary of the project's construction-phase impacts to the Town and Sonoma County. The summary includes the sum of all direct, indirect, and induced impacts, as shown on Table 2-1 on page 6. The total construction-related impacts would include the following:

Output: At buildout the project's one-time construction activities would generate approximately \$133.5 million in total economic activity in the Town, through direct, indirect, and induced impacts. In addition, the project would generate approximately \$36.9 million in total economic activity in the remainder of the County. Thus, the project would generate approximately \$170.4 million in total economic activity in Sonoma County.

Value Added: At buildout the project's one-time construction activities would generate approximately \$59.0 million in total value added in the Town, through direct, indirect, and induced impacts. In addition, the project would generate approximately \$22.0 million in value added in the remainder of the County. Thus, the project would generate approximately \$81.0 million in total value added in Sonoma County.

Employment: At buildout the project's one-time construction activities would generate approximately 704 jobs in the Town, through direct, indirect, and induced impacts. In addition, the project would generate approximately 278 jobs in the remainder of the County. Thus, the project would generate close to 1,000 total jobs in Sonoma County<sup>4</sup>.

Employee Compensation: At buildout the project's one-time construction activities would generate approximately \$34.0 million in total employee compensation in the Town, through direct, indirect, and induced impacts. In addition, the project would generate approximately \$10.4 million in total employee compensation in the remainder of the County. Thus, the project would generate approximately \$44.4 million in total employee compensation in Sonoma County<sup>5</sup>.

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<sup>4</sup> As noted above, this total includes both part- and full-time employees. Based on factors provide in the IMPLAN model, the construction phase would generate approximately 903 full-time equivalent (FTE) jobs in the County.

<sup>5</sup> Employee compensation is a "fully loaded" payroll estimate, including all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Based on factors provided in the IMPLAN model, the project would generate approximately \$37.1 million in salaries/wages in Sonoma County.



**Table 2-1: Summary of Construction Phase Impacts (Sum of Direct, Indirect, and Induced)  
Mill Creek**

<b>Impact Category</b>	<b>Town Total</b>	<b>Remainder of County</b>	<b>County Total</b>
Output (000s)	\$133,483	\$36,888	\$170,371
Value Added (000s)	\$58,957	\$22,002	\$80,959
Employment	704	278	982
Employee Compensation (000s)	\$33,999	\$10,418	\$44,417

Note: Totals may not sum due to rounding

Source: TNDG; IMPLAN

## **2.2. Permanent Impacts to Regional Economy**

This section provides a summary of the permanent benefits to the Town and Sonoma County. These benefits would result from local spending (i.e., in the Town and in remaining areas of the County) by new residents, along with expenditures associated with managing/operating the apartment complex. The summary includes the sum of all direct, indirect, and induced impacts, as shown on Table 2-2 on the following page. The permanent impacts would include the following:

**Output:** On an annual basis, new residents and the apartment complex would generate approximately \$5.6 million in total economic activity in the Town, through direct, indirect, and induced impacts. In addition, these two sources would generate approximately \$5.0 million in total economic activity in the remainder of the County. Thus, the project would generate approximately \$10.6 million in total economic activity in Sonoma County on an annual basis.

**Value Added:** On an annual basis, new residents and the apartment complex would generate approximately \$3.8 million in total value added in the Town, through direct, indirect, and induced impacts. In addition, these two sources would generate an additional \$2.9 million in value added in the remainder of the County. Thus, the project would generate approximately \$6.7 million in total value added in Sonoma County on an annual basis.

**Employment:** On an annual basis, new residents and the apartment complex would generate close to 53 jobs in the Town, through direct, indirect, and induced impacts. In addition, these two sources would generate close to 38 jobs in the remainder of the County. Thus, the project would generate approximately 90 total jobs in Sonoma County on an annual basis<sup>6</sup>.

<sup>6</sup> As noted above, this total includes both part- and full-time employees. Based on factors provide in the IMPLAN model, the construction phase would generate approximately 75 full-time equivalent (FTE) jobs in the County.

**Employee Compensation:** On an annual basis, new residents and the apartment complex would generate close to \$1.6 million in total employee compensation in the Town, through direct, indirect, and induced impacts. In addition, these two sources would generate approximately \$1.5 million in total employee compensation in the remainder of the County. Thus, the project would generate approximately \$3.1 million in total employee compensation in Sonoma County on annual basis<sup>7</sup>.

**Table 2-2: Summary of Ongoing Impacts (Sum of Direct, Indirect, and Induced)  
Mill Creek**

<b>Impact Category</b>	<b>Town Total</b>	<b>Remainder of County</b>	<b>County Total</b>
Output (000s)	\$5,617	\$4,992	\$10,609
Value Added (000s)	\$3,758	\$2,934	\$6,692
Employment	53	38	90
Employee Compensation (000s)	\$1,571	\$1,516	\$3,087

Note: Totals may not sum due to rounding

Source: TNDG; IMPLAN

### 2.3. Fiscal Revenue Impacts

The project would generate two primary sources of annually-recurring revenue to the Town's General Fund: Property Taxes and Sales Taxes. New property taxes would result from the incremental assessed property value generated by the project, while new sales taxes would be generated by project residents' retail expenditures at retail establishments located in the Town. As shown on Table 2-3, on the following page, the project would generate about \$358,200 in new property taxes, in addition to approximately \$67,700 in new sales tax revenue. Combined, the two revenue sources would generate close to \$426,000 in annually-recurring revenue to the Town's General Fund.

<sup>7</sup> Employee compensation is a "fully loaded" payroll estimate, including all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Based on factors provided in the IMPLAN model, the project would generate approximately \$2.3 million in salaries/wages in Sonoma County on an annual basis.

**Table 2-3: Summary of Annually-Recurring Fiscal Revenue Impacts to Town's General Fund  
Mill Creek**

<b>General Fund Category</b>	<b>Town Total</b>
Property Taxes <sup>1</sup>	\$358,206
Sales Tax <sup>2</sup>	<u>67,688</u>
Total	<u>\$425,894</u>

Notes: 1. Includes general Property Tax and Property Tax In-Lieu of VLF

2. Includes General Sales Tax and Property Tax In-Lieu of Sales Tax

Totals may not sum due to rounding

Source: IMPLAN; Town of Windsor; TNDG

### **3.0 CONSTRUCTION IMPACTS TO LOCAL ECONOMY**

The project’s construction phase would create a substantial number of jobs and fuel the local Town economy, in addition to the remaining areas in Sonoma County, with secondary spending. To illustrate the economic impacts of the project’s construction phase, this study uses an econometric tool known as an “Input-Output” (IO) model, which computes all of the construction-related impacts of the affected industries in the Town, and in the remainder of the County, including the estimated local expenditures of employees of both the construction and supplier firms<sup>8</sup>.

These economic benefits are expressed in terms of increased economic activity (“output”), value added, job creation, and employee compensation. See Table 2-1 on page 6 for a summary of the economic benefits for the total project. The discussion below in Sections 3.1 and 3.2 summarizes the total project construction-related impacts.

#### **3.1. Industry Output and Value Added**

During the construction phase the project is projected to directly generate approximately \$99.9 million in total economic activity in the Town, resulting in approximately \$37.9 million in value added. In addition to its direct impacts, the indirect/induced impacts during project construction would include approximately \$33.6 million in total economic activity, resulting in approximately \$21.0 million in value added (see page 2 for definitions of “direct”, “indirect” and “induced”). Thus, accounting for the full range of economic benefits in the Town, during its construction phase the project will generate a grand total of approximately \$133.5 million in total industry output and approximately \$58.9 million in value added.

In the remainder of the County, the project is projected to directly generate approximately \$1.9 million in total economic activity, along with an additional \$35.0 million from indirect/induced impacts. This total economic activity would generate approximately \$22.0 million in value added in the remainder of the County.

#### **3.2. Jobs Created and Employee Compensation**

During the construction phase the project is projected to generate approximately 445 directly related jobs onsite and approximately 259 jobs through indirect and induced economic activity. These are quantified as full- and part-time jobs lasting the equivalent of one year. Thus, accounting for the full range of economic benefits in the Town – through direct, indirect, and induced activity – the project will generate about 704 jobs during the construction phase. The employee compensation associated with these jobs would total approximately \$34.0 million.

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<sup>8</sup> The IMPLAN model was used for this purpose. This model was developed by researchers at the University of Minnesota and is widely used in economic impact analysis throughout the Country.

In the remainder of the County, the project is projected to directly generate approximately 16 jobs, along with an additional 262 jobs from indirect/induced impacts. The employee compensation associated with these jobs would total approximately \$10.4 million.

**Table 3-1. Summary of Economic Impacts by Impact Category, CONSTRUCTION PHASE Mill Creek**

<b>Impact Category</b>	<b>Town Total</b>	<b>Remainder of County</b>	<b>County Total</b>
<i>Output (000s)</i>			
Direct	\$99,872	\$1,864	\$101,735.76
Indirect	20,430	18,532	\$38,962
Induced	<u>13,181</u>	<u>16,493</u>	<u>29,673</u>
Total	\$133,483	\$36,888	\$170,371
<i>Value Added (000s)</i>			
Direct	\$37,908	\$933	\$38,841
Indirect	12,812	11,447	24,259
Induced	<u>8,236</u>	<u>9,622</u>	<u>17,858</u>
Total	\$58,957	\$22,002	\$80,959
<i>Employment</i>			
Direct	445	16	461
Indirect	169	146	314
Induced	<u>90</u>	<u>117</u>	<u>206</u>
Total	704	278	982
<i>Employee Compensation (000s)</i>			
Direct	\$25,256	\$629	\$25,884
Indirect	5,687	4,795	10,482
Induced	<u>3,056</u>	<u>4,994</u>	<u>8,050</u>
Total	\$33,999	\$10,418	\$44,417

Note: Totals may not sum due to rounding

Source: TNDG; IMPLAN

### 3.0 CONSTRUCTION IMPACTS TO LOCAL ECONOMY

Table 3-2 and Table 3-3, below, show the top 10 economic sectors affected by employment impacts in the Town and in Sonoma County. The employment and employee compensation numbers include the sum of direct, indirect, and induced impacts. As shown in the tables, approximately 335 jobs would be created in the multifamily residential construction sector (IMPLAN Sector 60), with an average employee compensation of more than \$53,000 per job.

**Table 3-2: Top 10 Industries Affected in Terms of Employment, Town of Windsor Mill Creek**

IMPLAN Sector	Description	Employees	Employee Compensation	Employee Compensation/ Job
60	Construction of new multifamily residential structures	335.3	\$18,980,228	\$56,611
58	Construction of other new nonresidential structures	52.9	3,205,918	60,600
56	Construction of new highways and streets	40.5	2,765,094	68,235
407	Retail - Nonstore retailers	36.4	761,315	20,892
440	Real estate	20.0	157,348	7,866
406	Retail - Miscellaneous store retailers	18.0	344,594	19,126
449	Architectural, engineering, and related services	15.3	639,661	41,712
405	Retail - General merchandise stores	14.4	470,575	32,658
401	Retail - Health and personal care stores	12.7	479,292	37,710
399	Retail - Building material and garden equipment and supplies	11.7	521,144	44,724

Source: TNDG; IMPLAN

**Table 3-3: Top 10 Industries Affected in Terms of Employment, Sonoma County Mill Creek**

IMPLAN Sector	Description	Employees	Employee Compensation	Employee Compensation/ Job
60	Construction of new multifamily residential structures	335.3	\$18,980,229	\$56,611
58	Construction of other new nonresidential structures	52.9	3,205,918	60,600
403	Retail - Clothing and clothing accessories stores	52.5	1,079,646	20,576
407	Retail - Nonstore retailers	48.5	1,014,073	20,892
56	Construction of new highways and streets	40.5	2,765,094	68,235
406	Retail - Miscellaneous store retailers	33.4	638,057	19,126
449	Architectural, engineering, and related services	27.7	1,156,594	41,712
440	Real estate	27.3	214,588	7,866
395	Wholesale trade	25.8	1,927,873	74,773
401	Retail - Health and personal care stores	17.8	670,617	37,710

Note: Includes Town of Windsor Totals

Source: TNDG; IMPLAN

## **4.0 ONGOING ECONOMIC BENEFITS TO LOCAL ECONOMY**

The proposed project will generate ongoing benefits to the local economy, in addition to the remainder of Sonoma County, from the following two sources. First, new apartment residents will generate economic impacts in the local economy through expenditures on local goods and services. Second, the management and operation of the apartment complex will generate impacts in the local economy. Appendix B provides detailed tables on the assumptions and data inputs for estimating ongoing economic benefits, along with a narrative description, for the IMPLAN model.

These economic benefits are expressed in terms of increased economic activity (“output”), value added, job creation, and labor income. See Table 4-1 on page 13 for a summary of the annual economic benefits for the total project. The discussion below in Sections 4.1 and 4.2 summarizes the total ongoing economic benefits from the two sources discussed above.

### **4.1. Industry Output and Value Added**

The project’s direct annual impact, from new resident local spending and management/operation of the apartment complex, to the Town economy would include approximately \$4.4 million in total economic activity and approximately \$3.0 million in value added. In addition to its direct impacts, the indirect/induced impacts of the project would include approximately \$1.2 million in total economic activity and approximately \$0.75 million in value added (see page 2 for definitions of “direct”, “indirect” and “induced”). Thus, accounting for the full range of economic benefits in the Town, on an annual basis the project will generate a grand total of about \$5.6 million in total industry output and approximately \$3.8 million in value added.

In the remainder of the County, the project is projected to directly generate approximately \$2.5 million in total economic activity, along with an additional \$2.5 million from indirect/induced impacts. This total economic activity would generate approximately \$2.9 million in value added in the remainder of the County.

### **4.2. Jobs Created and Employee Compensation**

The project, from new resident local spending and management/operation of the apartment complex, would directly support approximately 44 jobs and a total annual payroll of close to \$1.3 million. In addition to direct impacts, the indirect/induced economic impacts from the project would support approximately 9 jobs and a total annual payroll (including benefits) of approximately \$304,000 in the Town. Thus, the direct, indirect, and induced economic activity associated with the project would support approximately 53 jobs and a total annual payroll (including benefits) of close to \$1.6 million in the Town.

In the remainder of the County, the project is projected to directly generate approximately 22 jobs, along with an additional 16 jobs from indirect/induced impacts. The payroll and benefits associated with these jobs would total approximately \$1.5 million.

**Table 4-1: Summary of Economic Impacts by Impact Category, ANNUALLY-RECURRING  
Mill Creek**

<b>Impact Category</b>	<b>Town Total</b>	<b>Remainder of County</b>	<b>County Total</b>
<i><u>Output (000s)</u></i>			
Direct	\$4,397	\$2,467	\$6,863
Indirect	658	1,153	\$1,811
Induced	563	1,372	1,935
Total	\$5,617	\$4,992	\$10,609
<i><u>Value Added (000s)</u></i>			
Direct	\$3,009	\$1,485	\$4,495
Indirect	397	636	1,033
Induced	352	813	1,164
Total	\$3,758	\$2,934	\$6,692
<i><u>Employment</u></i>			
Direct	44	22	66
Indirect	5	6	11
Induced	4	10	13
Total	53	38	90
<i><u>Employee Compensation (000s)</u></i>			
Direct	\$1,267	\$853	\$2,120
Indirect	173	269	442
Induced	130	394	525
Total	\$1,571	\$1,516	\$3,087

Note: Totals may not sum due to rounding

Source: TNDG; IMPLAN



Table 4-2 and Table 4-3, below, show the top 10 economic sectors affected by employment impacts in the Town and in Sonoma County. The employment and employee compensation numbers include the sum of direct, indirect, and induced impacts. As shown in the tables, approximately 14.1 permanent jobs would be created in the full-service restaurants sector (IMPLAN Sector 501), with an average employee compensation of about \$25,000 per job.

**Table 4-2: Top 10 Industries Affected in Terms of Employment, Town of Windsor Mill Creek**

IMPLAN Sector	Description	Employees	Employee Compensation	Employee Compensation/Job
501	Full-service restaurants	12.3	\$308,211	\$25,069
440	Real estate	7.6	60,071	7,866
502	Limited-service restaurants	7.4	168,669	22,856
400	Retail - Food and beverage stores	7.0	265,401	37,958
396	Retail - Motor vehicle and parts dealers	2.2	130,154	57,989
504	Automotive repair and maintenance, except car washes	1.8	67,624	36,637
398	Retail - Electronics and appliance stores	1.4	101,651	72,161
405	Retail - General merchandise stores	1.3	43,211	32,658
401	Retail - Health and personal care stores	1.3	47,836	37,710
503	All other food and drinking places	1.2	29,919	25,233

Source: TNDG; IMPLAN

**Table 4-3: Top 10 Industries Affected in Terms of Employment, Sonoma County Mill Creek**

IMPLAN Sector	Description	Employees	Employee Compensation	Employee Compensation/Job
501	Full-service restaurants	14.1	\$354,534	\$25,069
502	Limited-service restaurants	10.4	238,358	22,856
440	Real estate	8.6	67,306	7,866
400	Retail - Food and beverage stores	7.2	273,677	37,958
403	Retail - Clothing and clothing accessories stores	4.8	98,890	20,576
504	Automotive repair and maintenance, except car washes	4.0	145,026	36,637
397	Retail - Furniture and home furnishings stores	3.6	132,476	37,051
398	Retail - Electronics and appliance stores	3.2	229,912	72,161
396	Retail - Motor vehicle and parts dealers	2.8	161,593	57,989
404	Retail - Sporting goods, hobby, musical instrument and book	2.7	57,046	21,495

Note: Includes Town of Windsor Totals

Source: TNDG; IMPLAN

**5.0 ANNUALLY RECURRING FISCAL REVENUE IMPACTS TO TOWN'S GENERAL FUND**

The project would generate two primary sources of annually-recurring revenue to the Town's General Fund: Property Taxes and Sales Taxes. The discussion below in Section 5.1 summarizes the annually-recurring property taxes that would be generated by the project. Following, Section 5.2 provides a summary detailing the projection of new sales tax revenue that would be generated from project residents' retail expenditures in the Town.

**5.1. Property Taxes**

As shown on Table 5-1, below, the project is projected to generate just over \$358,200 in annually-recurring property tax revenue to the Town's General Fund. In addition to general property tax revenues, the Town also receives separate property tax payments from the State in lieu of Vehicle License Fee (VLF) revenues. Based on a review of Town budget data and assessed value information<sup>9</sup>, these two components of property tax revenue are equal to approximately 0.2% of total assessed valuation in the Town. Applying this factor to the project's estimated assessed valued yields the incremental property tax revenue projection shown on the table below.

**Table 5-1: Projected Annually-Recurring Property Tax Revenue – Town of Windsor Mill Creek**

Property Tax Variable	Amount
Estimated Assessed Value <sup>1</sup>	\$179,103,040
Property Tax as a Share of Incremental Assessed Value <sup>2</sup>	0.2%
Town's Incremental Property Tax Revenue	\$358,206

Notes: 1. Based on estimated of hard costs (including on-site and off-site) and land costs  
 2. Includes general property tax and property tax in-lieu of VLF

Source: Project applicant; Beacon Economics, LLC; TNDG

**5.2. Sales Taxes**

As shown on Table 5-2, on the following page, the project is projected to generate approximately \$67,700 in annually-recurring sales tax revenue to the Town's General Fund. New sales tax revenue will be generated from new resident local spending at retail establishments in the Town, as described above in Section 4.0. As shown on the table, 1.0% of taxable sales is reimbursed from the state (0.75% sales tax reimbursement plus 0.25% sales tax in lieu). See Appendix B, Tables B-4 and B-5, for a derivation of the projected resident-generated taxable sales in the Town.

<sup>9</sup> Town of Windsor Revenue Forecast, February 2015. Beacon Economics, LLC.

**Table 5-2: Projected Annually-Recurring Sales Tax Revenue – Town of Windsor  
Mill Creek**

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<b>Sales Tax Variable</b>	<b>Amount</b>
Resident Taxable Retail Purchases	\$14,758,401
Percent of Resident Taxable Retail Sales Captured in Town of Windsor	46%
Total New Taxable Retail Sales in Town of Windsor	\$6,768,767
New Sales Tax Revenue at 1.0% of Taxable Sales	\$67,688

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Source: IMPLAN, Tables B-4 and B-5

**APPENDIX A:**

**Derivation of Inputs for IMPLAN Model  
Construction Phase**

**Table A-1: Derivation of IMPLAN Inputs**

<b>IMPLAN Sector</b>	<b>Description</b>	<b>Town of Windsor</b>	<b>Remainder of County</b>	<b>Sonoma County Total</b>
VA	Value Added (Taxes on production & imports, less subsidies)	\$1,197,166	\$306,000	\$1,503,166
56	Construction of new highways and streets	10,770,332	0	10,770,332
58	Construction of other new nonresidential structures	10,770,332	0	10,770,332
60	Construction of new multifamily residential structures	75,369,746	0	75,369,746
437	Insurance carriers	9,270	18,540	27,810
440	Real estate	2,159,328	37,500	2,196,828
447	Legal services	72,100	144,200	216,300
448	Accounting, tax preparation, bookkeeping, and payroll services	72,100	144,200	216,300
449	Architectural, engineering, and related services	68,861	1,264,095	1,332,956
450	Specialized design services	309,000	0	309,000
454	Management consulting services	111,240	74,160	185,400
455	Environmental and other technical consulting services	153,764	95,750	249,514
469	Landscape and horticultural services	5,632	85,612	91,244
<b>TOTAL</b>		<b>\$101,068,872</b>	<b>\$2,170,057</b>	<b>\$103,238,929</b>

Source: TNDG; Construction Budget Data

**APPENDIX B:**

**Derivation of Inputs for IMPLAN Model  
Ongoing Benefits**

The following summary provides a description of the assumptions and data inputs used for purposes of estimating the project's permanent (annually-recurring) impacts in the Town and in the County.

- Table B-1 provides the calculations used to estimate average household incomes for project residents. As shown in the table, average household incomes are calculated on the assumption that monthly rents will account for approximately 35% of monthly household income. Based on anticipated rents, the weighted average household income level would equal about \$119,538.
- Table B-2 provides the share of household income spent on retail goods and services for households in the \$100,000 to \$149,999 income range. These data are from the Consumer Expenditure Survey (CES), which is completed by the Bureau of Labor Statistics, Department of Labor. The most recent year for which data are available is 2017. As shown in the table, households in this income range spend approximately 36.1% of household income on retail goods and services. The distribution of sales by retail/service category, along with individual shares, is shown in the table.
- Table B-3 applies the share factors for each retail category (from Table B-2) to the projected weighted average household income level of project residents (B-1). Based on these calculations, the table provides a projected distribution of expenditures on retail goods and services per household.
- From the factors calculated in Tables B-1 to B-3, Tables B-4 and B-5 provides the projected aggregate retail and services expenditures based on the occupied households in the apartment complex (taking into account the applicant's anticipated vacancy rate). The expenditures are matched to appropriated IMPLAN sectors that correspond to the retail and service categories in the CES survey. It should be noted that the IMPLAN model applies a Local Purchase Percentage (LPP) factor to each industry sector for the Town and the County. The LPP factor approximates the percentage of expenditures, by industry sector, which would be made in the Town and in the County. Thus, impacts are only based on sales estimated to be made within the Town and County geographies.
- Table B-6 provides the data inputs used to estimate the impacts related to the management/operation of the proposed apartment complex.

**Table B-1: Derivation of Average Household Incomes – Apartment Residents**

<b>Variable</b>	<b>Amount</b>
(A) Total Units	360
(B) Total Monthly Rent	\$1,255,152
(C) Total Annual Rent = (B)*12	\$15,061,824
(D) Annual Rent/Unit = (C) / (A)	\$41,838
(E) Rent as a Share of Total Income	0.35
(F) Avg. Household Income = (D) / (E)	\$119,538

Source: Applicant; TNDG.



**Table B-2: Income Share Expenditures by Retail/Service Category – Consumer Expenditure Survey (CES)**

CES HH Income Range	<b>\$100,000 to \$149,999</b>			
Average HH Income Before Taxes	<b>\$120,288</b>			
			<b>IMPLAN</b>	
<b>Average Annual Expenditures</b>	<b>Amount</b>	<b>Share</b>	<b>Sector</b>	<b>Description</b>
Food at Home	\$ 5,539	4.6	400	Retail - Food and beverage stores
Food away from home (A)	2,459	2.0	501	full service restaurants
Food away from home (B)	2,459	2.0	502	limited service restaurants
Alcoholic Beverages (A)	451	0.4	503	All other food and drinking places
Alcoholic Beverages (B)	451	0.4	400	Retail - Food and beverage stores
Cellular phone service	1,611	1.3	428	Wireless telecommunications carriers (except satellite)
Housekeeping supplies	981	0.8	405	Retail - General merchandise stores
Household furnishings and equipment	2,994	2.5	397	Retail - Furniture and home furnishings stores
Apparel and services	2,762	2.3	403	Retail - Clothing and clothing accessories stores
Vehicle purchases (net outlay)	6,397	5.3	396	Retail - Motor vehicle and parts dealers
Gasoline and motor oil	2,833	2.4	402	Retail - Gasoline stores
Other Vehicle Expenses - Maintenance and repair	1,289	1.1	504	Automotive repair and maintenance, except car washes
Vehicle insurance	1,064	0.9	437	Insurance carriers
Health insurance	4,758	4.0	437	Insurance carriers
Medical Services	1,342	1.1	482	Hospitals
Drugs	556	0.5	401	Retail - Health and personal care stores
Medical supplies	194	0.2	401	Retail - Health and personal care stores
Audio and visual equipment and services	1,387	1.2	398	Retail - Electronics and appliance stores
Toys, hobbies, and playground equipment	1,087	0.9	404	Retail - Sporting goods, hobby, musical instrument and book stores
Other entertainment supplies, equipment, and services	1,138	0.9	398	Retail - Electronics and appliance stores
Personal care products and services	1,110	0.9	401	Retail - Health and personal care stores
Reading	146	0.1	404	Retail - Sporting goods, hobby, musical instrument and book stores
Tobacco products and smoking supplies	316	0.3	406	Retail - Miscellaneous store retailers
<b>TOTAL</b>	<b>\$ 43,322</b>	<b>36.1</b>		

Source: Bureau of Labor Statistics (BLS), Consumer Expenditure Survey (CES), 2017; TNDG.

**Table B-3: Average Household Spending by Industry Sector –Mill Creek Residents**

Estimated Project HH Income		\$119,538 <sup>1</sup>		
<b>IMPLAN</b>				
<b>Average Annual Expenditures</b>	<b>Share<sup>2</sup></b>	<b>Amount</b>	<b>Sector</b>	<b>Description</b>
Food at Home	4.6	\$5,499	400	Retail - Food and beverage stores
Food away from home (A)	2.0	2,391	501	full service restaurants
Food away from home (B)	2.0	2,391	502	limited service restaurants
Alcoholic Beverages (A)	0.4	478	503	All other food and drinking places
Alcoholic Beverages (B)	0.4	478	400	Retail - Food and beverage stores
Cellular phone service	1.3	1,554	428	Wireless telecommunications carriers (except satellite)
Housekeeping supplies	0.8	956	405	Retail - General merchandise stores
Household furnishings and equipment	2.5	2,988	397	Retail - Furniture and home furnishings stores
Apparel and services	2.3	2,749	403	Retail - Clothing and clothing accessories stores
Vehicle purchases (net outlay)	5.3	6,336	396	Retail - Motor vehicle and parts dealers
Gasoline and motor oil	2.4	2,869	402	Retail - Gasoline stores
Other Vehicle Expenses - Maintenance and repair	1.1	1,315	504	Automotive repair and maintenance, except car washes
Vehicle insurance	0.9	1,076	437	Insurance carriers
Health insurance	4.0	4,782	437	Insurance carriers
Medical Services	1.1	1,315	482	Hospitals
Drugs	0.5	598	401	Retail - Health and personal care stores
Medical supplies	0.2	239	401	Retail - Health and personal care stores
Audio and visual equipment and services	1.2	1,434	398	Retail - Electronics and appliance stores
Toys, hobbies, and playground equipment	0.9	1,076	404	Retail - Sporting goods, hobby, musical instrument and book stores
Other entertainment supplies, equipment, and se	0.9	1,076	398	Retail - Electronics and appliance stores
Personal care products and services	0.9	1,076	401	Retail - Health and personal care stores
Reading	0.1	120	404	Retail - Sporting goods, hobby, musical instrument and book stores
Tobacco products and smoking supplies	0.3	359	406	Retail - Miscellaneous store retailers
<b>TOTAL</b>	<b>36.1</b>	<b>\$43,153</b>		

Source: Bureau of Labor Statistics (BLS), Consumer Expenditure Survey (CES), 2017; TNDG.

Notes: 1. Table B-1

2. Table B-2

**Table B-4: Total Spending by IMPLAN Industry Sector –Mill Creek Residents**

Total Units:	360
Vacancy:	5%
Occupied Units:	342

IMPLAN Sector	Description	Amount Per	
		HH <sup>1</sup>	Total
396	Retail - Motor vehicle and parts dealers	\$6,336	\$ 2,166,746
397	Retail - Furniture and home furnishings stores	2,988	1,022,050
398	Retail - Electronics and appliance stores	2,510	858,522
400	Retail - Food and beverage stores	5,977	2,044,100
401	Retail - Health and personal care stores	1,913	654,112
402	Retail - Gasoline stores	2,869	981,168
403	Retail - Clothing and clothing accessories stores	2,749	940,286
404	Retail - Sporting goods, hobby, musical instrument and book stores	1,195	408,820
405	Retail - General merchandise stores	956	327,056
406	Retail - Miscellaneous store retailers	359	122,646
428	Wireless telecommunications carriers (except satellite)	1,554	531,466
437	Insurance carriers	5,857	2,003,218
482	Hospitals	1,315	449,702
501	full service restaurants	2,391	817,640
502	limited service restaurants	2,391	817,640
503	All other food and drinking places	478	163,528
504	Automotive repair and maintenance, except car washes	1,315	449,702
<b>TOTAL</b>		<b>\$43,153</b>	<b>\$14,758,401</b>

Source: Bureau of Labor Statistics (BLS), Consumer Expenditure Survey (CES), 2017; TNDG.

Notes: 1. Table B-4

**Table B-5: Total Spending by IMPLAN Industry Sector in Town of Windsor –Mill Creek Residents**

Total Units:	360
Vacancy:	5%
Occupied Units:	342

IMPLAN Sector	Description	Amount Per		LPP	City Expenditures
		HH <sup>1</sup>	Total		
396	Retail - Motor vehicle and parts dealers	\$6,336	\$ 2,166,746	0.69	\$ 1,489,854
397	Retail - Furniture and home furnishings stores	2,988	1,022,050	0.09	96,686
398	Retail - Electronics and appliance stores	2,510	858,522	0.43	365,559
400	Retail - Food and beverage stores	5,977	2,044,100	0.95	1,933,923
401	Retail - Health and personal care stores	1,913	654,112	0.52	338,830
402	Retail - Gasoline stores	2,869	981,168	0.21	208,891
403	Retail - Clothing and clothing accessories stores	2,749	940,286	0.03	30,559
404	Retail - Sporting goods, hobby, musical instrument and book stores	1,195	408,820	0.43	173,871
405	Retail - General merchandise stores	956	327,056	0.94	308,904
406	Retail - Miscellaneous store retailers	359	122,646	0.53	64,450
428	Wireless telecommunications carriers (except satellite)	1,554	531,466	0.00	372
437	Insurance carriers	5,857	2,003,218	0.09	189,304
482	Hospitals	1,315	449,702	0.26	116,653
501	full service restaurants	2,391	817,640	0.81	664,741
502	limited service restaurants	2,391	817,640	0.61	499,414
503	All other food and drinking places	478	163,528	0.55	90,055
504	Automotive repair and maintenance, except car washes	1,315	449,702	0.44	196,700
<b>TOTAL</b>		<b>\$43,153</b>	<b>\$14,758,401</b>	<b>0.46</b>	<b>\$6,768,767</b>

Source: Bureau of Labor Statistics (BLS), Consumer Expenditure Survey (CES), 2017; TNDG.

Notes: 1. Table B-4; LLP = Local Purchase Percentage

**Table B-6: Apartment Management/Operations Inputs for IMPLAN – Mill Creek**

<b>Category</b>	<b>Amount</b>	<b>IMPLAN Sector</b>	<b>Description</b>
Operating Expenses	\$ 1,167,480	440	Real Estate
Management Fees	<u>273,385</u>	440	Real Estate
<b>TOTAL</b>	<b>\$ 1,440,865</b>		

Source: Applicant; TNDG; IMPLAN

**APPENDIX C:**

**IMPLAN Model Glossary**

The following provides technical definitions for measures of economic impacts evaluated in this analysis. These definitions are excerpted from IMPLAN's online glossary<sup>10</sup>.

**Output** – represents the value of industry production. In IMPLAN these are annual production estimates for the year of the data set and are in producer prices. For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

**Value Added** – The difference between an industry's or an establishment's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of (1) Labor Income (employee compensation and proprietor income), (2) taxes on production and imports less subsidies (formerly indirect business taxes and nontax payments), and (3) other property income (formerly "other value added")<sup>11</sup>. Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.

**Labor Income** – All forms of employment income, including Employee Compensation (wages and benefits) and Proprietor Income.

**Jobs** - A job in IMPLAN = the annual average of monthly jobs in that industry (this is the same definition used by QCEW, BLS, and BEA nationally<sup>12</sup>). Thus, 1 job lasting 12 months = 2 jobs lasting 6 months each = 3 jobs lasting 4 months each. A job can be either full-time or part-time.

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<sup>10</sup> Accessed at [http://implan.com/index.php?option=com\\_glossary&task=list&glossid=13&letter=All](http://implan.com/index.php?option=com_glossary&task=list&glossid=13&letter=All)

<sup>11</sup> A profits-like measure that includes corporate profits, net interest, business transfer payments, etc.

<sup>12</sup> QCEW = Quarterly Census of Employment and Wages; BLS = Bureau of Labor Statistics; BEA = Bureau of Economic Analysis.