



Santolina Level B Master Plan Fiscal and Economic Impact Study Bernalillo County, New Mexico

PURPOSE:

The purpose of the Fiscal and Economic Impact Study is to provide a detailed summary of the projected fiscal and economic impacts to the County of Bernalillo (the “County”) as a result of the development of the Santolina Level B Master Plan (the “Project”). The significance of the fiscal analysis is to determine whether development is generating enough revenues for the County to fully offset expenditures for services that are provided on its behalf by the County. Whereas, the economic analysis evaluates (i) additions to regional output (gross receipts, sales, or operating budget), (ii) earnings (the sum of wages and salaries, proprietors’ income, and other labor income), (iii) employment (number of jobs), and (iv) the jobs-housing balance.

This is specifically done to satisfy the “No Net Expense” element of the County’s Planned Communities Criteria (“PCC”) and the executed Santolina Level A Development Agreement.

METHODOLOGY:

The Study analyzes the recurring fiscal impacts of the Santolina Master Plan’s development on the General Fund of the County. Importantly, because one-time revenues typically offset one-time impacts, the Study does not address one-time revenues (except for estimating gross receipts taxes from construction activities) and focuses primarily on recurring revenues. Likewise, revenues that are considered to be non-recurring, such as development impact fees paid by the developer, are also excluded from the fiscal model. In sum, the fiscal model reflects the estimated recurring annual deficit or surplus to the County’s general fund that will result from the development of the Project. The Study also identifies the general economic impacts on the County in terms of employment, gross receipts, and earnings creation for residents and workers of the County and Project.

Fiscal Impacts:

The fiscal impacts projected are based generally on the Multiplier Methodology and in particular the Per Capita-Employee (“Persons Served”) Methodology. To project several recurring fiscal factors, the Study employed the Per Capita-Employee (“Persons Served”) Methodology and for major revenue sources, e.g. property tax and gross receipts tax, the Study employed the Case Study Methodology.

Economic Impacts:

DTA’s economic impact analysis incorporates two stages of the development process: construction and operations. To conduct the economic impact analysis, DTA used Version 3 of the IMPLAN economic modeling system and operated under the assumption that each phase has three (3) economic effects:

1. Direct: Caused by the additional output of goods and services from a specific land use.
2. Indirect: Ripple effect among all of the industries whose outputs are used by the land use and its overall supply chain.
3. Induced: Arise when employment increases in a region and stimulates greater household spending.



RESULTS:

Recurring & One-Time Fiscal Impacts:

The model reflects the estimated recurring surplus to the General Fund of the County that will result from the development of the Project. Results are summarized below:

Fiscal Impact Category	General Fund	General Fund + Dedicated Funds
Total Annual Recurring Revenues	\$19,450,443	\$28,095,853
Total Annual Recurring Costs	(\$11,805,126)	(\$11,805,126)
Total Annual Recurring Surplus/(Deficit)	\$7,645,317	\$16,290,727
<i>Total Annual Revenue/Cost Ratio</i>	<i>1.65</i>	<i>2.38</i>

The County will enjoy a significantly positive fiscal impact as a result of new development. As an example, for every one dollar (\$1.00) incurred by the County in providing County services to the Project, the County will get at least \$1.65 back in new Project revenues. Additionally, as noted below, the one-time (construction) gross receipts tax revenues flowing to the County, over the buildout of the Project, are substantial.

Fiscal Impact Category	Amount (\$)
Total One-Time (Construction) GRT	\$35,726,000
General Fund	\$17,863,000
Non-General Fund	\$17,863,000

One-Time & Recurring Economic Impacts:

Each of the tenants for the Project's numerous and varied land uses will have construction (one-time) and ongoing/recurring operating expenses. These construction (one-time) and annual operating/recurring costs drive additional spending in the economy. The spending creates recurring economic impacts that once again have direct, indirect, and induced expenses. The results of the economic phase of the Study are summarized below:

One-Time Impacts	Direct	Indirect/Induced	Total
<u>Construction Employees</u>			
Countywide	28,500	20,000	48,500
Santolina Level B Plan	28,500	10,000	38,500
<u>Construction Wages</u>			
Countywide	\$1,273,000,000	\$846,000,000	\$2,119,000,000
Santolina Level B Plan	\$1,273,000,000	\$423,000,000	\$1,696,000,000
<u>Construction Output</u>			
Countywide	\$3,561,000,000	\$2,364,000,000	\$5,925,000,000
Santolina Level B Plan	\$3,561,000,000	\$1,182,000,000	\$4,743,000,000

Recurring Impacts	Direct	Indirect/Induced	Total
<u>Employees</u>			
Countywide	27,250	14,000	41,250
Santolina Level B Plan	27,250	7,000	34,250
<u>Employee Wages</u>			
Countywide	\$1,090,000,000	\$617,000,000	\$1,707,000,000
Santolina Master Plan	\$1,090,000,000	\$308,500,000	\$1,398,500,000
<u>Overall Output</u>			
Countywide	\$2,213,000,000	\$1,578,000,000	\$3,791,000,000
Santolina Master Plan	\$2,213,000,000	\$789,000,000	\$3,002,000,000

Other Impacts:

<u>Jobs-Housing Balance</u>	Balance without Project	Balance with Project	% Increase / (Decrease)
Countywide	1.09	1.20	9.9% ↑
Unincorporated	1.12	1.57	40.92% ↑

Other Beneficiaries (Non-Bernalillo County)	Amount (\$)
Total One-Time (Construction) GRT – State, UNM, & School Districts, etc.	\$188,000,000
Annual GRT – State, UNM, School Districts, etc.	\$73,000,000
Annual Property Taxes – State, UNM, School Districts, etc.	\$22,000,000

Simply put, the Santolina Level B Master Plan will serve as an invaluable anchor for the Bernalillo County economy. As can be seen by the results of this Study, the Project will provide long term fiscal and economic benefits to the County, as well as local school districts, the University of New Mexico, the surrounding area, and the entire State of New Mexico.