
ECONOMIC AND FISCAL BENEFITS ANALYSIS

CarMax, Visalia, CA

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Prepared for:

CENTERPOINT INTEGRATED SOLUTIONS

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SUMMARY OF KEY STUDY FINDINGS

During its construction and operational phases, the proposed CarMax project would generate substantial economic and benefits to the City of Visalia and to the larger Tulare County economy. These benefits are summarized below by major category.

Construction-phase Impacts

- **51 one-year construction (and related) jobs**, with an average **annual salary of \$40,000**
- **\$6.6 million** in construction-related spending (i.e., local purchases of construction-related goods and services) in Visalia
- An additional **\$2.2 million in construction related spending** in other parts of Tulare County, resulting in a total **countywide construction-phase impact of \$8.8 million**

Fiscal Benefits to City and Other Agencies (annually recurring)

- City of Visalia: approximately **\$683,500** per year in General Fund revenue for the City of Visalia
- Other agencies: **an additional \$60,400 in property tax revenue** per year – over and above the amount going to the City’s General Fund – to various school districts and County agencies

New Business Activity in Local Economy (annual recurring)

- Visalia: **\$15.4 million** in new annual business activity (i.e., local purchases of goods and services stemming from CarMax and its employees) captured within the City of Visalia
- Tulare County: An additional **\$6.9 million** in new annual business activity in other areas of Tulare County, resulting in a **total countywide impact of \$22.3 million per year**

New Permanent Jobs

- Visalia: **52 full-time equivalent (FTE) jobs**
- Tulare County: An **additional 44 FTE jobs** in other areas of Tulare County, resulting in **countywide total of 96 new FTE jobs**
- Average **annual salary of \$41,875 per year**

The Natelson Dale Group, Inc. (TNDG) is an economics and land use consulting established in California in 1974. The firm serves public and private sector clients throughout the United States on a diverse range of economic analyses and development strategies. TNDG is widely recognized for its expertise in evaluating the economic, fiscal and competitive impacts of proposed retail development projects. In this regard, the firm has completed over 90 economic impact studies as part of CEQA processes (including two previous assignments in the City of Visalia). Among others, TNDG has completed economic impact studies for proposed Walmart, Target, and Costco stores. TNDG’s previous work in evaluating proposed automobile dealerships includes assignments in Norco, Santa Monica and San Luis Obispo.

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1. INTRODUCTION

This study evaluates the proposed CarMax auto dealership's economic impacts, measured in terms of output (the value of industry production), local jobs and income created, in addition to fiscal revenue impacts. Separate calculations are provided for two categories of economic benefits:

- a. Temporary (construction phase) benefits; and
- b. Permanent benefits associated with the ongoing operation of the new on-site commercial operations.

Fiscal revenue impacts to the City of Visalia's General Fund include the following:

- a. New Property Taxes
- b. New Sales Taxes
- c. New Motor Vehicle in-Lieu Fees
- d. New Franchise Fees
- e. Business License Taxes

The report is organized as follows. First, an Executive Summary provides a summary of the study's main findings. Following are sections that summarize the project's economic impacts (Section 4) and fiscal revenue impacts (Section 5), along with technical appendices.

2. EXECUTIVE SUMMARY

The proposed CarMax project would generate the following major categories of economic benefits:

Short-term benefits (construction phase)

- Construction jobs and construction-related spending at local businesses

Permanent benefits

- Permanent jobs and other local business activity related to the ongoing operation of the project
- Local General Fund revenue to the City of Visalia, including property taxes, sales taxes, franchise fees, and business license taxes
- Additional property tax revenue to Tulare County, School Districts, and other County districts and agencies

These benefits are briefly summarized below and on Tables 1 through 4.

Construction-phase Impacts

Construction jobs. The proposed project would create the equivalent of approximately 51 one-year construction (and related) jobs in the City Visalia.

Construction-related payroll. The 51 construction-related jobs would generate a total payroll of \$2.0 million, or an average of approximately \$40,000 per job.

Local business spending (“output”). Construction of the proposed project would generate a total of \$8.8 million in new business activity (i.e., purchases of local goods and services) in Tulare County. Of this total, \$6.6 million of the new business activity would be captured within the City of Visalia.

Permanent Impacts

Permanent jobs. Ongoing operation of the proposed project would support a total of 96 permanent jobs in Tulare County (through local purchases of materials, supplies, and services needed to operate the used car dealership). Of this total, close to 52 jobs would be in the City of Visalia.

Permanent local payroll. The 96 supported jobs would generate a total payroll of \$4.0 million per year, or an average of approximately \$42,000 per job.

Local business spending (“output”). Ongoing operation of the proposed project would generate a total of \$22.3 million per year in new business activity (i.e., purchases of local goods and services) in Tulare County. Of this total, \$15.4 million per year of the new business activity would be captured within the City of Visalia.

City of Visalia General Fund revenue. Once fully operational, the proposed project would generate about \$683,500 in annually recurring revenue to the City’s General Fund.

Additional Property Tax revenue (accruing to other agencies in Tulare County). Along with the \$7,600 in annual property tax revenue that would accrue to the City's General Fund, the project would generate an additional \$60,400 to various school districts and County agencies/districts.

Table 1. Summary of Construction Phase Impacts (Sum of Direct, Indirect, Induced), Visalia CarMax

Impact Category	City of Visalia	Other Tulare County	Total Tulare County
Business Impact/Output	\$6,620,000	\$2,170,000	\$8,790,000
Employees	50.7	13.6	64.3
Employee Compensation	\$2,030,000	\$510,000	\$2,540,000

Source: TNDG; IMPLAN

Table 2. Summary of Operations Phase Impacts (Sum of Direct, Indirect, Induced), Visalia CarMax

Impact Category	City of Visalia	Other Tulare County	Total Tulare County
Business Impact/Output	\$15,410,000	\$6,870,000	\$22,280,000
Employees	51.8	44.2	96.0
Employee Compensation	\$2,400,000	\$1,620,000	\$4,020,000

Source: TNDG; IMPLAN

Table 3. Summary of Fiscal Revenue Impacts, City of Visalia, Visalia CarMax

General Fund Category	Annual Total
Property Taxes	\$7,600
Sales Taxes	\$666,900
Property Tax VLF Swap	\$6,900
Business License Tax	\$1,800
Franchise Fees	\$300
Total General Fund Revenue	\$683,500

Source: TNDG

Table 4. Breakdown of Property Tax by District/Agency, Visalia CarMax

Fund / Agency	Amount
City General Fund	\$7,600
County Funds	\$15,200
Library Fund	\$1,000
School Districts	\$25,100
ERAF	\$16,600
Other Agencies	\$2,500
Total	\$68,000

Note: ERAF = Educational Revenue Augmentation Fund

Source: TNDG, Table 13.

3. ANALYSIS OF ECONOMIC IMPACTS

Consistent with standard practice for these types of impact studies, our analysis considers the direct (i.e., onsite) impacts associated with the proposed CarMax project, as well as “multiplier” impacts within the larger Tulare County economy (these “indirect” and “induced” impacts are calculated both for the City of Visalia and Tulare County). These multiplier impacts have been projected using the IMPLAN model. The IMPLAN model was originally developed by researchers at the University of Minnesota and is widely used throughout the United States for economic impact analysis. The model estimates impacts at the city and county levels (based on data that are specific to Tulare County).

The programmatic data used in the IMPLAN analysis were derived by TNDG from construction cost summary data from the project applicant. Economic benefits were estimated through the following process.

- Construction Phase. Based on data from the project pro forma, the estimated construction values were matched to appropriate IMPLAN construction sectors. Construction costs do not include land acquisition costs, as this is simply an asset swap and does not produce any economic activity. Appendix A shows the distribution of construction costs among the IMPLAN construction industry-related sectors.
- Operations Phase. Operations-phase impacts are based on the projected number of employees and annual sales at the project’s onsite commercial operations at buildout year stabilized sales volumes. The projected number of employees and estimated annual sales are used as inputs in the IMPLAN model to estimate ongoing impacts associated with the proposed project¹.

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

- Direct Benefits. Direct benefits relate to: a) the short-term business activity of general contractors involved in the project construction, and b) the ongoing business activity of retailers and other firms located within the developed project.
- Indirect Benefits. Indirect benefits will result when local firms directly impacted by the project in turn purchase materials, supplies or services from other firms. An example would include increased sales of building materials as a result of construction activity.
- 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.).

The analysis quantifies the above benefits in terms of the following measures:

¹ Projected annual sales are based on the applicant’s estimate for the Visalia store at full buildout stabilized sales volumes. Projected number of full-time employees was provided by the applicant. From the full-time employment estimates, TNDG estimated total store employment (full- and part-time) based on IMPLAN full-time equivalent (FTE) factors for the relevant IMPLAN industry sector (Sector 402-Retail-Motor vehicle and parts dealers). See Appendix A.

- Total industry output – the increase in gross industry receipts², representing the total economic activity generated by the project;
- Total value added – The difference between an industry’s total output and the cost of its intermediate inputs. It is the portion of total output that most accurately reflects local economic activity (i.e., local payrolls and profits, as distinct from gross output which may include the value of raw materials purchased outside the region);
- Employment – Expressed as new full- and part-time jobs; and
- Employee compensation – Payroll and benefits associated with the created jobs, including wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.).

² For Retail and wholesale trade, output = gross margin and not gross sales. Margin is calculated as sales receipts less the cost of the goods sold.

Abbreviated Summary of Total City and Total County Economic Impacts

Table 5, below, provides a summary of the total one-time construction impacts, as described in the two sets of bullet points above, that would be generated by the proposed project.

Table 5. Summary of Total Impacts for Visalia CarMax, Construction Phase

Category	Amount ¹
<u>Visalia</u>	
Output	\$6,620,000
Value Added	\$3,600,000
Employees ²	50.7
Employee Compensation	\$2,030,000
<u>Remainder of Tulare County</u>	
Output	\$2,170,000
Value Added	\$1,160,000
Employees ²	13.6
Employee Compensation	\$510,000
<u>Tulare County Total</u>	
Output	\$8,790,000
Value Added	\$4,760,000
Employees ²	64.3
Employee Compensation	\$2,540,000

1. Sum of direct, indirect, and induced impacts.

2. Part-time and full-time employees

Source: TNDG; IMPLAN

Table 6, on the following page, provides a summary of the total ongoing impacts, resulting from project operations, which would be generated by the proposed project's on-site commercial operations evaluated in this analysis. The impacts are shown at projected full stabilized sales volumes.

Table 6. Summary of Total Impacts for Visalia CarMax, Operations Phase

Category	Amount ¹ (\$000s, except where noted)
<u>Visalia</u>	
Output	\$15,410,000
Value Added	\$7,080,000
Employees ²	51.8
Employee Compensation	\$2,400,000
<u>Remainder of Tulare County</u>	
Output	\$6,870,000
Value Added	\$3,590,000
Employees ²	44.2
Employee Compensation	\$1,620,000
<u>Tulare County Total</u>	
Output	\$22,280,000
Value Added	\$10,670,000
Employees ²	96.0
Employee Compensation	\$4,020,000

1. Sum of direct, indirect, and induced impacts.

2. Part-time and full-time employees

Source: TNDG; IMPLAN

Summary of One-Time Construction Impacts

The one-time economic benefits associated with the construction phase are summarized for the proposed project in Table 3 on the following page. These one-time economic benefits are based on the construction costs estimated in the project pro forma budget. See Appendix A for a breakdown of the construction costs by IMPLAN industry sector.

Table 8, on page 11, shows the top 10 industries affected by employment, in terms of direct, indirect, and induced impacts. The construction impacts would include the following:

Direct Benefits: During its construction phase, the proposed project would directly generate approximately \$5.7 million in total economic activity, result in approximately \$3.1 million in local value added, create approximately 44 full- and part-time jobs, and generate close to \$1.8 million in employee compensation. Given that the project would be developed in the City of Visalia, just about all direct impacts would occur in the City³.

Indirect/Inducted Benefits: Along with its direct impacts to the City, the indirect/induced (“multiplier”) impacts during project construction would include about \$960,000 in total economic activity, approximately \$510,000 in local value added, approximately 7 jobs, and about \$240,000 in employee compensation. Beyond the City’s boundaries, the construction phase would also generate additional multiplier impacts in other areas of Tulare County, as shown in Table 7.

Total Construction Phase Benefits: During its construction phase the project is projected to generate a grand total of approximately \$6.6 million in total industry output, \$3.6 million in local value added, 51 jobs, and about \$2.03 million in employee compensation through direct, indirect and induced economic activity. See Table 7 for the total impacts in the remainder of the County.

³ The estimated small amount of additional direct impacts throughout the County results from permits/fees paid directly to the County as part of the project’s construction phase.

Table 7. Summary of One-Time Construction Impacts for Visalia CarMax

Category	Direct	Indirect	Induced	Total
<u><i>Output</i></u>				
Visalia	\$5,660,000	\$470,000	\$490,000	\$6,620,000
Remainder of County	<u>0</u>	<u>970,000</u>	<u>1,200,000</u>	<u>2,170,000</u>
Total County	\$5,660,000	\$1,440,000	\$1,690,000	\$8,790,000
<u><i>Total Value Added</i></u>				
Visalia	\$3,090,000	\$250,000	\$260,000	\$3,600,000
Remainder of County	<u>0</u>	<u>500,000</u>	<u>660,000</u>	<u>1,160,000</u>
Total County	\$3,090,000	\$750,000	\$920,000	\$4,760,000
<u><i>Employee Compensation</i></u>				
Visalia	\$1,790,000	\$120,000	\$120,000	\$2,030,000
Remainder of County	<u>0</u>	<u>230,000</u>	<u>280,000</u>	<u>510,000</u>
Total County	\$1,790,000	\$350,000	\$400,000	\$2,540,000
<u><i>Employees</i></u>				
Visalia	44.1	3.0	3.6	50.7
Remainder of County	<u>0.0</u>	<u>5.6</u>	<u>8.0</u>	<u>13.6</u>
Total County	44.1	8.6	11.6	64.3

Source: TNDG; IMPLAN

Table 8. Top 10 Industries Affected by Employment, Construction Impacts, City of Visalia

IMPLAN Sector	Jobs	Employee Comp.	Value Added	Output
55 - Construction of new commercial structures	42.25	\$1,674,700	\$2,931,400	\$5,400,000
457 - Architectural, engineering, and related services	1.07	\$59,300	\$89,200	\$178,900
445 - Insurance agencies, brokerages, and related activities	0.50	\$23,300	\$30,000	\$98,200
447 - Other real estate	0.49	\$3,300	\$28,900	\$86,300
472 - Employment services	0.41	\$17,200	\$27,700	\$42,900
463 - Environmental and other technical consulting services	0.35	\$15,000	\$20,500	\$32,400
544 - * Employment and payroll of local govt, other services	0.33	\$31,900	\$35,000	\$35,000
456 - Accounting, tax prep, bookkeeping, & payroll srvcs.	0.23	\$6,200	\$14,400	\$23,600
510 - Limited-service restaurants	0.22	\$4,300	\$8,600	\$17,600
509 - Full-service restaurants	0.19	\$4,600	\$8,100	\$13,600

Note: Sum of direct, indirect, and induced impacts.

Source: TNDG; IMPLAN

Summary of City and County Ongoing Impacts

The ongoing economic benefits associated with the proposed project's on-site commercial operations are summarized in Table 9 on the following page. These impacts are based on projected full year stabilized sales volumes for the proposed project. In addition, Table 10, on page 14, shows the top 10 industries affected by employment, in terms of direct, indirect, and induced impacts. The ongoing impacts – at stabilized sales volumes – would include the following:

Direct Benefits: From ongoing operations, the proposed project would directly generate approximately \$12.9 million in total economic activity, result in approximately \$5.9 million in local value added, create 35 jobs, and generate approximately \$1.8 million in employee compensation. Given that the project would be developed in the City of Visalia, all direct impacts would be in the City.

Indirect/Inducted Benefits: Along with direct impacts to the City, the indirect/induced ("multiplier") impacts would include approximately \$2.6 million in total economic activity, about \$1.2 million in local value added, approximately 17 jobs, and about \$580,000 in employee compensation. Beyond the City's boundaries, the construction phase would also generate additional multiplier impacts in other parts of Tulare County, as shown in Table 9.

Total Ongoing Benefits: On an annual basis, the project is projected to generate a grand total of approximately \$15.4 million in total industry output, \$7.1 million in local value added, 52 jobs, and about \$2.4 million in employee compensation through direct, indirect and induced economic activity. See Table 9 for the total impacts in the remainder of the County.

Table 9. Summary of Ongoing Operational Impacts at Stabilized Sales Volumes, Visalia CarMax

Category	Direct	Indirect	Induced	Total
<u><i>Output</i></u>				
Visalia	\$12,860,000	\$1,770,000	\$780,000	\$15,410,000
Remainder of County	<u>0</u>	<u>3,770,000</u>	<u>3,100,000</u>	<u>6,870,000</u>
Total County	\$12,860,000	\$5,540,000	\$3,880,000	\$22,280,000
<u><i>Total Value Added</i></u>				
Visalia	\$5,850,000	\$850,000	\$380,000	\$7,080,000
Remainder of County	<u>0</u>	<u>1,840,000</u>	<u>1,750,000</u>	<u>3,590,000</u>
Total County	\$5,850,000	\$2,690,000	\$2,130,000	\$10,670,000
<u><i>Employee Compensation</i></u>				
Visalia	\$1,820,000	\$390,000	\$190,000	\$2,400,000
Remainder of County	<u>0</u>	<u>900,000</u>	<u>720,000</u>	<u>1,620,000</u>
Total County	\$1,820,000	\$1,290,000	\$910,000	\$4,020,000
<u><i>Employees</i></u>				
Visalia	35.0	11.3	5.5	51.8
Remainder of County	<u>0.0</u>	<u>23.3</u>	<u>20.9</u>	<u>44.2</u>
Total County	35.0	34.6	26.4	96.0

Source: TNDG; IMPLAN

Table 10. Top 10 Industries Affected by Employment, Ongoing Operations Impacts at Stabilized Sales Volumes, City of Visalia

IMPLAN Sector	Jobs	Employee Comp.	Value Added	Output
402 - Retail - Motor vehicle and parts dealers	35.06	\$1,824,400	\$5,857,300	\$12,863,600
445 - Insurance agencies, brokerages, and related activities	2.38	\$111,000	\$143,000	\$467,700
447 - Other real estate	1.91	\$13,000	\$112,800	\$337,300
472 - Employment services	1.36	\$57,500	\$92,300	\$143,100
456 - Accounting, tax preparation, bookkeeping, and payroll s	0.85	\$22,700	\$52,200	\$85,800
476 - Services to buildings	0.84	\$16,600	\$32,700	\$48,400
421 - Couriers and messengers	0.48	\$19,500	\$28,500	\$52,000
473 - Business support services	0.38	\$14,900	\$16,200	\$27,500
509 - Full-service restaurants	0.37	\$8,900	\$15,500	\$26,100
422 - Warehousing and storage	0.37	\$19,400	\$22,500	\$44,600

Note: Sum of direct, indirect, and induced impacts.

Source: TNDG; IMPLAN

4. FISCAL REVENUE IMPACTS

The project would generate five primary sources of annually-recurring revenue to the City's General Fund: Property Taxes, Sales Taxes, Motor Vehicle-in-lieu Fees, Business License Taxes, and Franchise Fees. Table 11, below, provides a summary of the annually-recurring revenue by category. On an annual basis, the proposed project is estimated to generate approximately \$683,500 in new annually-recurring revenue to the City's General Fund⁴.

Table 11. Summary of Annual Fiscal Revenue Impact to City's General Fund, Visalia CarMax

General Fund Category	Annual Total
Property Taxes	\$7,600
Sales Taxes	\$666,900
Property Tax VLF Swap	\$6,900
Business License Tax	\$1,800
Franchise Fees	\$300
Total General Fund Revenue	\$683,500

Source: TNDG

Along with annually recurring General Fund revenue, the proposed project would also generate a significant amount of one-time revenue for permits and related impact fees. The fees would accrue to the City, the County, and local utility agencies. As shown in Table 12, these one-time fees would total approximately \$267,000.

⁴ All fiscal revenue impacts are rounded to the nearest hundredth number.

Table 12. Summary of One-Time Fee and Permit Revenue, Visalia CarMax

General Fund Category	Annual Total
Entitlement Fees	\$12,000
Building Permits	20,000
Expeditor Fees	15,000
Impact Fees	200,000
Utility Fees	20,000
Total General Fund Revenue	\$267,000

Note: Totals may not sum due to rounding

Source: Project Applicant

Property Taxes

As shown on Table 13, below, the project would generate approximately than \$7,600 in annually-recurring property tax revenue to the City's General Fund. Based on the standard 1.0% property tax rate, the project would generate approximately \$68,000 in total property tax revenue⁵. Along with the City's General Fund, other funds (County funds, school districts, Library, etc.) would also receive property tax increment generated by the project, as shown on Table 13.

⁵ New assessed value is based on project construction costs, as estimated by the project applicant.

Table 13. Projected Annually-Recurring Property Tax Revenue by Fund, Visalia CarMax

Variable		Amount
Total New Assessed Value	<i>A</i>	\$6,800,000
Base Property Tax Rate	<i>B</i>	1.0%
Total NEW Property Tax Revenue	$C = A \times B$	\$68,000
<u>Allocation by Fund</u>	<u>Factor</u>	
City General Fund	0.112377	\$7,600
County Funds	0.223210	\$15,200
Library Fund	0.015277	\$1,000
School Districts	0.368847	\$25,100
ERAF	0.244185	\$16,600
Other Agencies	0.036104	\$2,500
Total	1.000000	\$68,000

Note: ERAF = Educational Revenue Augmentation Fund

Source: Tulare County Auditor-Controller, Property Tax Division, 2019-20
See Appendix C for tax increment factor detail.

Sales Taxes

As shown on Table 14, on the following page, the project would generate approximately \$666,900 in annually-recurring sales tax revenue to the City's General Fund. New sales tax revenue will be generated by used vehicle and other taxable sales. Along with the standard 0.95% of taxable sales that is reimbursed by the State, Measures N and T, the City will receive an additional 0.75% of taxable sales that is generated by Visalia Residents⁶.

⁶ Estimated share of taxable purchases made by Visalia residents is based on data provided by the applicant. Measure N authorized the City to enact an additional sales tax of 0.50 percent to fund general city services, while Measure T authorized the City to enact an additional sales tax of 0.25 percent to fund public safety.

Table 14. Projected Annually-Recurring Sales Tax Revenue, City of Visalia, Visalia CarMax

Variable		Amount
<u><i>Dealership Sales</i></u>		
Total Taxable Sales ¹	<i>A</i>	\$51,800,000
<u><i>City Sales Tax Revenue</i></u>		
Local Sales Tax Rate	<i>B</i>	0.95%
On-site Sales Tax Revenue	$C = A \times B$	\$492,100
Percent of Dealership Used Cars Purchased by City Residents ²	<i>D</i>	45%
Used Vehicle Sales Subject to Additional Measures N & T Sales Tax	$E = D \times A$	\$23,310,000
Additional <i>Measure N</i> ³ Sales Tax Rate	<i>F</i>	0.50%
Additional <i>Measure T</i> ⁴ Sales Tax Rate	<i>G</i>	0.25%
Additional <i>Measure N</i> Sales Tax Revenue	$I = E \times F$	\$116,550
Additional <i>Measure T</i> Sales Tax Revenue	$J = E \times G$	\$58,275
Total On-site Sales Tax Revenue	$J = C + I + J$	\$666,900

Notes: 1. Estimate provided by applicant
2. Factor derived from information provided by the applicant
3. Measure N authorized the City city to enact a 0.50% sales tax for essential services
4. Measure T authorized the City city to enact a 0.25% sales tax for public safety

Source: City of Visalia Proposed Budget, Fiscal Years 202-21 & 2021-22; Project Applicant; TNDG

Motor Vehicle in-Lieu Fees

Along with standard property tax revenues, the City also receives separate property tax payments from the State in lieu of Vehicle License Fee (VLF) revenues. This separate property tax line item accrues to the City's General Fund. The amount the City receives from the State increases annually based on the percentage increase in the City's total assessed valuation. As shown on Table 15, on the following page, the proposed project is estimated to generate approximately \$6,900 annually-recurring Motor Vehicle in-Lieu Revenue.

Table 15. Projected Annually-Recurring Motor Vehicle in-Lieu Revenue, City of Visalia, Visalia CarMax

Variable		Amount
Incremental Assessed Value from Project	<i>A</i>	\$6,800,000
<i>City of Visalia</i>		
Property Tax VLF Swap, FY 2018-19 Actual	<i>B</i>	\$11,578,941
City of Visalia Assessed Valuation, FY 2018-19	<i>C</i>	\$10,601,276,000
Percentage Increase over FY 2018-19 Base Assessed Value	$D = A / C$	0.06%
New Motor Vehicle in-Lieu Fees	$E = B \times D$	\$6,900

Source: City of Visalia Comprehensive Annual Financial Report (CAFR), Fiscal Year 2019;
City of Visalia Proposed Budget, Fiscal Years 202-21 & 2021-22

Franchise Fees

Franchise fees accruing to the City are projected on a population-equivalent per capita basis. The relevant population for this calculation is the resident and daytime (employee) populations in Visalia. As shown on Table 16, on the following page, utility franchise fees in the FY 2018-19 budget were \$2,700,206, or approximately \$16.21 per capita (based on the relevant service area population of 166,562)⁷. The project is projected to generate onsite employment of 35 jobs, counted in this analysis at 50% (for a population equivalent of 17.5 jobs). By multiplying the project's population-equivalent employment by the per capita factor of \$16.21, TNDG forecasts that the project at buildout would generate approximately \$300 per year in franchise fee revenue for the City.

Business License Taxes

Business license taxes are projected according to the City's business license fee schedule. According to this schedule, retailers are charged a fee of \$0.70 per \$1,000 of gross receipts, with a maximum bound of \$914.00 every six months. Based on the project's projected gross receipts, it would be subject to the maximum fee, or about \$1,800 per year.

⁷ The City collects franchise fees for the following services: Cable TV, Electric, Gas, and Water.

Table 16. Projected Annually-Recurring Franchise Fee Revenue, City of Visalia, Visalia CarMax

Variable		Amount
Franchise Fees - General Fund ¹	<i>A</i>	\$2,700,206
City Resident Population	<i>B</i>	137,696
City Employee Population	<i>C</i>	57,731
Employee Weighting Factor ²	<i>D</i>	0.50
Effective Service Area Population	$E = B + C * D$	166,562
Per Capita/Employee Factor	$F = A / E$	\$16.21
Projected onsite employment	<i>G</i>	35
Population-equivalent jobs	$H = G * D$	17.5
Total Franchise Fee Revenue Generated by Project	$I = H * F$	\$300

Notes: 1. Include Cable TV, Electric, Gas, and Water Franchise Fees
2. Based on assumption that one job is equivalent to 0.50 residents in terms of impacts to City services/revenues
3. Midpoint of staffing model provided by applicant

Source: City of Visalia Proposed Budget, Fiscal Years 202-21 & 2021-22; State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State*; U.S. Census Bureau, OnTheMap; Project Applicant; TNDG.

Table 17. Projected Annually-Recurring Business License Tax Revenue, City of Visalia, CarMax

Variable		Amount
Business License Tax - Fee per \$1,000 of Gross Rcpt	<i>A</i>	\$0.70
Maximum Fee/6 mo ¹	<i>B</i>	\$914.00
Total Business License Tax Generated by Project	$C = B \times 2$	\$1,800

Notes: 1. Given the level of projected sales, the CarMax store would be subject to the maximum fee.

Source City of Visalia, Business Tax Information 2020 Brochure

APPENDIX A

IMPLAN MODEL INPUTS CONSTRUCTION AND OPERATIONS PHASES

Construction Categories

IMPLAN Sector	Model Input
55 – Construction of new commercial structures*	\$5,400,000
457 – Architectural, engineering, and related services	\$152,000
463 – Environmental and other technical consulting services	\$25,000
State/Local Govt Other Services	295,000
Total	\$5,872,000

* Includes the following definitions of construction activity, as defined by IMPLAN:

1. New buildings and structures
2. Additions, alterations, conversions, expansions, reconstruction, renovations, rehabilitations, and major replacements
3. Mechanical and electrical installations
4. Site preparation and outside construction of fixed structures
5. Fixed, largely site-fabricated equipment not housed in a building
6. Cost and installation of construction materials placed inside a building and used to support production machinery

Not modeled: land, soft costs purchased outside County, some Furniture, Fixtures, & Equipment (FF&E)

Source: IMPLAN; TNDG.

Operations Categories

Sales Category	IMPLAN Sector	Model Inputs*		
		Sales (\$millions)	Employees	Employee Compensation
Used Vehicle Sales and Other Sales/Revenues	402 - Retail Motor vehicle and parts dealers	51.8	35	\$1,821,392

Source: IMPLAN; TNDG.

*Sales values derived from data provided by the applicant. Projected sales estimates are conservative in that they are about 65% of the companywide average per dealership, according to sales data from CarMax's most recent Annual Report. Full-time employee estimates provided by the applicant were converted to estimated total employees based IMPLAN full-time equivalent (FTE) factors for this industry sector. Wage and salary estimates are based average levels per employee for this IMPLAN sector.

APPENDIX B

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 glossary⁸.

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")⁹. 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.

Employee Compensation – is the total payroll cost of the employee including wages and salaries, all benefits (e.g., health, retirement), and payroll taxes.

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 nationally¹⁰). 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.

⁸ Accessed at <https://implanhelp.zendesk.com/hc/en-us/sections/115002653168-Glossary>

⁹ A profits-like measure that includes corporate profits, net interest, business transfer payments, etc.

¹⁰ QCEW = Quarterly Census of Employment and Wages; BLS = Bureau of Labor Statistics; BEA = Bureau of Economic Analysis.

APPENDIX C

Fiscal Revenue Model Factors (Property Tax Increment Factors)

Property Tax Increment Factors for Tax Rate Area (TRA) 006-013, City of Visalia

District Code	District Name	Tax Rate Area 006-013
011	COUNTY GENERAL	0.177615
016	LIBRARY FUND	0.015277
099	EDUCAT REV AUG 92/93	
114	LIBERTY EL MT	0.153510
146	TULARE JT HI MTCE	0.162869
151	COLL/SEQUOIA COM COLL	0.052468
198	COUNTY SCHOOL SER MT	0.024227
336	KAWEAH DELTA HOSPITAL	0.009351
338	KAWEAH DELTA WATER	0.024102
401	TULARE CO AIR POLLUT	0.000344
402	TULARE CO FLOOD CONT	0.002060
415	TULARE MOSQUITO	0.018964
418	VISALIA CEMETERY	0.001098
419	VISALIA CITY	0.112377
431	VISALIA MEMORIAL	0.001553
98	EDUCAT REV AUG 93/94 (ERAF)	0.244185
Total		1.00000000

Note: ERAF = Educational Revenue Augmentation Fund

Source: Tulare County Auditor-Controller, Property Tax Division, 2018-19