PETALUMA GENERAL PLAN UPDATE

Fiscal Impacts of the Draft General Plan 2025

Prepared by

Mundie & Associates
Consultants in Land Use & Economics

for

THE CITY OF PETALUMA

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Prepared for the City of Petaluma
Department of General Plan Administration
Pamela Tuft, AICP, Director

Mundie & Associates
Consultants in Land Use and Economics

Participating Staff
Suzanne Lampert, Project Director
Marissa Ellis Plouin, Staff
Roberta Mundie, Staff

NOTE TO THE READER

This report is part of the City of Petaluma's General Plan Update process. This process, which began in mid-2001, is nearing completion. The fiscal analysis is one set of the supporting documents that decisionmakers will evaluate as they consider the policies and programs that are included in the plan.

The General Plan is the document that guides land development and policies related to development within the current city limits and the area expected ultimately to become part of the city. Within the plan, the Land Use Element designates locations in which various types of development will be permitted and establishes general guidelines for that development.[1]

The City of Petaluma began the process of updating its General Plan with an inventory and assessment of existing conditions in the city. At the same time, public workshops were conducted to solicit input from Petaluma residents about their visions of and priorities for the future.

In February, 2004, three alternatives reflecting somewhat different visions of future development were presented for further consideration by decisionmakers. These plan alternatives differed in the amounts, locations, and character of new land uses (particularly the amount of acreage designated for mixed use development). Mundie & Associates reported on the fiscal impacts of the three alternatives at that time.

Following extensive community input, the City synthesized information and ideas from the three alternatives to arrive at a Preferred Plan. In 2006, Mundie & Associates evaluated the fiscal impacts of the Preferred Plan.

Since 2006, the Preferred Plan has been subject to further refinements, culminating in the final draft General Plan 2025. This plan, when adopted, would become the city's new General Plan. It is the draft General Plan 2025 that is evaluated in this report.

This report repeats some of the background information that was presented in Mundie & Associates' prior (2003 and 2006) studies to provide an adequate platform for the discussion of the plan's fiscal impacts. The analysis itself is updated to fiscal year 2007-08: budgeted city revenues and costs, population, existing land use, projects in the development pipeline, and housing prices are all updated to current, or most recent available, figures.

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[1] The Development Code, which implements the General Plan, defines use types and development standards more precisely.

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SUMMARY

Purpose of this Report

This report considers the fiscal impacts of development that could occur with buildout of the draft General Plan 2025 for the City of Petaluma.

The analysis addresses two key questions:

- What are the impacts of new development on the city's operating budget?
- What are the implications of the expected future budget conditions for city decisionmakers?

Overview of Fiscal Analysis

Fiscal analysis is an examination of the revenues, costs, and fiscal balance associated with public agency activities. It can be useful for anticipating whether development permitted by a plan or proposed in a new project will pay its own way, generate surplus revenues that can be used by the city to improve services, or generate deficits that will require the city to reduce services or find offsetting sources of funds.

This fiscal analysis has the following key characteristics:

- Focus on one public agency.
- Focus on operating costs and revenues; exclusion of capital costs.
- Focus on the General Fund.
- Focus on direct costs and revenues.
- Focus on the impacts of land use change.

Summary of Findings

The analysis summarized in this report supports the following conclusions:

- Development permitted by the draft General Plan 2025 is, in the long run, fiscally advantageous to the City of Petaluma. The city's plans for short- and long-term development will help to assure fiscal balance over the term of the plan.
- The city's fiscal health would benefit from sustained residential and nonresidential development. New development contributes higher property tax revenues to the General Fund that, even though constrained by Proposition 13 (Article XIIIA of the California Constitution), nevertheless provide increases in funding that are critical to the ongoing provision of public services.
- Adverse economic conditions will have corresponding adverse effects on the city's fiscal health. Tests of future conditions with less development – particularly nonresidential development – or slower housing price increases than assumed in the base case would yield significantly less positive results than the base case.

- Minor revenue gains and losses resulting from anticipated changes in consumer spending on automobiles or adjustments in revenue from some fees would have negligible impacts on the city's fiscal condition.

FISCAL IMPACTS OF THE DRAFT GENERAL PLAN 2025

Introduction: Purpose and Scope of this Report

This report considers the fiscal impacts of development that could occur with buildout of the draft General Plan 2025 for the City of Petaluma.

The report begins with a review of existing and potential future land use in Petaluma. It then outlines the scope of a fiscal impact analysis and describes the city's current (2007-08) operating budget.[2] Next, it presents the findings of the analysis. Finally, it considers the effects on the city's fiscal health of factors that might be beyond the city's control (for example, the rates of future nonresidential development or housing price appreciation).

The two key questions addressed by the analysis are:

- What are the impacts of new development on the city's operating budget?
- What are the implications of the expected future budget conditions for city decisionmakers?

Background for Fiscal Analysis: Land Use and Money

Fiscal analysis is concerned with the costs of providing public services and the revenues that are available to cover those costs. (Additional discussion about the scope of fiscal analysis is provided on p. 13.) The City of Petaluma covers its costs of providing services by collecting revenue from residents and businesses.

Future residential and nonresidential development in Petaluma will bring in additional revenue to support city services, yet it will also produce greater demand for these services. The present analysis provides a snapshot of the city's future fiscal health should new development proceed in conformance with the guidelines set forth in the draft General Plan 2025.

Because the draft General Plan 2025 designates the locations and amounts of new development that may occur within the city, this fiscal analysis of the impacts of the plan associates "residents" with housing units and "businesses" with various types of nonresidential building space.

Land Use in Petaluma

Existing Development

Information about existing land use within the Urban Growth Boundary, including uses both within current city limits and in areas expected to be annexed to the city over the term of the plan, was

2 The fiscal impact analysis is based on the City's adopted FY 2007-08 budget. The mid-year budget review completed in February, 2008, is too recent to be reflected in this analysis.

compiled by the City of Petaluma.[3] That information is summarized in Tables 1 (acres) and 2 (housing units and square feet of building space) and Figure 1.

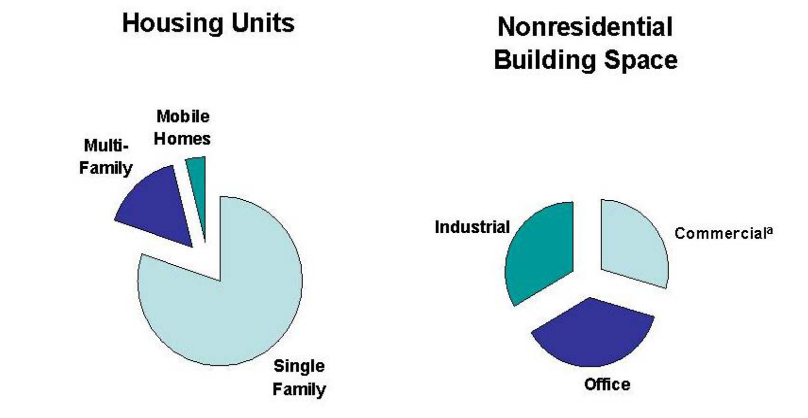
Table 1
Existing Land Use in Petaluma: Acres[a]

Use	Within Current City Limits	In Future Annexation Areas[b]	Total
Residential			
Single Family Residential	2,985.3	575.5	3,560.8
Multi-family Residential	157.8	8.0	165.8
Mobile Homes	117.3	0.0	117.3
Mixed Use	9.4	0.0	9.4
Total	3,269.8	583.5	3,853.3
Nonresidential			
Commercial[c]	384.1	39.1	423.2
Office	294.5	3.6	298.1
Industrial[d]	398.4	58.1	456.5
Total	1,077	100.8	1,177.8

a Omits the following uses: recreation, educational, open space, right-of-way, and "other."
b Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.
c Commercial includes standard retail, auto retail, outlet retail, and hotel/motel.
d Industrial includes heavy industrial, light industrial, and warehouse.

Source: City of Petaluma, Department of General Plan Administration

Figure 1
Existing Development, by Type



a Commercial includes hotel/motel square footage, calculated at 500 s.f./room.

Source: City of Petaluma, Department of General Plan Administration

3 The City generates revenue only from land uses within the current city limits. Uses situated between current city limits and the UGB are included here for reference as they are expected to be annexed to the City over the term of the plan.

Table 2
Existing Land Use in Petaluma: Housing Units/Building Space[a]

Use	Within Current City Limits	In Future Annexation Areas[b]	Total
Residential (Housing Units)			
Single Family Residential	17,619	393	18,012
Multi-family Residential	3,507	21	3,528
Mobile Homes	870	0	870
Total	21,996	414	22,410
Nonresidential Building Space (Sq. Ft.)			
Commercial[c]	4,431,702	173,816	4,605,518
Hotel/Motel Rooms	682	0	682
Office	5,781,825	38,397	5,820,222
Industrial[d]	5,018,787	175,896	5,194,683
Total	15,232,314	388,109	15,620,423

[a] Omits the following uses: recreation, educational, open space, right-of-way, and "other."
[b] Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.
[c] Commercial includes standard retail, auto retail, outlet retail, and hotel/motel.
[d] Industrial includes heavy industrial, light industrial, and warehouse.

Source: City of Petaluma, Department of General Plan Administration

Residential land use currently occupies nearly 77 percent of total developed acreage in Petaluma. Of this total, about 92 percent is occupied by single family homes, 5 percent by multi-family development, and 3 percent by mobile homes. Single family homes comprise about 80 percent of the total housing units. A much smaller percentage of residential units (about 16 percent) are multi-family structures. The remaining units (about four percent) are mobile homes.

Table 1 demonstrates that, on an acreage basis, nonresidential development is divided among commercial, office, and industrial uses in roughly equal shares. Industrial development occupies the greatest number of acres (39 percent of total), with commercial and office acreage accounting for 36 percent and 25 percent, respectively, of the total. Table 2 presents development by type of nonresidential building space, of which office uses account for 37 percent, while industrial and commercial uses make up 33 percent and 30 percent, respectively.

In order to conduct a fiscal analysis, it is necessary to know where the various land uses are located with respect to the boundaries of taxing entities: the distribution of ongoing property tax revenues – including those accruing to the city's General Fund and the Petaluma Community Development Commission (the Redevelopment Agency) – is affected by whether a site is within or outside the current city limits, and whether it is within a redevelopment project area. The distribution of existing land use to inside and outside the redevelopment area is summarized in Tables 3 (acres) and 4 (housing units and square feet of nonresidential building space).

Highlighting the information provided in the tables, the redevelopment area encompasses more than 73 percent of the nonresidential lands but only 13 percent of the residential lands within the UGB.

Table 3
Existing Land Use by Subarea: Acres

Use	Within Current City Limits		In Future Annexation Areas[a]		Total
	Inside Redev't	Outside Redev't	Inside Redev't	Outside Redev't	
Residential					
Single Family Residential	223.3	2,762.0	146.8	428.7	3,560.8
Multi-family Residential	37.6	120.2	5.9	2.1	165.8
Mobile Homes	76.7	40.6	0.0	0.0	117.3
Mixed Use	9.4	0.0	0.0	0.0	9.4
Total	347.0	2,922.8	152.7	430.8	3,853.3
Nonresidential					
Commercial	341.4	42.7	34.1	5	423.2
Office	184.3	110.2	0.0	3.6	298.1
Industrial	243.7	154.7	58.1	0	456.5
Total	769.4	307.6	92.2	8.6	1,177.8

[a] Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.

Source: City of Petaluma, Department of General Plan Administration

Table 4
Existing Land Use by Subarea: Housing Units/Building Space

Use	Within Current City Limits		In Future Annexation Areas[a]		Total
	Inside Redev't	Outside Redev't	Inside Redev't	Outside Redev't	
Residential (Units)					
Single Family Residential	1,542	16,077	105	288	18,012
Multi-family Residential	1,001	2,506	14	7	3,528
Mobile Homes	519	351	0	0	870
Total	3,062	18,934	119	295	22,410
Nonresidential (Sq. Ft.)					
Commercial	3,947,799	483,903	158,219	15,597	4,605,518
Hotel/Motel Rooms	607	75	0	0	682
Office/Professional	3,356,442	2,425,383	0	38,397	5,820,222
Industrial	2,900,311	2,118,476	175,896	0	5,194,683
Total	10,204,552	5,027,762	334,115	53,994	15,620,423

[a] Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.

Source: City of Petaluma, Department of General Plan Administration

The Development Pipeline

Over 2,700 housing units and about 2.5 million square feet of nonresidential building space were in the formal application process, had been approved for development in Petaluma, or were under construction at the time the land use information was compiled. This "pipeline" development, not included in the inventory of existing space used for this analysis, is summarized in Tables 5 and 6 and Figure 2.

Table 5
Future Development Currently in the Pipeline: Acres

Use	Within Current City Limits		In Future Annexation Areas[a]		Total
	Inside Redev't	Outside Redev't	Inside Redev't	Outside Redev't	
Residential					
Single Family Residential	78.8	201.7	26.2	10.0	316.7
Multi-family Residential	23.0	3.2	0.0	0.0	26.2
Mobile Homes	0.0	0.0	0.0	0.0	0.0
Mixed Use	125.4	12.3	0.0	0.0	137.7
Total	227.2	217.2	26.2	10.0	480.6
Nonresidential					
Commercial	26.5	0.0	0.0	0.0	26.5
Office	16.7	25.6	0.0	0.0	42.3
Industrial	0.0	2.0	3.5	0.0	5.5
Total	43.2	27.6	3.5	0.0	74.3

[a] Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.

Source: City of Petaluma, Department of General Plan Administration

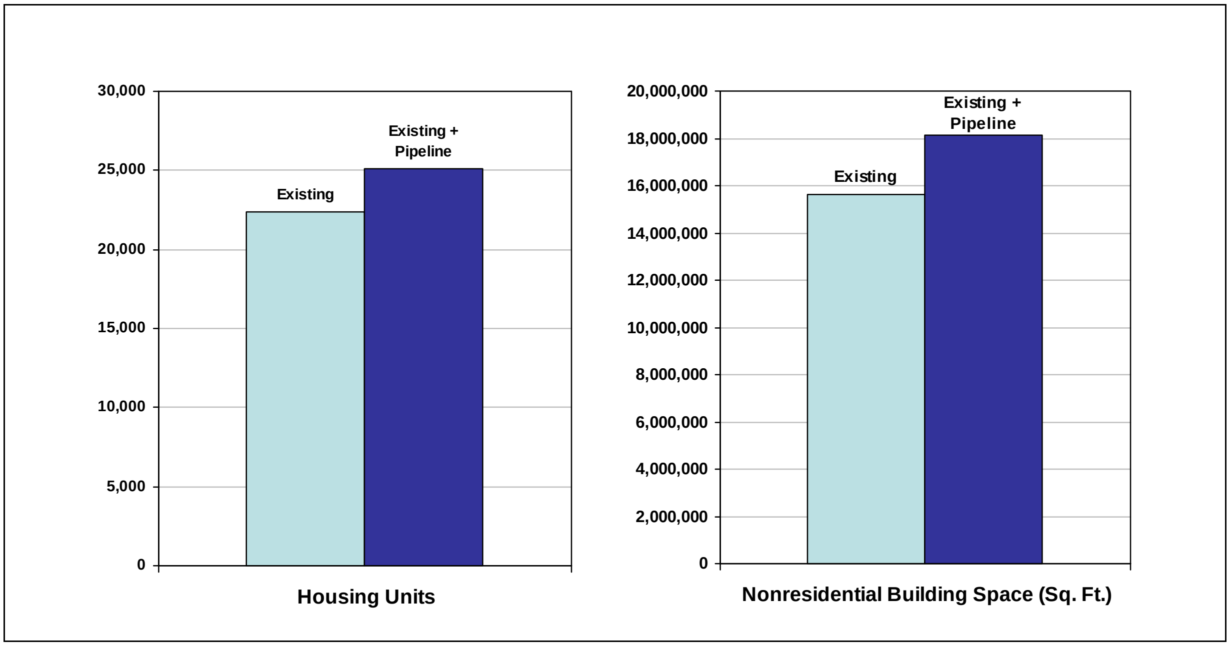
Table 6
Future Development Currently in the Pipeline: Housing Units/ Building Space

Use	Within Current City Limits		In Future Annexation Areas[a]		Total
	Inside Redev't	Outside Redev't	Inside Redev't	Outside Redev't	
Residential (Units)					
Single Family Residential	500	850	66	39	1,455
Multi-family Residential	1,065	212	0	0	1,277
Mobile Homes	0	0	0	0	0
Total	1,565	1,062	66	39	2,732
Nonresidential (Sq. Ft.)					
Commercial	1,188,250	26,000	0	0	1,214,250
Hotel/Motel Rooms	108	0	0	0	108
Office	607,000	608,404	0	0	1,215,404
Industrial	0	29,500	70,000	0	99,500
Total	1,795,250	663,904	70,000	0	2,529,154

[a] Refers to area(s) within the UGB but outside current city limits, expected to be annexed in the future.

Source: City of Petaluma, Department of General Plan Administration

Figure 2
Development in Petaluma: Existing + Pipeline



Source: City of Petaluma, Department of General Plan Administration

According to Table 5, almost 87 percent of acreage in the development pipeline will be dedicated to residential uses (including mixed use). Table 6 indicates that just over half (53 percent) of the 2,732 new housing units will be single-family homes. No additional mobile homes are expected.

New nonresidential building space will be almost equally divided between commercial and office uses (48.0 and 48.1 percent, respectively). Most commercial space will be located in the redevelopment area within the current city limits. It is anticipated that office space will be split almost evenly between redevelopment and non-redevelopment areas. A minimal amount of industrial use is included in the pipeline.

As Figure 2 illustrates, new development currently in the pipeline will account for only a small portion of total development in Petaluma. Housing units in the pipeline, once complete, will represent 11 percent of the total housing units in the city. Nonresidential building space is expected to increase by 14 percent with the completion of the pipeline projects.

This pipeline development would accommodate about 7,000 new city residents, increasing the city's population from about 58,000 residents to just over 65,000.[4]

The fiscal analysis assumes that it would take eight years for all of the development currently in the pipeline to be built.

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4 See Appendix A for further explanation regarding population projections in the model.

Future Development

The draft General Plan 2025 provides a framework for the future development of Petaluma. The plan provides for growth both within the existing city limits and on surrounding lands that are included in the Urban Growth Boundary (UGB). This surrounding area would be annexed to the city over the time frame of the plan.

Although all tables and figures relating to future development in this section report land use projections for the General Plan horizon year (2025), a minimal amount of development is expected to occur after 2025, mostly in the area within the UGB but currently outside city limits. Full buildout of development projected in the plan is anticipated to occur by 2027. Appendix D summarizes the amount of development that would be permitted by the plan at full buildout (e.g., in 2027).

The draft General Plan 2025 allows for the development of about 2,600 additional housing units (beyond those currently in the pipeline) and about 1.7 million square feet of additional nonresidential building space. These estimates of additional development are net of any existing housing units and building space that would be replaced by new uses.

Development permitted by the plan is summarized in Tables 7 (acres) and 8 (housing units and square feet of nonresidential building space) and Figure 3. These tables represent the development that is anticipated by 2025: they include existing development as well as pipeline and longer-term development.

Table 7
Total Development at Plan Horizon Year (2025): Acres
(Existing+Pipeline+Plan)

	Within Current City Limits		In Future Annexation Areas		
Use	**In Redev't**	**Outside Redev't**	**In Redev't**	**Outside Redev't**	**Total**
Residential					
Single Family Residential	299.3	2,968.7	161.2	475.1	3,904.3
Multi-family Residential	103.2	155.2	7.4	2.1	267.9
Mobile Homes	76.7	40.6	-	-	117.3
Mixed Use	229.5	1.9	8.7	4.5	244.6
Total	708.7	3,166.4	177.3	481.7	4,534.1
Nonresidential					
Commercial	272.8	49.9	29.1	0.5	352.3
Office	198.6	155.6	-	3.6	357.8
Industrial	273.1	141.1	78.8	-	493.0
Total	744.5	346.6	107.9	4.1	1,203.1

Source: City of Petaluma, Department of General Plan Administration

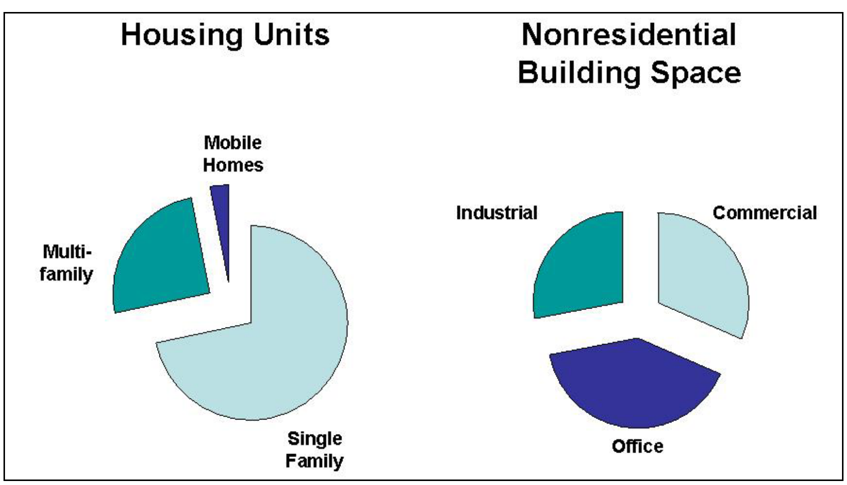
With the development levels projected in Table 7, residential uses would occupy about 79 percent of the total developed acreage in the city by the horizon year of the plan, up from 77 percent of the total developed acreage in 2007-08. The projected residential levels in Table 8 suggest that the composition of housing units in 2025 would have shifted slightly from the existing breakdown: single family homes would make up almost 72 percent of the total housing units in Petaluma (down from 80 percent in 2007-08), and multi-family homes would account for 25 percent of all housing units (up from 16 percent in 2007-08). This shift is consistent with the increased emphasis on mixed use development embodied within the Central Petaluma Specific Plan.

Table 8
Total Development at Plan Horizon Year (2025): Housing Units/Nonresidential Building Space (Existing+Pipeline+Plan)

	Within Current City Limits		In Future Annexation Areas		
Use	**In Redev't**	**Outside Redev't**	**In Redev't**	**Outside Redev't**	**Total**
Residential (Units)					
Single Family Residential	2,180	17,032	189	430	19,831
Multi-family Residential	3,967	2,888	146	16	7,017
Mobile Homes	519	351	0	0	870
Total	6,666	20,271	335	446	27,718
Nonresidential (Sq. Ft.)					
Commercial	5,528,440	546,350	199,227	15,060	6,289,076
Hotel/Motel Rooms	772	75	0	0	847
Office	4,564,761	3,316,137	55,541	38,397	7,974,836
Industrial	3,087,302	2,180,197	335,780	0	5,603,279
Total	13,180,503	6,042,684	590,547	53,457	19,867,191

Source: City of Petaluma, Department of General Plan Administration

Figure 3
Total Development at Plan Horizon Year (2025), by Type (Existing+Pipeline+Plan)



Source: City of Petaluma, Department of General Plan Administration

Industrial uses would still account for the most nonresidential acreage at the plan horizon year (41 percent of the total, compared to 39 percent in 2007-08). By 2025, commercial and office uses would occupy nearly the same acreage (approximately 350 acres). Offices would account for just over 40 percent of total nonresidential building space.

Existing development ("Existing"), existing plus pipeline ("Existing+Pipeline"), and total new development ("Existing+Pipeline+Plan") are compared in Table 9 and Figures 4 and 5.

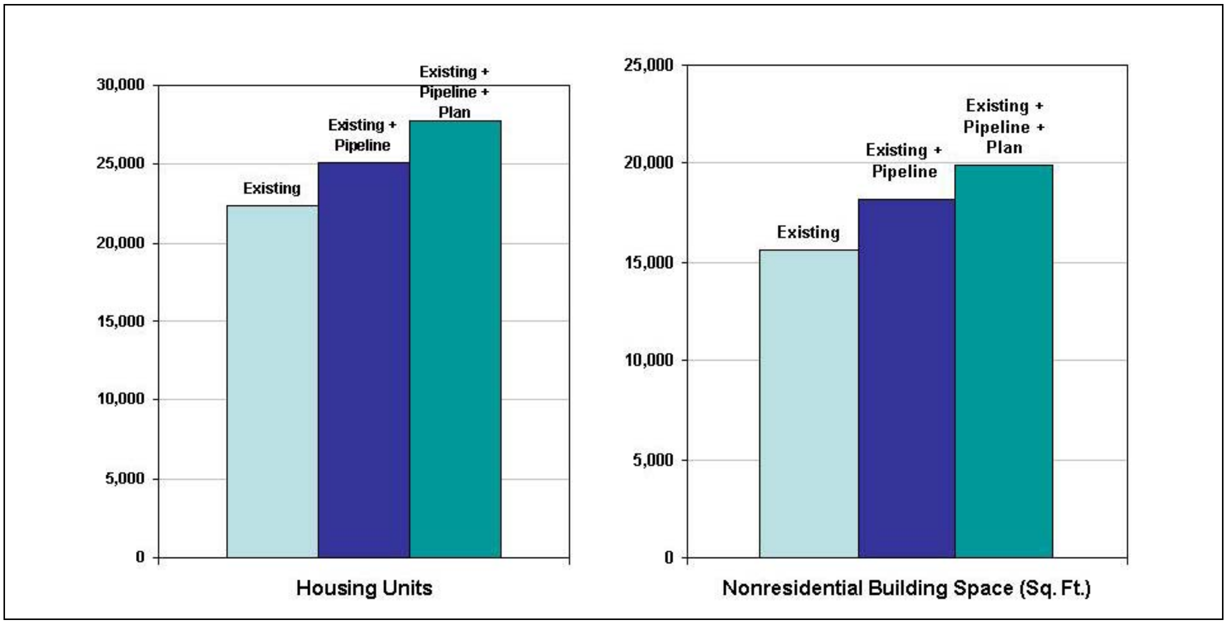
Table 9
Total Development at Plan Horizon Year (2025): Housing Units/Building Space[a]
(Existing+Pipeline+Plan)

Use	Existing	Existing+ Pipeline	Existing+ Pipeline+ Plan[b]	Change from Existing[c]
Residential (Housing Units)				
Single Family	18,012	19,467	19,831	1,819
Multi-family	3,528	4,805	7,017	3,489
Mobile Home	870	870	870	0
Total	22,410	25,142	27,718	5,308
Nonresidential (Square Feet of Building Space)				
Commercial	4,605,518	5,819,768	6,317,576	1,712,058
Hotel/Motel Rooms	682	790	847	165
Office	5,820,222	7,035,626	7,974,836	2,154,614
Industrial	5,194,683	5,294,183	5,603,279	408,596
Total	15,620,423	18,149,577	19,895,691	4,275,268

a Figures in this table represent total development at the plan horizon year (2025). The fiscal analysis assumes that not all permitted development will be built during the lifetime of the General Plan. Appendix D summarizes the amount of development that would be permitted by the General Plan at full buildout (2027).
b Incorporates removal of existing uses that would be replaced by new development.
c Existing + Pipeline + Plan – Existing.

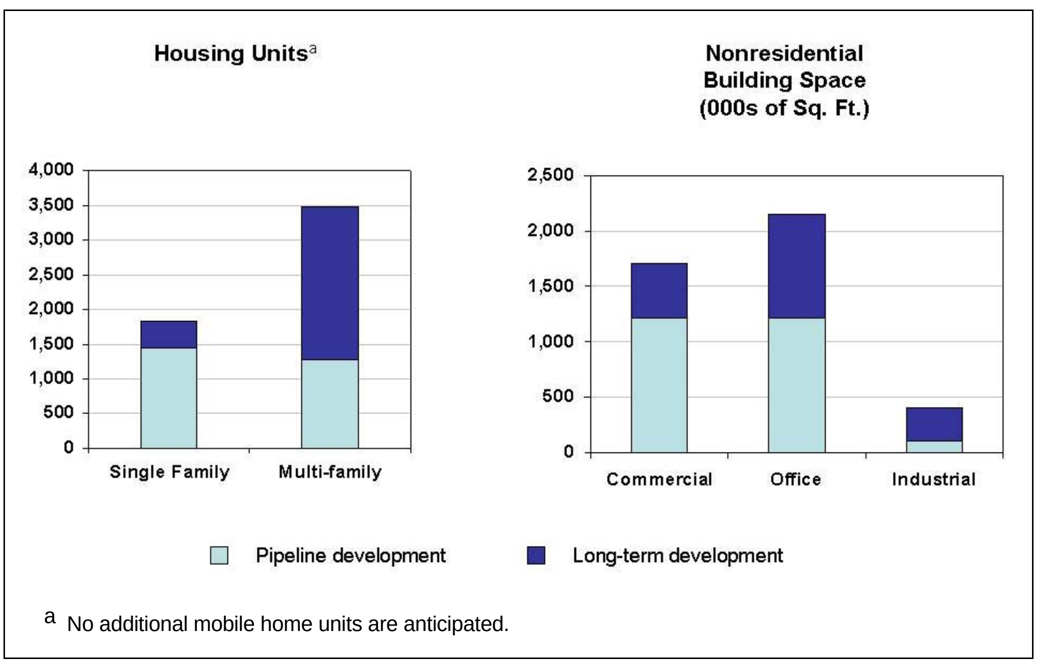
Source: City of Petaluma, Department of General Plan Administration; Mundie & Associates

Figure 4
Development in Petaluma: Existing+Pipeline+Plan (2025)



Source: City of Petaluma, Department of General Plan Administration

Figure 5
Future Development in Petaluma: Pipeline vs. Plan (2025)



Source: City of Petaluma, Department of General Plan Administration

As Table 9 and Figure 4 illustrate, most of the housing units and nonresidential building space expected in the plan horizon year (2025) already exist within the Urban Growth Boundary. New residential development (pipeline plus long-term development) would make up about 19 percent of the expected housing units in the plan horizon year, while new nonresidential development would account for about 21 percent.

Furthermore, as Figure 5 indicates, projects already in the pipeline account for much of the future development expected in Petaluma. The pipeline includes most of the single family housing, commercial space, and office space expected to be built between now and 2025. In contrast, future (not yet proposed) development of multi-family housing and industrial uses is expected to exceed current proposals.

The summary of plan buildout is illustrative, indicating nearly full development of lands designated for urban use within Petaluma's current urban growth boundary. In reality, the amount of development that is added in Petaluma is likely to vary from the amounts shown as a result of factors both within and beyond the city's control. Table 10 identifies the types of influences on new development that may affect the amount of buildout that occurs during the time frame of the plan.[5]

This fiscal analysis assumes that it would take 20 years for all the new development permitted by the draft General Plan 2025 to occur, beyond the 2025 horizon year of the plan.[6] Because the horizon year of the plan is only 18 years from now, not all development would occur by the end of the planning period. In all, about 98 percent of total housing units and nonresidential building space shown in the plan (beyond the amount that exists today and is included in the pipeline) would be expected to be built during the time frame of the plan. Appendix D summarizes the amount of development that would be permitted by the plan at full buildout (2027).

[5] The impacts of four alternate buildout scenarios, in addition to several other adjustments that test the effects of some of these influences, are considered in "Perspectives on the Fiscal Results: Sensitivity Tests" (p. 22).

[6] Development permitted within the redevelopment areas would be built out in 18 years.

Table 10
Economic Variables That Can Be Affected by Local Public Policy

Variable	Potential City Influence: Substantial	Potential City Influence: Moderate	Potential City Influence: Little or None
Demand for goods and services			
Local demand			✓
Demand from outside the local area			✓
Characteristics of the labor force			
Size of the working age population		✓	
Labor force participation			✓
Age distribution of labor force members			✓
Education/skills of labor force members		✓	
Commute patterns		✓	
Local area's competitive position compared to the region			
Local natural resources that are economic inputs		✓	
Distance to major markets			✓
Regional transportation facilities/routes			✓
Affordable housing supply (for labor)		✓	
Affordable land		✓	
Gateway to outdoor recreation			✓
Tourism		✓	
Quality of life		✓	
Local area's ability to accommodate growth			
Availability of developable land with minimal natural/environmental constraints		✓	
Availability of sites:			
With proper plan and zoning designations	✓		
Served by infrastructure	✓		
Served by adequate access/egress routes		✓	
Regulations governing site development	✓		
Development fees			
Charged by city	✓		
Charged by other agencies			✓
Government attitudes toward development	✓		
National conditions			
Supply of natural resources and other industrial inputs			✓
Cost-effectiveness of investments in labor vs. plant and equipment			✓
Interest rates			✓
Availability of construction financing			✓
Availability of operating capital			✓

Source: Mundie & Associates

Additional Background: The Scope of Fiscal Impact Analysis

Fiscal analysis is an examination of the revenues, costs, and fiscal balance associated with public agency activities. It provides a reasonable planning-level estimate of fiscal impacts, useful for anticipating whether development permitted by a plan or proposed in a new project will pay its own way, generate surplus revenues that can be used by the city to improve services, or generate deficits that will require the city to reduce services or find offsetting sources of funds. These projections, while not appropriate for budgeting purposes, are nevertheless useful in assessing whether a proposed plan is likely to increase or ease pressure on the operating budget of a government agency; in this case, the City of Petaluma.

This fiscal analysis has the following key characteristics:

- **Focus on one public agency.** Each public agency has its own budget: revenues collected and costs incurred by one agency do not affect those of the others (although the same factors may affect costs and revenues in more than one agency).

  This analysis focuses on the City of Petaluma. It does not consider revenues and costs of other agencies that deliver services to city residents, such as Sonoma County or Petaluma City Schools.

- **Focus on operating costs and revenues.** Operating costs are the annually-recurring costs of providing public services, such as general city administration, police and fire protection, community development, minor street maintenance expenditures, and recreation. Typically, they cover staff salaries and benefits, office supplies, vehicle operating expenses (fuel, insurance, maintenance), maintenance of city facilities, and the purchase of smaller items of equipment (those intended to be used for up to three years).

  Operating revenues are the funds that are collected on an ongoing or recurring basis; they include taxes, license and permit fees, funds received from the state and federal government, and others. These funds are not earmarked for any particular use; instead, they are collected in the General Fund, and the city allocates them as it sees fit to cover the operating costs of public safety, public works, general government, recreation, and other services.

  These ongoing/recurring costs of providing services and sources of revenue are the focus of the fiscal analysis.

- **Exclusion of capital costs.** Capital costs are the one-time costs that are incurred to buy or improve land, buildings, infrastructure, and major pieces of equipment. They are typically covered by development impact fees or major grants from the state and/or federal government. In some cases, a city or other public agency will borrow money (in the form of bonds) to pay for a major improvement and then repay that loan with impact fees, revenues from a service that is related to the improvement, special taxes, property tax increments (in the case of redevelopment projects), or other earmarked sources of funds.

  Expenditures made for the infrastructure and other public improvements needed specifically to serve new development projects permitted by the General Plan – e.g., roads within a project, extensions of water and sewer lines – will be paid for by the developers of those projects. These expenditures are developer costs, not public costs, and consequently are not addressed in this study.

  For infrastructure and other public improvements needed to serve a greater area, the City of Petaluma – like many other jurisdictions – requires developers to pay their fair share of the cost. Consis-

tent with these principles, impact fees and the improvements they are intended to cover are not covered in a fiscal analysis.

- **Focus on the General Fund.** The General Fund of a city's budget receives the greatest portion of revenues that are available for discretionary appropriation. It is used to fund the day-to-day operations of the city. Therefore, fiscal analysis focuses on the revenues that accrue to and the costs incurred by this fund.

  This fiscal analysis excludes revenues from redevelopment as well as special revenue funds (e.g. major street maintenance, most of the transient occupancy tax), unless they are the source of transfers into the General Fund or the destination of transfers out.

- **Focus on direct costs and revenues.** Fiscal analysis considers the revenue and cost changes that result directly from actions or changes that occur within the city; for example, new property or sales tax revenues that may be generated by new development, or the cost of new demands for police services.

  Fiscal analysis does not consider the indirect impacts, such as the positive or negative impacts on property values (and, therefore, on property taxes) of new development that may affect the desirability of existing uses.

- **Focus on the impacts of land use change.** The fiscal analysis assumes that current levels of service will continue in the future. It thus focuses on the changes in revenues and costs that would result from land use change alone, and not the additional changes that would result from improved (or reduced) levels of service. To the extent that the analysis projects budget surpluses in the future (revenues exceeding costs), it may be possible to improve existing services or add new services; to the extent that the analysis projects budget shortfalls (costs exceeding revenues), it may be necessary either to reduce service levels, eliminate some services, or find additional sources of revenue.

Existing Conditions: The General Fund

The city's General Fund is its primary "collection bucket" for ongoing and recurring revenues that are not earmarked by law for specific purposes and its primary source of funds to cover ongoing and recurring costs of operations and maintenance. The main categories of revenues collected in the General Fund and costs covered by the General Fund are summarized in Table 11.

Table 11
General Fund Revenues and Costs

Revenues	Costs
▪ Taxes (property, sales, business license, property transfer, and franchise fees) ▪ Licenses, Permits & Fees (primarily development-related, but also includes animal licenses, parking fees, and turning basin transient boat fees) ▪ Investment Earnings & Rent (interest on reserves, lease revenue, and fees for Parks & Rec facilities rental and advertising) ▪ Intergovernmental (motor vehicle in-lieu fees, public safety augmentation (Prop. 172)) ▪ Charges for Services (primarily development-related, in addition to Parks & Rec programs) ▪ Other Revenue (adopted animals, sale of documents/photocopying, restitution fees)	▪ General Government ▪ Police ▪ Fire ▪ Community Development ▪ Public Works ▪ Parks and Recreation

Source: City of Petaluma, Department of Administrative Services, 2007-2008 Preliminary Budget

Revenues

In the year beginning July 1, 2007 and ending June 30, 2008, the General Fund had budgeted revenues of about $40.0 million (including transfers in from other funds).[7] The distribution of revenues, by source, is summarized in Table 12 and illustrated in Figure 6.

Sales tax generates the most revenue to the city's General Fund (28 percent), thanks in large part to Petaluma's outlet and auto malls. Property tax (18 percent) and charges for services (17 percent) are the next largest revenue generators. Together, these three sources account for 63 percent of General Fund revenues.

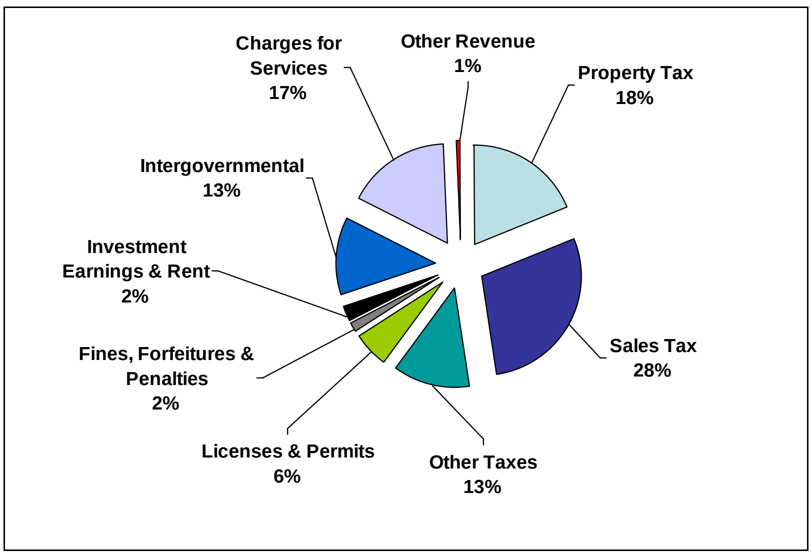
[7] The preliminary budget as adopted had slightly higher revenues ($40.4 million). The figures used in this report incorporate adjustments to several revenue sources and expenditures that were significantly different from their budgeted amounts. Appendix B summarizes the treatment of each included revenue and expenditure in this fiscal model, and denotes those line items that differ from the 2007-08 Preliminary Budget.

Table 12
Budgeted General Fund Revenues, 2007-08

Source	Amount
General Fund Revenues	
Property Tax	$7,300,000
Sales Tax	11,130,000
Other Taxes	4,895,000
Licenses & Permits	2,234,500
Fines, Forfeitures & Penalties	604,000
Investment Earnings & Rent	917,500
Intergovernmental	4,950,000
Charges for Services	6,623,450
Other Revenue	195,500
Subtotal General Fund	$38,849,950
Transfers In	1,140,000
Total	$39,989,950

Source: City of Petaluma, Department of Administrative Services, 2007-2008 Preliminary Budget; Steven Carmichael (Director, Administrative Services Department), personal communication to M&A, September 2007.

Figure 6
General Fund Revenue Sources, 2007-08



Source: City of Petaluma, Department of Administrative Services, 2007-2008 Preliminary Budget; Steven Carmichael (Director, Administrative Services Department), personal communication to M&A, September 2007.

Costs

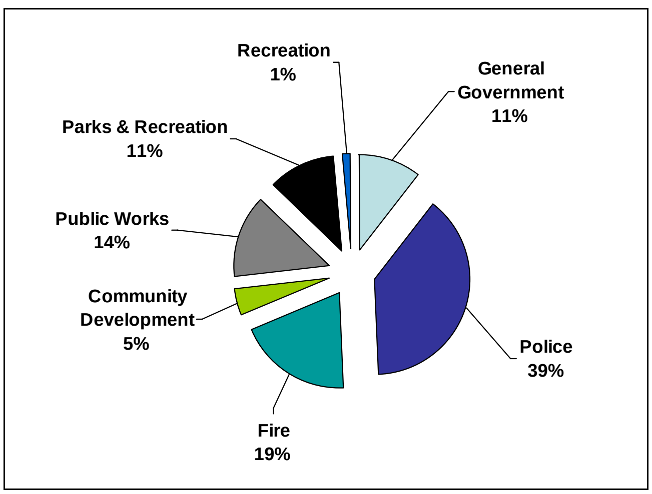
In the 2007-08 fiscal year, Petaluma had budgeted expenditures of about $40.4 million. The distribution of costs, by general use category, is summarized in Table 13 illustrated in Figure 7.

Table 13
Budgeted General Fund Costs, 2007-08

Use	Amount
General Fund	
General Government	$4,332,300
Police	15,613,450
Fire	7,849,550
Community Development	1,865,200
Public Works	5,755,600
Parks & Recreation	4,624,451
Other Costs	313,000
Total	$40,353,551

Source: City of Petaluma, Department of Administrative Services, 2007-2008 Preliminary Budget; Steven Carmichael (Director, Administrative Services Department), personal communication to M&A, September 2007.

Figure 7
General Fund Costs, 2007-08



Source: City of Petaluma, Department of Administrative Services, 2007-2008 Preliminary Budget; Steven Carmichael (Director, Administrative Services Department), personal communication to M&A, September 2007.

Police and fire protection account for nearly 60 percent of Petaluma's expenses, with police services making up nearly 39 percent of the total. Public Works (14 percent of total), General Government (11 percent), and Parks and Recreation (11 percent) make up the next largest shares of city expenditures.

Net Balance

With budgeted revenues totaling about $40.0 million in the 2007-08 fiscal year and expenditures of about $4.4 million, the City of Petaluma expects a budget shortfall of about $400,000. To adjust for the negative net balance, the city must draw the difference from the reserve fund.

Getting Answers: The Fiscal Model

Model Formulation

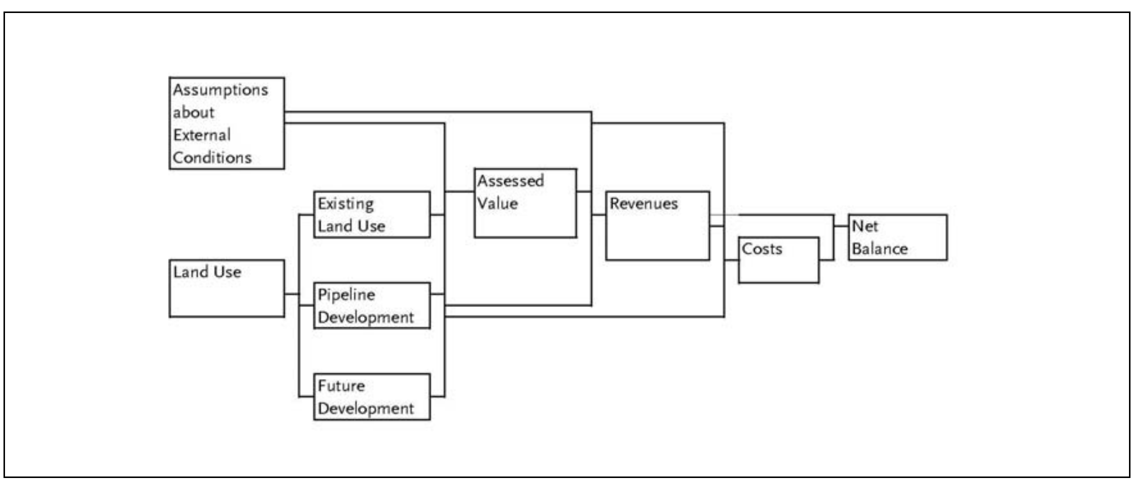
To assess the impacts of new development on the city's ability to provide services, Mundie & Associates constructed a spreadsheet-based fiscal impact model to project future revenues and costs. The fiscal model considers all of the revenues accruing to, and costs of service covered by, the General Fund of the city's operating budget.

"Construction" of the model began with a review of the budget to identify all of the sources of revenues and all of the costs of services. Then, city staff were interviewed to ascertain how revenues and costs are likely to change as a result of new development. Mundie & Associates and city staff also assembled a set of assumptions about external conditions – inflation rates, housing occupancy rates, initial market values of new development, percent of housing units and nonresidential development sold each year, and so on – that would affect revenues and costs over time.

Based on the budget review and interviews, M&A staff formulated equations that describe the dynamics of change in revenues and costs. The equations were then applied to the draft General Plan 2025 to provide projections of future revenues and costs in the General Fund.

All together, the fiscal model is comprised of a set of spreadsheet files, with a total of over 150 individual worksheets. Figure 8 illustrates the flow of information through the fiscal model.

Figure 8
The Fiscal Model: Flow of Information



Source: Mundie & Associates

With this information – about existing and potential future land use in Petaluma (pp. 1-12) and the scope of General Fund revenues and costs (pp. 14-18) – it is possible to answer the questions posed in the introduction to this report.

A Note About the Assumptions

Some General Fund revenues and costs are omitted from the fiscal analysis. Appendix B details the treatment (inclusion vs. exclusion) of General Fund revenues and costs in the analysis. In general, revenues are excluded only if they are expected to be discontinued or to offset a specific cost. Costs are excluded only if they are assumed to be offset by a specific revenue. Several additional refinements to the budgeted revenues and expenditures were made by the city's Director of Administrative Services.

In all, $402,000 in revenues was deducted from the total amount shown in the Preliminary 2007-08 Budget. Almost $93,000 is added to the total expenditures shown in the budget, reflecting adjustments to the Police Administration and the Camp Sunshine budgets.

The revenue generated from property tax in redevelopment areas is also excluded from the model. In a redevelopment area, most increases in property tax ("property tax increments") go to the Redevelopment Agency (in the case of Petaluma, the Petaluma Community Development Commission, or PCDC). Only a small percentage of the tax increment revenue – called "pass throughs" – ends up in the General Fund. Once a given project area has expired, the distribution of the property tax from development in that area returns to its pre-project pattern, with all revenue divided among all the taxing entities.

Petaluma had two redevelopment project areas until an action was taken to combine them. The expiration date of this area is beyond the time horizon of the General Plan and the fiscal analysis. Prior to the expiration of the redevelopment area, the General Fund will collect pass-throughs through the end of the study period. ***The exclusion of these pass throughs from the fiscal model results in a slight underestimation of projected revenues in the reporting period.***

Impacts of Development on the General Fund

The impact of the draft General Plan 2025 on the city's General Fund is shown in Table 14 and Figure 9. Table 14 summarizes the fiscal impacts of the draft General Plan 2025 by reporting projected revenues and costs, the net balance between revenues and costs, and the balance remaining in the city's reserve fund for two "indicator" years: 2016-17, about halfway through the period covered by the General Plan, and 2025-26, the "horizon" year for the plan.

Table 14
Impact of Draft General Plan 2025 Development on the General Fund
($000s)

	Existing+Pipeline+Plan
Fiscal Year 2016-17	
Revenues	$43,297
Costs	41,360
Net Balance	$1,936
Reserve Fund Balance*	$25,642
Fiscal Year 2025-26	
Revenues	$46,866
Costs	46,275
Net Balance	$591
Reserve Fund Balance*	$37,819

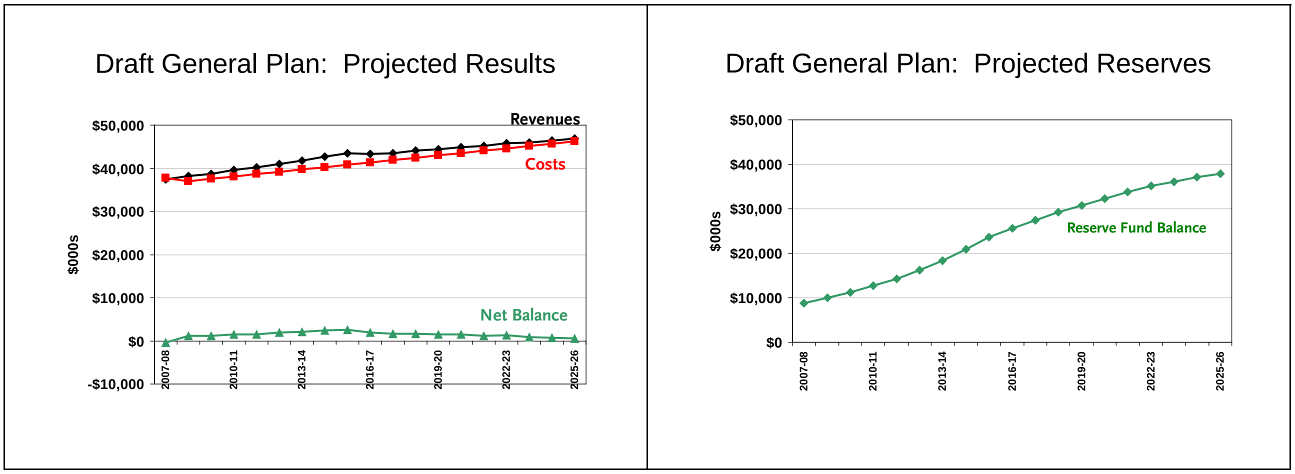
Source: Mundie & Associates

Note that the dollar amounts in this section and throughout this report are in "constant dollars"; that is, they are adjusted to remove the effects of inflation. To project revenues and costs into the future, the model assigns a variety of inflation/appreciation rates to different variables (property values, assessed values of property not sold, utilities, local taxes, etc.). With the compounding of these inflation rates over a period of 18 years, "nominal" dollar amounts (that is, inflated dollars) are so great that they are difficult to relate to a current General Fund budget of about $40 million. The use of constant dollars shows the "real" change in revenues and costs; that is, the amount related to development as opposed to inflation. Appendix C provides a description of the impacts of inflation and the relationship between nominal dollars and constant dollars.

Table 14 suggests that development permitted by the draft General Plan 2025 would have a positive overall effect on the city's fiscal health. Revenues would be expected to exceed costs (even if only slightly) each year throughout the life of the plan. The projected net annual surplus – ranging from $0.5 million to over $2 million during the planning period – would increase the balance in the reserve fund from almost $8.7 million in 2007-08 to over $37.8 million in 2025-26.

Figure 9 illustrates these results over time. The balance in the reserve fund provides an indication about the magnitude of cumulative net revenues or costs, to indicate whether the city's longer-term fiscal health will be sound. As noted above, the reserve fund balance is expected to grow considerably, while revenues and costs remain relatively comparable throughout the study period.

Figure 9
Fiscal Outcomes of the Draft General Plan 2025



Source: Mundie & Associates

Table 15 and Figure 10 compare the impacts of three development scenarios: existing development alone (that is, no new development); existing development plus those projects already in the pipeline; and, finally, total development with the draft General Plan 2025.

Table 15
Impact of Plan Development on the General Fund:
Three Development Scenarios ($000s)

	Existing Development	Existing+Pipeline	Existing+Pipeline +Plan
Fiscal Year 2016-17			
Revenues	$38,479	$42,127	$43,297
Costs	41,026	41,323	41,360
Net Balance	-$2,698	$803	$1,936
Reserve Fund Balance*	-$5,273	$19,136	$25,642
Fiscal Year 2025-26			
Revenues	$41,625	$45,352	$46,866
Costs	45,909	46,206	46,275
Net Balance	-$4,437	-$1,025	$591
Reserve Fund Balance*	-$39,971	$16,962	$37,819

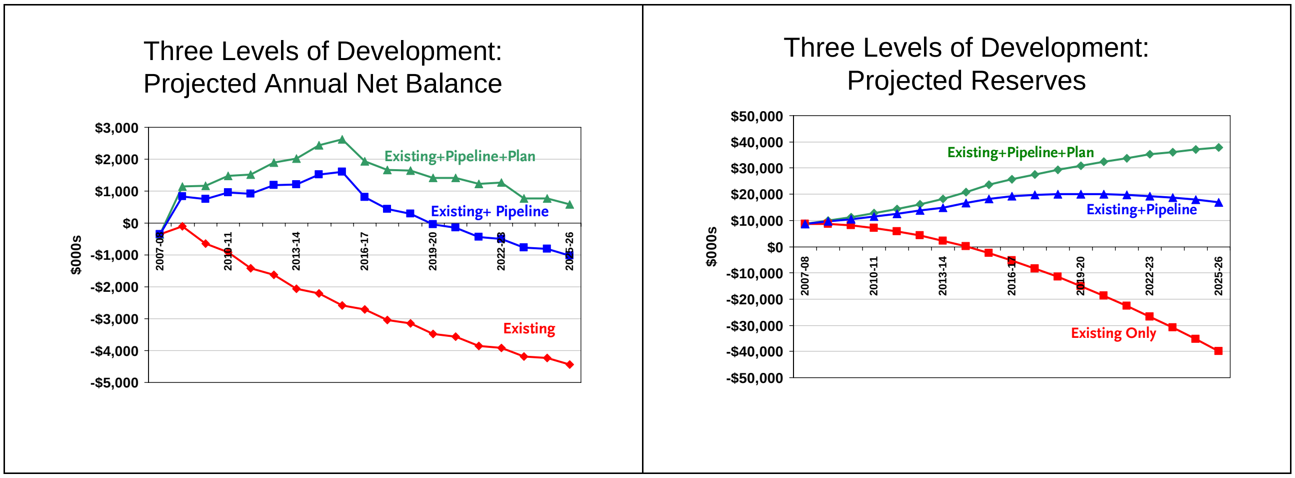
* The reserve fund balance at the beginning of 2007-08 was nearly $8.8 million.

Source: Mundie & Associates

Table 15 indicates that existing development alone would create much more challenging fiscal conditions over the next 18 years than a case with plan buildout. With no new development, the reserve fund would be expected to drop to an almost $40 million deficit by 2025-26.

Development of only those projects already in the pipeline would be substantially better than no new development. The annual net balance would be negative in the final years of the plan, but accumulated annual surpluses in the early years would create a sufficient reserve fund to maintain fiscal solvency throughout the study period. These results suggest that development must continue to keep the annual net balance positive, and that more development yields better fiscal results.

Figure 10
Comparison of Fiscal Outcomes: Three Levels of Development



Source: Mundie & Associates

Figure 10 illustrates the substantial impact of the pipeline development. The projected annual net balance for the two development scenarios that include pipeline development (Existing+Pipeline and Existing+Pipeline+Plan) is expected to increase steadily until its peak in 2015 (the year that all development in the pipeline is to be completed). After this point, the net balance is projected to decline as a result of less development in future years. The "existing development only" scenario would never record a positive net balance through the life of the plan.

The projected reserves would remain positive through the life of the plan in two scenarios (Existing+Pipeline and Existing+Pipeline+Plan). Reserves in the third case (Existing Only) would become negative around 2015 and reach an almost $40 million deficit in 2025.

These findings suggest that the city is currently taking the right steps toward ensuring its future fiscal health, yet will need to continue to monitor its progress over time to avoid deficits in the long term. In order to remain fiscally sound following the completion of the pipeline development, the city will need to identify new revenue sources.

Perspectives on the Fiscal Results: Sensitivity Tests

Just as there are economic factors that will affect development in Petaluma that are beyond the city's control (see Table 10), there are also factors that will affect the city's fiscal condition. Table 16 summarizes these influences on fiscal health.

To test the effects of economic and fiscal factors on the results shown in Table 14, Mundie & Associates ran the fiscal model for the plan (that is, Existing+Pipeline+Plan) with the following variations:

Alternate projections for nonresidential development:

- The adoption of a limit of 400,000 square feet per year on new nonresidential development.
- Reduced nonresidential development (50 percent of the new development expected in the base case). This reduction, which is intended to test the effect of factors that may slow economic growth, would yield a total of 17.7 million square feet of nonresidential building space at the end of the planning period (compared to a total of 19.9 million square feet in the base case).

Alternate expectations of increases in housing prices:

- Different rates of increase for housing prices (five, three, and zero percent per year, compared to seven percent per year in the base case). Current housing market conditions suggest considering a case with no housing price increases throughout the study period (that is, the zero percent per year case), even though this situation is considered unlikely to persist over the long term. It is included here for completeness.

Refinements to current revenue sources:

- A 10 percent drop in city revenues from auto sales for two years (2009-10 and 2010-11), to reflect a potentially sluggish auto sales market in the near term. After 2010-11, sales would return to their current level per capita.
- A 20 percent increase in city revenues from cable franchise fees beginning in 2009-10 to reflect the addition of AT&T as a provider of cable service in Petaluma.

The characteristics of these alternatives and the results of the sensitivity tests are discussed below.

Table 16
Fiscal Variables That Can Be Affected by Local Public Policy

Variable	City Influence: Substantial	Moderate	Little or None
Land Use			
Land uses allowed	✓		
Land uses developed		✓	
Intensity of development		✓	
Rate of development		✓	
Land use synergy		✓	
Market demand			✓
Types of jobs in community		✓	
Annexations	✓		
Demographic characteristics			
Household income			✓
Household size			✓
Age composition			✓
Jobs held by households			✓
Commute patterns		✓	
Public agency finance structure			
Accounting and budget categories		✓	
Participation in state programs		✓	
Locally-initiated revenue mechanisms		✓	
Public agency expenditures			
Departmental responsibilities	✓		
Service standards	✓		
Service demand		✓	
Staffing levels	✓		
Capital expenditures	✓		
Operating and maintenance expenditures			
State-mandated			✓
Other	✓		
Public agency revenue			
Property taxes			
Land value and rents		✓	
Absorption rates			✓
Tax rates			✓
Rate of property turnover			✓
Sales (and other business-related) taxes			
Sizes of facilities		✓	
Taxable sales			✓
Mix of businesses (retail, etc.)		✓	
Tax rates			✓
Service charges	✓		
Development fees	✓		
Transfers from other governments (federal, state, county)			✓
Outside economic factors			
Business cycles			✓
Interest rates			✓
Inflation rate			✓
Unemployment rate			✓
Demand for locally-produced products			✓
Competitive public salaries			✓

Source: Mundie & Associates

Alternate Projections for Nonresidential Development

The first sensitivity test measures the impact of different levels of nonresidential development.

- The first alternative reflects a proposal considered during the General Plan process: the City may limit new nonresidential development to 400,000 square feet per year.

  The only period during which new nonresidential development would exceed this proposed cap occurs in the development pipeline years (when new nonresidential building space is expected to total just over 423,000 square feet per year). To simulate the impact of such a development cap, it is assumed that buildout of development in the pipeline would be drawn out to ten years, compared to eight years in the base case.
- The second alternative considers the effects of a 50 percent reduction in nonresidential development compared to the base case. This reduction, which is intended to test the effect of factors that may slow economic growth, would yield a total of 17.7 million square feet of non-residential building space at the end of the planning period (compared to 19.9 million square feet in the base case).

Table 17 compares the amount of new nonresidential development that would be constructed each year under the three scenarios: the base case, the adoption of an annual 400,000 square-foot non-residential building cap, and a 50 percent reduction in nonresidential building space. Table 18 and Figure 11 illustrate the fiscal impacts of these three nonresidential development scenarios in two indicator years, 2016-17 and 2025-26.

Table 17
Comparing Alternate Projections for Nonresidential Development
New Nonresidential Development Each Year (Sq. Ft.)

Years		Existing+Pipeline+Plan (Base Case)	50% Less Nonresidential Dev't	Nonresidential Dev't Cap
2008	-2016[a]	423,037	211,517	359,658
2016	-2018[b]	112,142	56,321	365,158
2018	-2021[c]	112,142	56,321	112,142
2021	-2023[d]	106,642	53,321	106,642
2023	-2026[e]	29,829	14,914	29,829

a Pipeline development is complete at the end of this period in the base case and the 50 percent less nonresidential development alternative.
b Fifty-seven new hotel rooms are projected to begin construction in 2016-17 and be built out in five years.
c Pipeline development in the nonresidential development cap alternative is complete at the end of this period.
d Redevelopment areas are built out at the end of this period.

Source: City of Petaluma, Department of General Plan Administration and Mundie & Associates

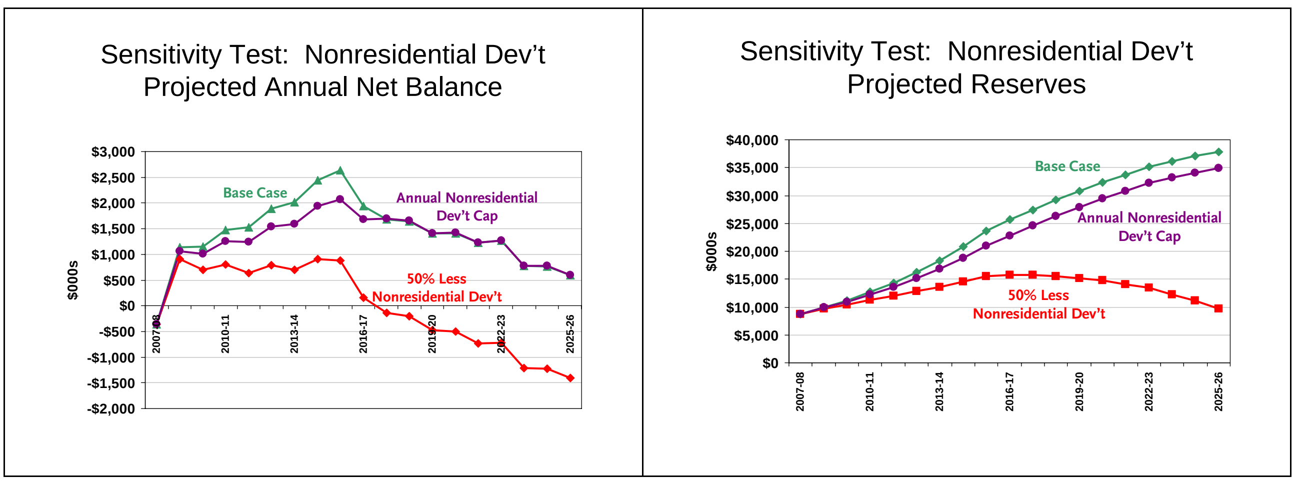
Table 18
Impact of Alternate Projections for Nonresidential Development on the General Fund
($000s)

	Existing+Pipeline+Plan (Base Case)	50% Less Nonresidential Dev't	Nonresidential Dev't Cap
Fiscal Year 2016-17			
Revenues	$43,297	$41,510	$43,026
Costs	$41,360	$41,353	$41,350
Net Balance	$1,936	$157	$1,676
Reserve Fund Balance[a]	$25,642	$15,763	$22,780
Fiscal Year 2025-26			
Revenues	$46,866	$45,051	$47,057
Costs	$46,275	$46,274	$46,275
Net Balance	$591	-$1,412	$593
Reserve Fund Balance[a]	$37,819	$9,749	$34,870

a The reserve fund balance at the beginning of 2007-08 was approximately $8.8 million.

Source: Mundie & Associates

Figure 11
Comparison of Fiscal Outcomes: Alternate Projections for Nonresidential Development



Source: Mundie & Associates

Table 18 and Figure 11 indicate that the adoption of an annual nonresidential development limit would have an insignificant effect on the city's fiscal conditions. As Table 17 shows, nonresidential development in the base case would only slightly exceed the cap during the first eight years of the plan – the pipeline years. After this point, the projected annual construction of nonresidential building space is expected to decrease considerably.

On the other hand, a 50 percent reduction in nonresidential development (including development in the pipeline and beyond) would have markedly negative fiscal impacts over the long term. The annual net balance in this case is projected to decline sharply midway through the planning period (in about 2017-18), reflecting an increasing gap between expenditures and revenues. At the end of the 18-year planning period, the cumulative reserves would be declining, and would be expected to continue to decline beyond the end of the planning period.

Alternate Expectations of Increases in Housing Prices

To measure the impacts of a sluggish housing market, the next set of sensitivity runs tests the impact of different housing price appreciation rates. The base case assumption of a seven-percent annual increase in the market price of housing (the "appreciation rate") is compared to five-, three-, and zero-percent rates.

The major effect of changing the expected rate of housing price appreciation is in the projected amount of property tax revenues. The fiscal model assumes that about 10 percent of all housing units are sold each year. Because the assessed value – and, therefore, the property tax – increases upon sale, more rapid rates of housing price appreciation result in higher assessed values and higher property tax revenues over time.[8]

The fiscal impacts of these different housing appreciation rates are illustrated in Table 19 and Figure 12.

Table 19
Impact of Alternate Expectations of Increases in Housing Prices on the General Fund
($000s)

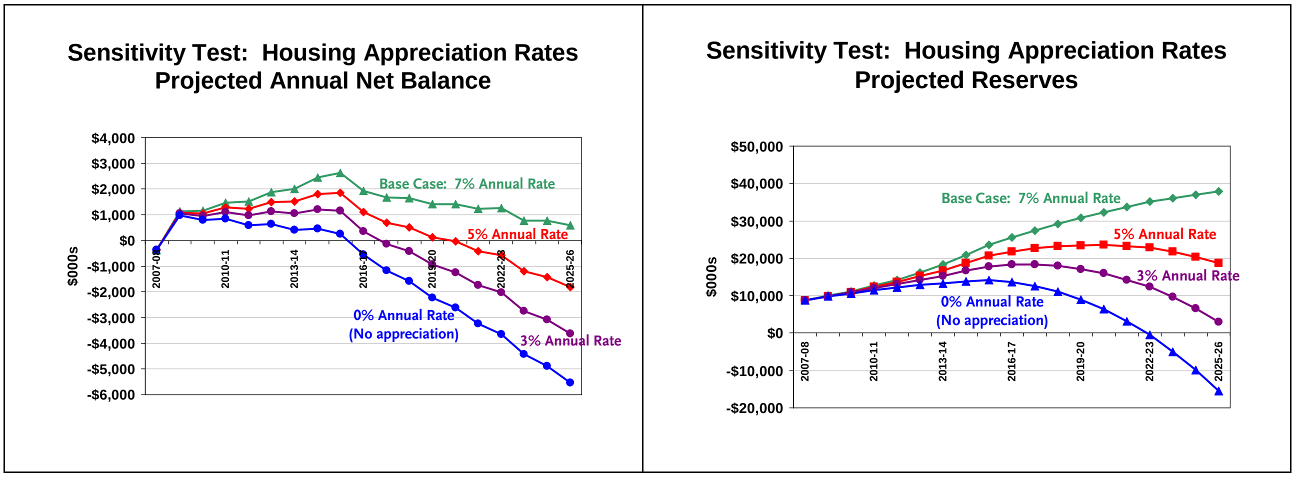
	7% Annual Appreciation (Base Case)	5% Annual Appreciation	3% Annual Appreciation	0% Annual Appreciation
Fiscal Year 2016-17				
Revenues	$43,297	$42,459	$41,728	$40,803
Costs	41,360	41,360	41,360	41,360
Net Balance	$1,936	$1,099	$368	-$557
Reserve Fund Balance[a]	$25,642	$21,807	$18,329	$13,712
Fiscal Year 2025-26				
Revenues	$46,866	$44,645	$42,836	$40,936
Costs	46,275	46,275	46,275	46,275
Net Balance	$591	-$1,820	-$3,628	-$5,528
Reserve Fund Balance[a]	$37,819	$18,680	$3,021	-$15,391

a The reserve fund balance at the beginning of 2007-08 was nearly $8.8 million.

Source: Mundie & Associates

8 Increases in the assessed value of property that is not sold are limited to no more than two percent per year.

Figure 12
Comparison of Fiscal Outcomes: Alternate Expectations of Increases in Housing Prices



Source: Mundie & Associates

As might be expected, slower increases in the price of housing would present considerable challenges to the city's fiscal health over time. Even a reduction in the appreciation rate to five percent yields an expectation that the annual net balance would turn negative before the end of the planning period. In the five- and three-percent appreciation rate alternative cases, however, annual surpluses in the early years would build up sufficient reserves for the city to maintain fiscal solvency through 2025-26. Only in the zero-percent appreciation alternative would the city's reserves become negative during the study period.

Revenue Adjustments

The final sensitivity test incorporates adjustments to city revenues in anticipation of expected changes to revenue from sales tax and cable franchise fees.

- The first case considers the effects of a change in sales tax revenues from auto sales to reflect an expected short-term decline in automobile purchases from Petaluma's auto mall. This sensitivity test assumed a 10 percent drop in auto sales for two years (from 2009 to 2011), after which sales would resume their initial (2007-08) trajectory, increasing at the same rate as the population within the Urban Growth Boundary, adjusted for inflation.
- The second case tests the effects of an adjustment to revenues generated by cable franchise fees. AT&T is currently laying infrastructure to join Comcast as a cable provider in Petaluma. While some current Comcast customers might switch providers, it is anticipated that a number of Petaluma residents who currently do not subscribe to Comcast will subscribe to the AT&T service. To account for this projected increase in revenue, the sensitivity test assumed that cable franchise fees would increase by 20 percent increase beginning in 2009, and then assume their normal trajectory (based on population), accounting for inflation.

Table 20 and Figure 13 illustrate the fiscal results of these revenue adjustments.

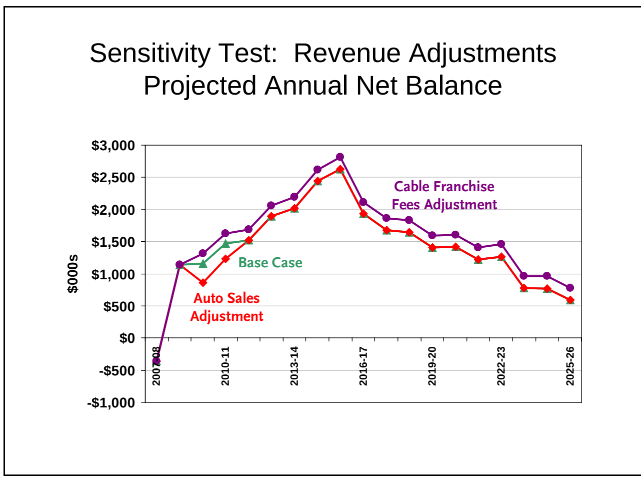
Table 20
Impact of Revenue Adjustments on the General Fund
($000s)

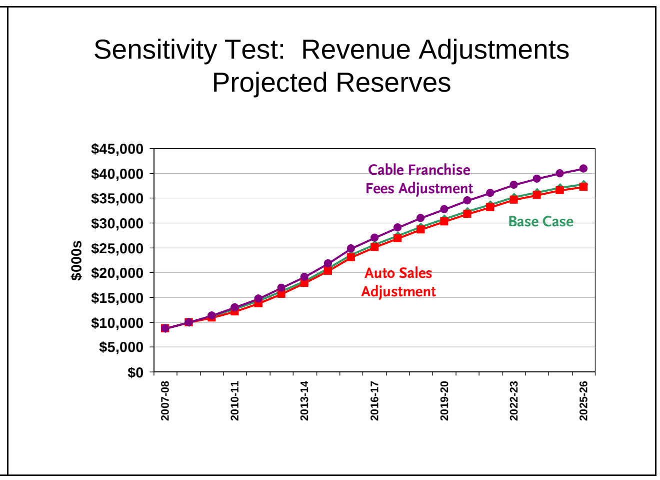
	Base Case	Auto Sales Tax Adjustment	Cable Franchise Fees Adjustment
Fiscal Year 2016-17			
Revenues	$43,297	$43,297	$43,476
Costs	41,360	41,360	41,360
Net Balance	$1,936	$1,936	$2,116
Reserve Fund Balance[a]	$25,642	$25,103	$27,020
Fiscal Year 2025-26			
Revenues	$46,866	$47,055	$47,055
Costs	46,275	46,275	46,275
Net Balance	$591	$591	$780
Reserve Fund Balance[a]	$37,819	$37,256	$40,963

a The reserve fund balance at the beginning of 2007-08 was nearly $8.8 million.

Source: Mundie & Associates

Figure 13
Comparison of Fiscal Outcomes: Revenue Adjustments





The results indicate that these adjustments would have small impacts on the General Fund:

- The increase in revenue from cable franchise fees would improve the city's fiscal outlook. Because cable franchise fees currently account for only two percent of the city's current (2007-08) budget, however, the addition of a second cable provider in Petaluma would not have significant impacts on the city's operating revenue.
- The expected drop in auto sales would only cause a slight drop in the projected annual net balance for the duration of the slump; it would not affect the net reserves in the long term.

Summary of Findings

The analysis summarized in this report supports the following conclusions:

- Development permitted by the draft General Plan 2025 is, in the long run, fiscally advantageous to the City of Petaluma. The city's plans for short- and long-term development will help to assure fiscal balance over the term of the plan.
- The city's fiscal health would benefit from sustained residential and nonresidential development. New development contributes higher property tax revenues to the General Fund that, even though constrained by Proposition 13 (Article XIIIA of the California Constitution), nevertheless provide increases in funding that are critical to the ongoing provision of public services.
- Adverse economic conditions will have corresponding adverse effects on the city's fiscal health. Tests of future conditions with less development – particularly nonresidential development – or slower housing price increases than assumed in the base case would yield significantly less positive results than the base case.
- Minor revenue gains and losses resulting from anticipated changes in consumer spending on automobiles or adjustments in revenue from some fees would have negligible impacts on the city's fiscal condition.

Changes in service levels are not included in the fiscal analysis. Any enhancements to current services, or additions of significant new services, would increase city operating costs beyond the amounts projected in this analysis.

General Fund surpluses that materialize over the life of the plan may be used to improve existing city services, provide new services, or fund programs directed toward achieving the goals and implementing the policies and programs of the new General Plan. Examples may include improving the maintenance of parks and public landscaping, providing a greater array of recreation programs, cultural programs, and social services, and expanding economic development efforts (including business recruitment and retention, technical assistance to businesses, and job training).

APPENDIX A
POPULATION AND HOUSEHOLD ASSUMPTIONS IN THE MODEL

	Projection for Area Within the Urban Growth Boundary (UGB)[1]		Source
	2007	2025	
Total housing units	22,410	27,718	City of Petaluma, Department of General Plan Administration
Residential occupancy rate	98%	98%	California Department of Finance (Jan. 1, 2007). *Assumed constant within city/UGB, and over time.*
Occupied housing units	21,962	27,164	*Calculated.* Total housing units multiplied by the residential occupancy rate.
Total population	56,068	72,707	*Calculated.* The California Department of Finance estimated the 2007 population for the City of Petaluma at 56,996. Total population of the area within the UGB is assumed to include 1,072 additional residents in the area that is currently outside city limits (based on the difference between the city and UGB populations as reported in the 2006 Fiscal Report prepared for the city). Total population in 2025 from City of Petaluma, Department of General Plan Administration.
Group quarters population	740	740	California Department of Finance (Jan. 1, 2007). *Assumed constant within city/UGB, and over time.*
Total household population	57,328	71,967	*Calculated.* Total population minus group quarters population.
Average household size	2.61	2.65	*Calculated.* Total household population divided by the number of occupied dwelling units.

1 Note that the Urban Growth Boundary includes territory that is presumed to be annexed to the city.

APPENDIX B
TREATMENT OF REVENUES AND COSTS IN THE FISCAL MODEL

Revenues

Source	Amount	Treatment in Model
Taxes		
Property Tax		
Secured	$6,300,000	Calculated in model, based on new development and turnovers. Turnovers are assumed at 10% per year for housing units. No turnovers are assumed for nonresidential properties. Calculation incorporates inflation.
Unsecured	500,000	Percent of nonresidential property tax. Calculation incorporates inflation.
Supplemental (Sec. + Unsec.)	500,000	Calculated in model, based on new development and turnovers. Calculation incorporates inflation.
Prior Year (Sec. + Unsec.)	0	No revenue
Total Property Tax	$7,300,000	
Sales Tax	$11,130,000	Per capita; inflation every year.
Amount of sales tax from auto sales	3,339,000	In budget year, assumed auto sales accounted for 30% of all sales tax and outlet malls accounted for 5%. In subsequent years, revenue from auto retail is based on population; all other retail (including outlet mall retail) is based on sq. ft. of retail space. Inflation every year.
Amount of sales tax from outlet mall	556,500	
Business License Tax	800,000	Per sq. ft. of nonresidential building space; no inflation.
Property Transfer Tax	1,300,000	Calculated in model, based on new development and turnovers. Calculation incorporates inflation.
Total Taxes	***$20,530,000***	
Franchise Fees		
Franchise Fee - Garbage	$1,620,000	Per housing unit + per sq. ft. of nonresidential building space; inflation every year. Rate is 13.22%, of which 10% goes to the General Fund and 3.22% goes to street reconstruction.
Franchise Fee - Cable	750,000	Per housing unit; no inflation. Sensitivity test considers addition of AT&T in 2009; assumes an increase of 20% in that year.
Franchise Fee - PG&E	425,000	Per housing unit + per sq. ft. of nonresidential building space; inflation every year.
Total Franchise Fees	***$2,795,000***	
Licenses, Permits, & Fees		
Animal Licenses	$110,000	Per capita; no inflation.
CDD Building Permits	1,000,000	Offset against Community Development costs.
CDD CSIF	2,500	Offset against Community Development costs.

Source	Amount	Treatment in Model
CDD Electrical	100,000	Offset against Community Development costs.
CDD Energy Fee	135,000	Offset against Community Development costs.
CDD Microfilming Fee	25,000	No change; no inflation.
CDD Plan Check	100,000	Offset against Community Development costs.
CDD Plumbing/Mechanical	135,000	Offset against Community Development costs.
CDD Public Art Fee	15,000	*Excluded. Transferred to the Public Art Fund*
Fire Fees	10,000	No change; no inflation.
Fire Haz Mat Permit Fees Range 1-7	15,000	Offset against Fire Department costs.
Fire Haz Mat Permit Fees Range 2-5, 8-10	75,000	Offset against Fire Department costs.
Fire Permits	75,000	Offset against Fire Department costs.
Fire Plan Check	185,000	Offset against Fire Department costs.
Fire Sprinkler/Alarm/Exist	120,000	Offset against Fire Department costs.
GF - Other Fees	30,000	Per capita; no inflation.
GF - Other Parking	20,000	Per capita; no inflation.
GF - Other Permits	5,000	Per capita; no inflation.
GF - Parking A Street Lot	5,000	Per capita; no inflation.
GF - Parking Keller St Garage	5,000	Per capita; no inflation.
Police Alarm Monitor Fees	40,000	No change; no inflation
Turning Basin Transient Boat Fees	42,000	No change; no inflation.
Total Licenses, Permits, & Fees Included in Model	***$2,234,500***	
Total Licenses, Permits, & Fees in Budget	*$2,249,500*	2007-08 Preliminary Budget, p. S-111
Fines/Forfeitures/Penalties		
GF - Parking Fines	$335,000	Per capita; no inflation.
Police Criminal Fines	15,000	Per capita; no inflation.
Police Health & Safety Fines	1,000	Per capita; no inflation.
Police Fines, Penalties, Forfeitures	3,000	Per capita; no inflation.
Police Vehicle Code Fines	250,000	Per capita; no inflation.
Total Fines/Forfeitures/Penalties	***$604,000***	
Investment Earnings & Rent		
GF - Interest	$640,000	Hold constant. This interest is on the General Fund only.
GF - Lease Revenue	50,000	Hold constant.
Parks/Rec. Facilities Rental	225,000	Hold constant first two years; inflation thereafter.
Park/Rec Advertising	2,500	Hold constant first two years; inflation thereafter.
Total Investment Earnings & Rent	***$917,500***	
Intergovernmental		
GF - Motor Vehicle In-Lieu	$4,400,000	Per capita; inflation every year.
*GF - State Mandated Costs Reimbursement	160,000	*Excluded in budget year. Assume $160,000 for 2008-09, and $160,000 (no inflation) in alternating years thereafter.*
Police County Receipts	50,000	*Excluded*
Police Post Reimbursement	62,000	*Excluded*
Public Safety Augment (Prop. 172)	400,000	Percent of regular sales tax. Calculation incorporates inflation.
PW - Other State Receipts	150,000	Inflation every year.

Source	Amount	Treatment in Model
GF - State Mandated Costs Reimbursement	*See note*	Note: Assumed $0 for 2007-08; $160,000 for 2008-09; assume $160,000 (no inflation) in alternating years thereafter.
Total Intergovernmental Included in Model	***$4,950,000***	
Total Intergovernmental in Budget	*$5,222,000*	2007-08 Preliminary Budget, p. S-112
Charges for Services		
CDD Charges Fee for Service	$250,000	Offset against Community Development costs.
CDD Developer Services	15,000	Offset against Community Development costs.
CDD Technology Fee	40,000	Per capita; inflation every year.
CDD Zoning & Subdivision Fees	180,000	Offset against Community Development costs.
Charges for Services	4,000	Per capita; inflation every year.
Fire Charges Fee for Service	6,000	Offset against Fire Dept costs.
Fire Weed Abatement	15,000	Inflation every year.
GF - Charges for Passports	15,000	Per capita; no inflation.
GF - CIP Administration	1,000,000	Inflation every year.
GF - Domestic Partner Registration	500	Per capita; no inflation.
GF - External Admin Services	41,000	Per capita; no inflation.
GF - Internal Admin Services (Impact/Gas)	364,500	Per capita; no inflation.
GF - Intragovernmental	2,897,850	Per capita; no inflation.
GF - Civic Center/Library Maintenance	50,000	No change; inflation every year.
Other Charges for Services	4,600	Per capita; inflation every year
Park/Rec Aquatics Fees	200,000	Per capita; inflation every year.
Park/Rec Cavanaugh	6,000	Per capita; inflation every year.
Park/Rec Comm Center	10,000	Per capita; inflation every year.
Park/Rec Parks - Other Fees	85,000	Per capita; inflation every year.
Park/Rec Contract Class Fees	185,000	Per capita; inflation every year.
Park/Rec Senior Fees	70,000	Per capita; inflation every year.
Park/Rec Special Events	25,000	Per capita; inflation every year.
Park/Rec Sports Fees	120,000	Per capita; inflation every year.
Park/Rec Tiny Tot Fees	125,000	Per capita; inflation every year.
Park/Rec Youth Fees	190,000	Per capita; inflation every year.
Police DUI Response Fees	35,000	Offset against Police costs.
Police Overtime Reimbursement	60,000	No change; inflation every year.
Police Restitution/Booking Fees	75,000	*Excluded. State did not fund in 2007-08.*
Police Tow Service Admin	135,000	Per capita; inflation every year.
Police Towing Company Fee	80,000	Per capita; inflation every year.
PW Charges Fee for Service	10,000	Per capita; inflation every year.
PW Engineering Fees	400,000	Per capita; inflation every year.
PW Overtime Reimbursement	4,000	No change; inflation every year.
Total Charges for Services Included in Model	***$6,623,450***	
Total Charges for Services in Budget	*$6,698,450*	2007-08 Preliminary Budget, p. S-113
Other Revenue		
Adopted Animals	$28,000	No change; no inflation.
CDD - Other Revenue	12,000	No change; no inflation.

Source	Amount	Treatment in Model
GF - Other Revenue	50,000	No change; no inflation.
GF - Proceeds Asset Sales	25,000	No change; no inflation.
GF - Sale of Documents/Copies (Photocopying)	10,000	No change; no inflation.
Park/Rec Restitution	2,500	No change; no inflation.
Police Other Revenue	10,000	No change; no inflation.
Police Restitution	7,000	No change; no inflation.
Police Sale of Documents/Copies	16,000	No change; no inflation.
Public Works Restitution	35,000	No change; no inflation.
Total Other Revenue	***$195,500***	
Subtotal GF Revenue, before Transfers In	**$39,211,950**	2007-08 Preliminary Budget, p. S-109
Less Revenues Excluded from Model	-362,000	
Less Revenues Offset in Model	-2,428,500	
Revenue Included in Model, before Transfers In	$36,421,450	
Transfers In		
Donations - Fireworks	$40,000	No change; no inflation
Prince Park Trust	40,000	*Excluded.*
Supplemental Law Enforcement - CAD/RMS	100,000	Offset against Police costs; add 10% per year.
Transient Occupancy Tax	1,000,000	$1,000,000 (adjusted for inflation) to General Fund; remaining to designated uses. Per hotel room; inflation every year.
Total Transfers In Included in Model	***$1,140,000***	
Total Transfers In in Budget	*$1,180,000*	2007-08 Preliminary Budget, p. S-114
Revenue Included in Model, before Transfers In	**$36,421,450**	
Transfers In Included in Model	**1,140,000**	From Administrative Services – Employee Benefits, Vehicle/Equipment Replacement (2007-08 Preliminary Budget, p. S-122).
Less Offset (Supp. Law Enforcement - CAD/RMS)	**-100,000**	
Total GF Revenues Included in Model	**$37,461,450**	

Reconciling Model with 2007-08 Budget:		
Total GF Revenue in 2007-08 Budget	**$40,391,950**	2007-08 Budget, pg. S-109
Less Revenues Excluded from Model	**-362,000**	2007-08 Budget, pg. S-109
Less Revenues Offset in Model	- 2,428,500	2007-08 Budget, pg. S-109
Less Transfers In Excluded in Model	**-40,000**	
Less Transfers In Included in Model	**-100,000**	
Total GF Revenues Included in Model	**$37,461,450**	

Costs

Source	Amount	Treatment in Model
General Government		
City Council	$290,650	No change; inflation every year.
City Clerk	341,550	Per capita; inflation every year.
City Attorney	416,800	Per capita; inflation every year.
City Manager	387,050	Per capita; inflation every year.
Animal Control	769,600	Per capita; inflation every year.
Administrative Services		
Human Resources	385,050	Per capita; inflation every year.
Finance	1,741,600	Per capita; inflation every year.
Total General Government	*$4,332,300*	
Police		
Police Administration	$2,226,350	Percent of other costs. Calculation incorporates inflation. *Note: Added $100,000 to budget figure per 2007 Council action.*
Patrol (Operations)	8,769,550	Per capita; inflation every year.
Communications	1,310,150	Per capita; inflation every year.
Investigation	1,044,050	Per capita; inflation every year.
Crime Prevention	286,450	Per capita; inflation every year.
Records	562,250	Per capita; inflation every year.
Traffic Safety	960,200	Per capita; inflation every year.
Auto Theft	139,950	Per capita; inflation every year.
CAD/RMS Project	314,500	Add 10% per year
Total Police	*$15,613,450*	*Note difference of $100,000 from 2007-08 budget total for Police (from Police Administration).*
Fire		
Administration	$644,600	Percent of other costs. Calculation incorporates inflation.
Suppression	6,672,500	Per capita; inflation every year.
Disaster Preparedness	15,850	Per capita; inflation every year.
Fire Prevention	375,250	Per capita; inflation every year.
Hazardous Materials	141,350	Per capita; inflation every year.
Total Fire	*$7,849,550*	
Community Development		
Administration	$669,000	Total net of offsetting revenues; inflation every year.
Planning	261,700	Total net of offsetting revenues; inflation every year.
Inspection Services	639,550	Total net of offsetting revenues; inflation every year.
Code Enforcement	170,300	Total net of offsetting revenues; inflation every year.
GIS	124,650	Total net of offsetting revenues; inflation every year.
Total Community Development	*$1,865,200*	

Source	Amount	Treatment in Model
Public Works		
Public Works Administration	$1,449,300	Percent of other costs. Calculation incorporates inflation.
Street Signals/Lighting Maintenance	314,550	Per mile of streets; inflation every year.
Street Signs	414,150	Per mile of streets; inflation every year.
Street maintenance	250,000	Remain constant. This line item is for minor street maintenance (potholes, etc.).
Vehicle & Equipment Maintenance	543,500	Per mile of streets; inflation every year.
Turning Basin Operations	80,850	No change; inflation every year.
Street Lighting Operations	403,100	Per mile of streets; inflation every year.
Public Works Engineering	995,400	Per mile of streets; inflation every year.
Development Engineering	642,850	
CIP Engineering	22,350	
Traffic Engineering	330,200	
Building Facilities/Maintenance	1,304,750	No change (unless new public buildings are added); inflation every year.
Total Public Works	*$5,755,600*	
Parks & Recreation		
Parks & Recreation Administration	$1,016,100	Percent of other costs. Calculation incorporates inflation.
Contract Classes	102,100	Per capita; inflation every year.
Sports and Athletics	121,250	Per capita; inflation every year.
Special Events	45,500	Per capita; inflation every year.
Aquatics	335,650	Per capita; inflation every year.
Tiny Tots	113,700	Per capita; inflation every year.
Youth Programs	277,150	Per capita; inflation every year.
Camp Sunshine	20,301	Per capita; inflation every year. *Note: this figure adjusted from 2007-08 budget by Administrative Services Director.*
Senior Center Programs	171,900	Per capita; inflation every year.
Library/Museum Programs	40,350	Per capita; inflation every year.
Community Center	219,450	Per capita; inflation every year.
Cavanagh Community Center	19,550	Per capita; inflation every year.
Parks/Landscaping Maintenance	2,141,450	Per acre of developed parks + population adjustment; inflation every year.
Total Parks & Recreation	*$4,624,451*	*Note difference of $7,049 from 2007-08 budget total for Parks & Recreation, due to change in Camp Sunshine expenditure from $27,350 to $20,301.*
Subtotal Service Costs	$40,040,551	
Other Costs		
Transfers Out	$13,000	Hold constant.
Allowance for Retirements	100,000	No change; inflation every year.
Transfers Out For Vehicle Replacement	200,000	Based on percent change in vehicle & equipment budget; calculation incorporates inflation.
Subtotal Other Costs	*$313,000*	

Source	Amount	Treatment in Model
Reconciling Model with 2007-08 Budget:		
Total GF Obligations, in 2007-08 Budget	$40,260,600	Budget, pg. S-123
$100,000 to Police Admin.	100,000	
Less Decrease in Expenditures for Camp Sunshine	-7,049	
Subtotal GF Obligations in Model	**$40,353,551**	
Subtotal GF Obligations in Model	$40,353,551	
Less Offsetting Revenues	2,428,500	
Less Transfers In	100,000	
Total GF Obligations Assumed in Model	**$37,825,051**	

Estimated Value of New Development

	Value	
Land use	**Per Unit**	**Per Sq. Ft.**
Residential: Single Family	$700,000	
Residential: Multi-family	$425,000	
Residential: Mobile Home	$0	
Office/Business Park		$150
Standard Retail		$120
Auto Retail		$130
Outlet Mall Retail		$110
Hotel/motel		
Light Industrial		$75
Heavy Industrial		$60
Warehouse		$50
Mixed Use: Multi-family Residential	$425,000	
Mixed Use: Office		$150
Mixed Use: Retail		$120

Note: Nonresidential development is assumed not to sell during the study period.

Inflation Rates

Application	Rate
General inflation rate/discount rate for constant dollars	3.00%
Utilities	
Years 1-8	7.00%
Years 9-22	5.00%
Intergovernmental transfers	2.50%
Local taxes, fees, and charges: years 1-10	6.33%
Local taxes, fees, and charges: years 11-22	5.00%
CIP Administration	3.00%
Housing*	7.00%
Supplemental Law Enforcement - CAD/RMS	10.00%

* For property tax calculations, the maximum increase in the value of property not sold during the year is two percent.

Source: Mundie & Associates

APPENDIX C
EFFECTS OF INFLATION

The regulations that govern public finance in California virtually dictate that costs and revenues will increase (inflate) at different rates in the future:

- A few revenues – most notably, sales tax – and some costs (except those governed by contracts with no inflation adjustment) increase with the general rate of inflation.
- Some conditions that contribute to revenues or costs are likely to grow more rapidly than the overall rate of inflation. These conditions include housing prices and utility prices.

This report provides revenue and cost estimates for the two indicator years –2016-17 and 2025-2026 – in constant 2007-2008 dollars. To reflect the differential inflation rates, however, the model first inflates all dollar amounts to their future year values. Table C1 illustrates the effects of inflation on $1 over time by reporting the future value of $1 in the indicator years used in the report.

Table C1
Effects of Inflation

Inflation Rate	Model Applications	Dollars Needed in Future Years to Pay for Goods/Services Selling for $1 in 2007		
		2007-08	2016-17	2025-26
3.00%	General inflation rate	$1.00	$1.30	$1.70
	Utilities			
7.00%	Years 1-8	$1.00	$1.84	$3.38
5.00%	Years 9-22	$1.00	$1.55	$2.41
2.50%	Intergovernmental transfers	$1.00	$1.25	$1.56
6.33%	Local taxes, fees, and charges: years 1-10	$1.00	$1.74	$3.02
5.00%	Local taxes, fees, and charges: years 11-22	$1.00	$1.55	$2.41
7.00%	Housing	$1.00	$1.84	$3.38
10.00%	Supplemental Law Enforcement	$1.00	$2.36	$5.56

Source: Mundie & Associates

After inflating revenue and costs estimates to future year prices, the model "discounts" those future, differently-inflated projections to today's values. The discounting step is needed to reflect the fact that the utility of future dollars is not as great as that of dollars currently in hand. Just as it would require, for example, $1.30 in 2016-17 to purchase goods that would cost $1.00 today if the inflation rate were three percent per year (see Table C1), it would require less than $1.00 today to purchase something that will cost $1.00 in 2016-17.

In this analysis, a discount rate of 3.0 percent is used. This rate is the same as the general rate of inflation assumed in the analysis.

Because the methodology first inflates dollar amounts to future values at different inflation rates (shown in Table C1) and subsequently brings them back to them to current values all at the same discount rate, amounts expressed in constant dollars may vary in unexpected ways. For example:

- $1 inflated at a rate of 3.0 percent per year (the assumed general inflation rate) and then discounted back to present value at the same rate has a value of $1 in constant 2007-08 dollars.
- $1 inflated at a rate of 7.0 percent per year (the assumed rate for housing values) and then discounted back to present value at a rate of 3.0 percent per year has a value greater than $1 in constant 2007-08 dollars.

Table C2 illustrates the value in constant FY 2007-08 dollars of $1 inflated at the various rates shown in Table C1 for different numbers of years and then discounted to back to present value.

Table C2
Effects of Discounting

	Dollars Needed in 2007-08 to Pay for Goods/Services Selling for $1 in Future Years*		
Inflation Rate	**2007-08**	**2016-17**	**2025-26**
0.00%	$1.00	$0.84	$0.70
2.50%	$1.00	$0.96	$0.92
3.00%	$1.00	$1.00	$1.00
5.00%	$1.00	$1.19	$1.41
6.33%	$1.00	$1.33	$1.77
7.00%	$1.00	$1.41	$1.99
10.00%	$1.00	$1.81	$3.27

* Dollar amounts shown are inflated to the future year shown at the top of the column at the inflation rates shown and then discounted back to 2007-08 dollars at a rate of 3.0 percent per year.

APPENDIX D
DEVELOPMENT PERMITTED AT
FULL BUILDOUT OF THE DRAFT GENERAL PLAN (2027)

Tables D1 (acres) and D2 (housing units/building space) summarize the development permitted by full buildout of the draft General Plan. Full buildout is expected to occur in 2027.

Table D3 compares existing development ("Existing"), existing plus pipeline ("Existing+Pipeline"), and total new development ("Existing+Pipeline+Plan") at full buildout.

Table D1
Development at Full Plan Buildout (2027): Acres

Use	Within Current City Limits		In Future Annexation Areas	
	In Redev't	Outside Redev't	In Redev't	Outside Redev't
Residential				
Single Family Residential	299.3	2,968.7	159.9	479.1
Multi-family Residential	103.2	155.2	7.6	2.1
Mobile Homes	76.7	40.6	-	-
Mixed Use	229.5	1.9	9.7	5.0
Total	708.7	3,166.4	177.2	486.2
Nonresidential				
Commercial	272.9	49.9	28.5	-
Office	198.6	155.6	-	3.6
Industrial	273.1	141.1	80.7	-
Total	744.6	346.6	109.2	3.6

Source: City of Petaluma, Department of General Plan Administration; Mundie & Associates

Table D2
Development at Full Plan Buildout (2027): Housing Units/Building Space

Use	Within Current City Limits		In Future Annexation Areas	
	In Redev't	Outside Redev't	In Redev't	Outside Redev't
Residential (Units)				
Single Family Residential	2,180	17,032	191	441
Multi-family Residential	3,967	2,888	161	17
Mobile Homes	519	351	0	0
Total	6,666	20,271	352	458
Nonresidential (Sq. Ft.)				
Commercial	5,528,440	546,350	203,783	15,000
Hotel/Motel (Rooms)	772	75	0	0
Office	4,564,761	3,316,137	61,712	38,397
Industrial	3,087,302	2,180,197	345,767	0
Total	13,180,503	6,042,684	611,262	53,397

Source: City of Petaluma, Department of General Plan Administration; Mundie & Associates

Table D3
Development at Full Plan Buildout (2027): Housing Units/Building Space[a]
(Existing+Pipeline+Plan)

Use	Existing	Existing+ Pipeline	Existing+ Pipeline+ Plan[b]	Change from Existing[c]
Residential (Housing Units)				
Single Family	18,012	19,467	19,844	1,832
Multi-family	3,528	4,805	7,033	3,505
Mobile Home	870	870	870	0
Total	22,410	25,142	27,747	5,337
Nonresidential (Square Feet of Building Space)				
Commercial	4,605,518	5,819,768	6,293,573	1,688,055
Hotel/Motel Rooms	682	790	847	165
Office	5,820,222	7,035,626	7,981,007	2,160,785
Industrial	5,194,683	5,294,183	5,613,266	418,583
Total	15,620,423	18,149,577	19,887,846	4,267,423

a Figures in this table represent full buildout potential (2027). The fiscal analysis assumes that not all permitted development will be built during the lifetime of the General Plan.
b Incorporates removal of existing uses that would be replaced by new development.
c Existing + Pipeline + Plan – Existing.

Source: City of Petaluma, Department of General Plan Administration; Mundie & Associates