Fiscal Impact

The fiscal impact analysis looks at how potential new development resulting from the Emerging Plan could impact the City's General Fund on an annual basis.

Emerging Plan Land Use Program

Land Uses	Emerging Plan Projects	Proposed and Approved Projects	Grand Total
Residential Units	**680**	130	810
Retail SF (net)	**91,800**	14,800	106,600
Commercial SF (net)	**240,820**	105,725	346,545
Hotel Rooms	**380**	--	380
New Parking Supply (spaces)	**3,670**	969	4,639

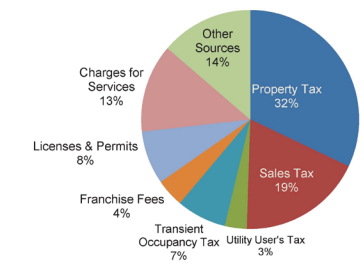
The Emerging Plan could add: 1,537 new residents + 929 new jobs

Impact of Emerging Plan on General Fund

- The Emerging Plan could increase General Fund revenue by 10 percent and increase General Fund expenditure by 6 percent
- Other proposed and approved projects in the Plan area could increase revenues and expenditures by one percent

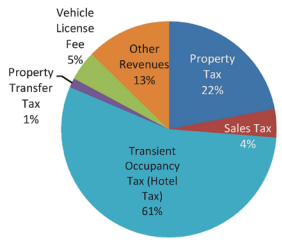
General Fund Revenues

Citywide Current Distribution of General Fund Revenues, 2009-2010 Budget



Source: City of Menlo Park, Strategic Economics, 2009.

Emerging Plan Net Annual General Fund Revenues, at Build-out

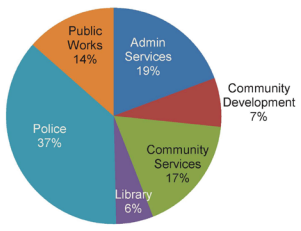


Source: Strategic Economics, 2009.

Most of the revenue from the Emerging Plan comes from the Property Tax and Transient Occupancy Tax (a tax on hotel rooms). Transient Occupancy Tax is locally controlled; the State of California cannot take this money. Adding Hotels increases Transient Occupancy Tax. This can help the City maintain a diverse revenue stream, which protects against future fluctuations that might happen with any given revenue source.

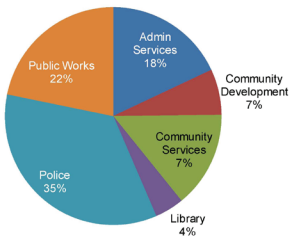
General Fund Expenditures by Department

Citywide Current Annual Distribution of General Fund Expenditures, by Department



Source: City of Menlo Park, Strategic Economics, 2009.

Emerging Plan Annual Distribution of General Fund Expenditures, by Department at Build-out



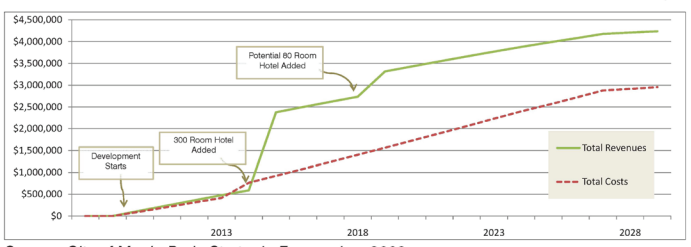
Source: Strategic Economics, 2009.

The impact on City services lines up quite well with the way the city provides services now. To calculate this impact, Strategic Economics worked with the City's police, Public Works, Library and Finance Departments

Fiscal impact change over time

The Emerging Plan will have a positive fiscal impact on the City's General Fund

Fiscal Impact over time throughout Development of Emerging Plan (2009-2030)

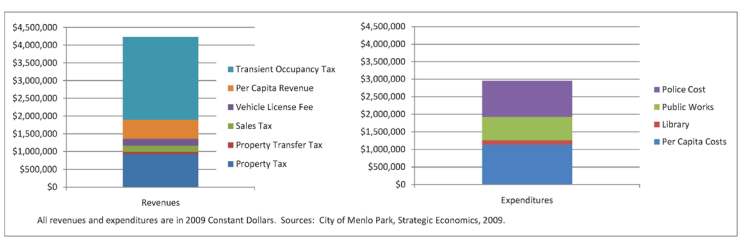


Source: City of Menlo Park, Strategic Economics, 2009.

Net new annual revenues and expenditures

Most new revenues from the Emerging Plan will come from transient occupancy tax, offering a boost to City revenues.

Comparison of New Expenditures and Revenues at Buildout of Emerging Plan



Source: City of Menlo Park, Strategic Economics, 2009.

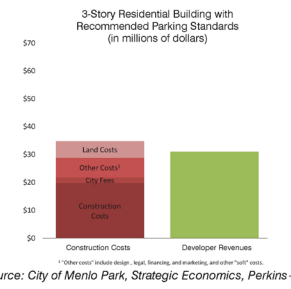
Financial Feasibility

The Financial Feasibility Analysis tests how the variables of building heights and parking requirements can affect project financial feasibility and city impact fees (roads, parks, schools) and BMR housing.

Increased Heights and Development Feasibility

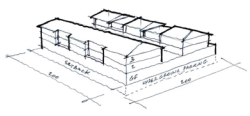
Increasing height limit improves project feasibility and makes it more likely that mixed-use development will occur. Taller buildings also provide more space for office workers and residents in the downtown, who support local businesses.

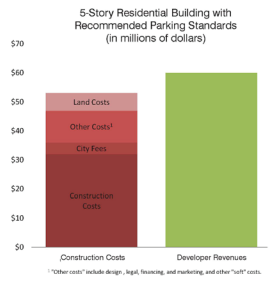
Generic Residential Development



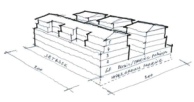
Source: City of Menlo Park, Strategic Economics, Perkins+Will, Fehr and Peers, 2009.

- 200' x 200' Parcel
- 30 Residential Units
- 14,200 SF Retail
- 100 Parking spaces - 1 level above ground + 1 level below ground





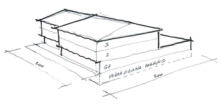
- 200' x 200' Parcel
- 68 Residential Units
- 8,000 SF Retail
- 170 Parking spaces - 1 level above ground + 1 level below ground

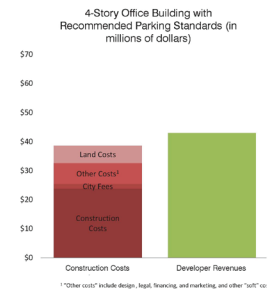


Generic Office Development

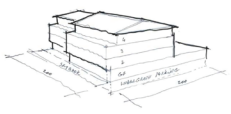
Source: City of Menlo Park, Strategic Economics, Perkins+Will, Fehr and Peers, 2009.

- 200' x 200' Parcel
- 9,000 SF Retail
- 42,000 SF Office
- 200 Parking spaces - 2 levels above ground + 1 level below ground





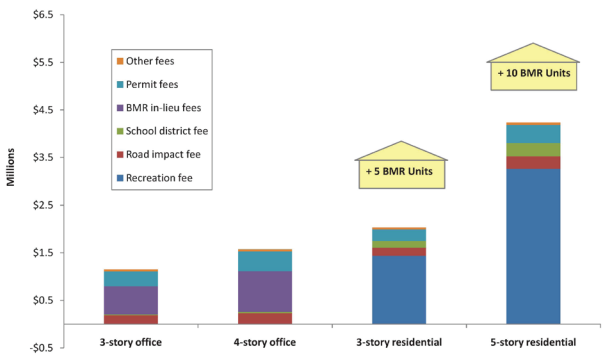
- 200' x 200' Parcel
- 9,000 SF Retail
- 61,000 SF Office
- 265 Parking spaces - 2 levels above ground + 1 level below ground



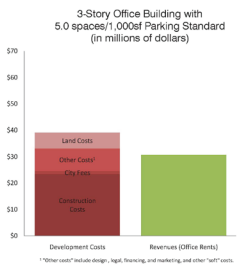
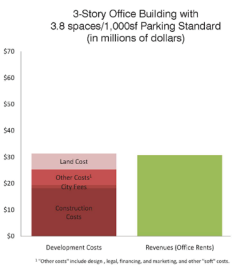
Increased Heights and Impact Fees

Increasing height limit provides additional impact fees for parks, schools, and roads and opportunities for below market rate (BMR) housing.

City Impact Fees



Source: City of Menlo Park, Strategic Economics, 2009.

Reduced Parking Requirements and Financial Feasibility

Reduced parking requirements for office projects shrinks costs for the developer and improves the likelihood that properties on El Camino Real will be developed.