

MEMORANDUM

To: Ryan Sikorski and George Condon,
Dermody Properties

From: Amy Lapin and Sean Fisher

Subject: Project Frontier Economic Impact Analysis;
EPS #232005

Date: March 30, 2023

The Economics of Land Use



Introduction

Dermody Properties (Dermody) retained Economic & Planning Systems, Inc. (EPS) to prepare an economic impact analysis (Analysis) of the Project Frontier (Project), a proposed industrial project located in El Dorado Hills, an unincorporated community in western El Dorado County (County). The 180-acre proposed Project is located south of the existing El Dorado Hills Business Park (EDHBP) and consists of approximately 4.5 million building square feet of industrial space to be constructed over the next 3 years.

The purpose of this Analysis is to estimate the quantifiable **one-time construction** and **ongoing annual operational impacts** of the proposed Project on the local economy with respect to jobs, income, and total economic output. Total economic output refers to the value of goods and services produced in a local economy as a result of a project's construction and buildout operations.

The economic stimulus generated by development of the Project will have a multiplying effect throughout the economy as local businesses, consumers, and employees associated with the Project make local expenditures. This Analysis quantifies these impacts using an input/output (I/O) economic modeling system, which measures the change in regional economic activity resulting from a specific economic stimulus (e.g., construction and operation of the Project). Additional detail regarding the I/O economic modeling system is provided at the end of this memorandum.

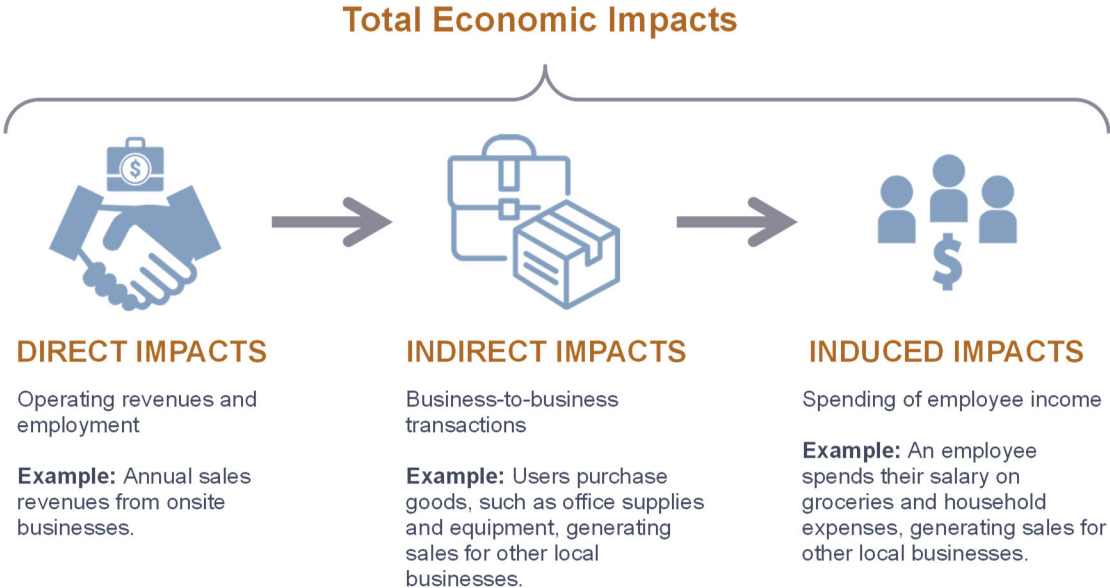
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In this Analysis, the local economy is defined as the County, and the economic impacts measured include the direct construction and operational contributions of the Project, as well as indirect impacts resulting from Project construction and the indirect and induced impacts resulting from the Project’s operations. **Figure 1** illustrates the ongoing annual activities captured by this Analysis.

Figure 1. Ongoing Annual Economic Impact Analysis Components



Source: EPS.

Operational contributions of the Project include an estimate of key public-sector tax revenues, including property tax and sales tax. This Analysis includes an estimate of annual tax revenues to the County and to the State of California (State) under two sales tax revenue scenarios: the “E-Commerce Sales Tax Revenue Scenario” and the “Alternative Sales Tax Revenue Scenario.” The two sales tax revenue scenarios differ in the estimate of onsite sales tax revenue generated by future Project tenants; both scenarios are based on the assumption that future Project employees will generate taxable sales outside of the Project at retail outlets in the County.

E-Commerce uses, such as those anticipated in the Project, have the potential to generate onsite taxable sales. According to State Law, E-Commerce sellers are subject to sales and use tax if they make sales through a marketplace that is registered with the California Department of Tax and Fee Administration (CDTFA), have a physical presence in the State, or have total sales exceeding \$500,000

annually.¹ Because the specific tenants of the Project are unknown at this time, this Analysis is based on an assumed low to high range of estimated onsite taxable sales, as described in further detail later in this memorandum.

In the event future tenants of the Project do not generate onsite taxable sales, this Analysis also includes an estimate of annual sales tax revenue under an "Alternative Sales Tax Revenue Scenario."

In addition, this Analysis includes a comparison of the economic and other impacts of the proposed Project relative to a "Hypothetical Land Use Scenario," which is based on the assumption that a mix of nonresidential land uses are developed on the Project site similar to existing land uses in the EDHBP and consistent with the County's 2004 General Plan (most recently amended in 2019).

The results of the Hypothetical Land Use Scenario analysis and comparison to the proposed Project are described in further detail later in this memorandum.

Project Overview

The 180.5-acre Project is located along Latrobe Road in the southern portion of El Dorado Hills, to the east of the City of Folsom. The Project is in the unincorporated community of El Dorado Hills in the County. The Project site is located south of the EDHBP, which is zoned to contain industrial, research and development, and commercial office uses, consistent with the proposed Project.

The Project is envisioned to contain approximately 4.5 million square feet of industrial uses spread across 2 buildings, the East and West buildings, and is anticipated to support about an annual average of 1,750 employees following stabilized operations:

- The **East Building** is proposed to be constructed first and will be a multilevel logistics, distribution, and warehousing facility, with a total of 3.4 million square feet, supporting about 1,000 employees. Construction of the East Building is anticipated to begin in 2024 and span 18 months, with construction completed in 2026.
- The **West Building** is anticipated to begin construction in 2025, shortly after construction of the East Building, and is expected to be completed over a 12-month construction period, with completion in 2026. The West Building is anticipated to contain approximately 1.1 million square feet of light industrial and warehousing space, supporting 500 to 1,000 employees. This Analysis is

¹ California Department of Tax and Fee Administration, Local and District Tax Guide for Retailers, Online Retailers: Registration and Local Tax, www.cdtfa.ca.gov/industry/localanddistricttaxes.htm#Online-Retailers. [Accessed March 2023.]

based on average annual employment for the West Building of 750 employees.

Figure 2 shows the anticipated Project Site Plan, and **Map 1** shows the Project in a regional context. **Table A-1** in **Appendix A** summarizes the Project's land uses and anticipated employment at buildout. **Table A-2** shows the anticipated Project development timeline and construction costs, including onsite development and required offsite infrastructure.

Economic Impact Results

Figure 3 summarizes the estimated one-time construction impacts, ongoing annual direct, indirect, and induced impacts, and public-sector tax revenues generated by the Project in the County economy:

- **One-Time Construction Impacts.** Construction of the Project, including both the East and West Buildings, is anticipated to generate \$718.1 million in one-time economic impacts, supporting 5,267 job years.²
- **Annual, Ongoing Operational Impacts.** Project operations are anticipated to generate \$218.3 million annually in total economic impacts, supporting an average of 2,213 jobs in the County. As a component of total economic impacts, this Analysis includes an estimate of annual public-sector tax revenues generated in the County and the State. The Project is anticipated to generate tax revenue to support public-sector operations ranging from \$10.4 million to \$24.3 million annually under the E-Commerce Sales Tax Revenue Scenario, depending on onsite taxable sales assumptions, as described in more detail later in this memorandum. Under the Alternative Sales Tax Revenue Scenario, the Project is anticipated to generate tax revenues estimated at approximately \$6.9 million, annually.

Table 1 provides the estimated economic impacts associated with Project construction and operations in a tabular format.

² Construction employment is reported as total job years lasting over the duration of a project and could reflect the same job that extends over multiple years.

Figure 2. Project Site Plan



Map 1. Project Location and Regional Context

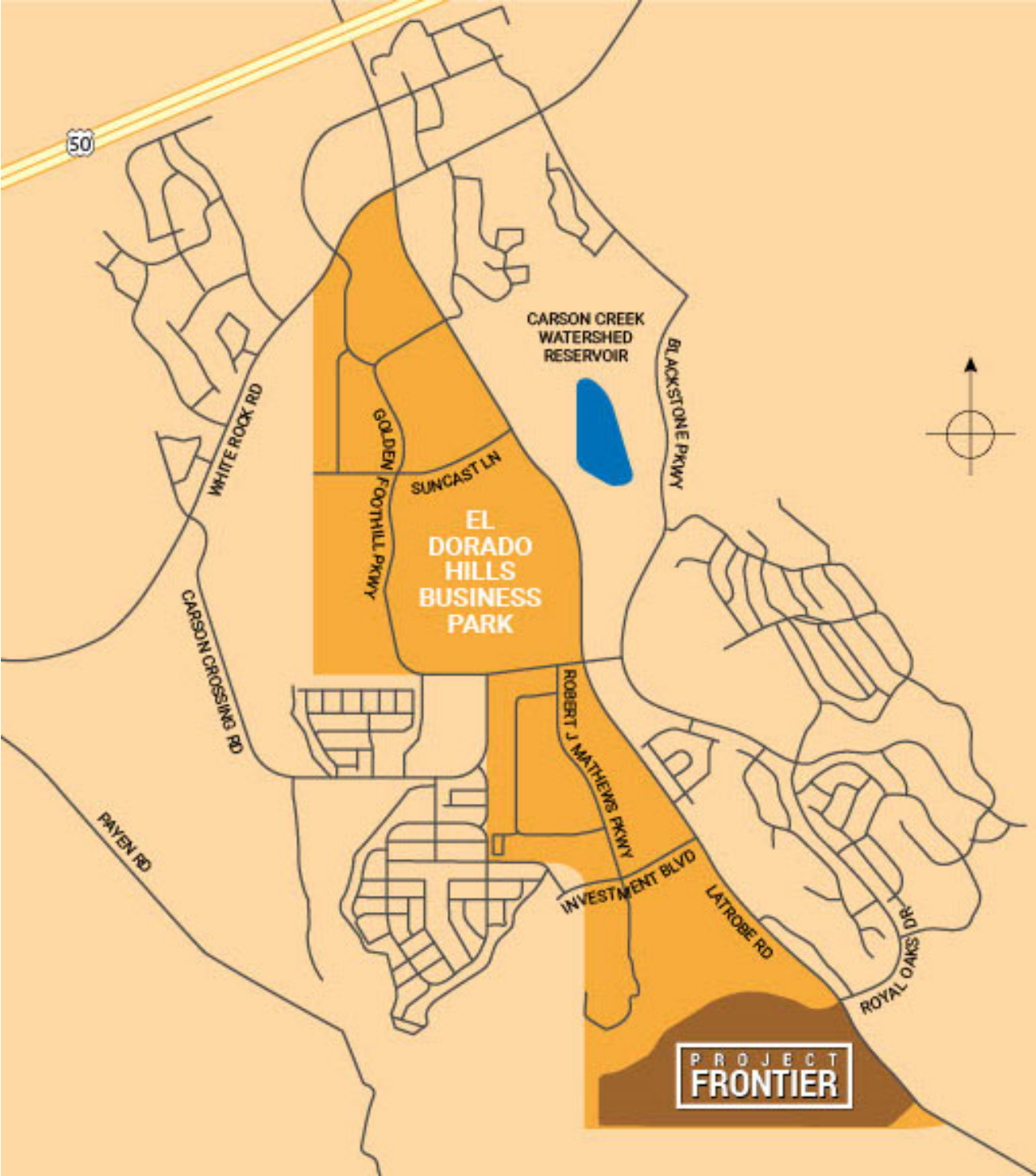
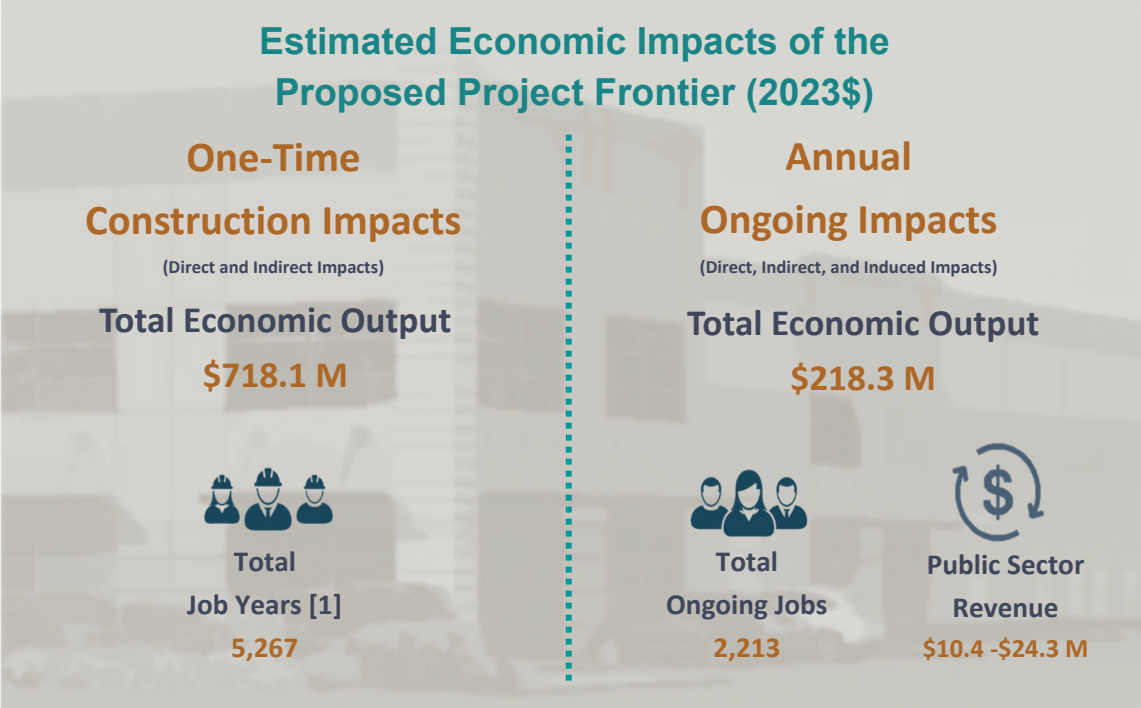


Figure 3. Economic Impacts of Project Frontier



Source: IMPLAN; EPS.

[1] Construction employment is reported as total job years lasting over the duration of the project and could reflect the same job that extends over multiple years. For instance, a general laborer employed for 2 years during construction activity would represent 2 job years.

Table 1
Project Frontier
Economic Impact Analysis
Summary of One-Time and Ongoing Economic Impacts (Rounded 2023\$)

Activity/Impact Categories	Proposed Project Frontier		
	East Building	West Building	Total
One-Time Economic Impacts			
One-Time Economic Activity from Construction [1]	Table 2 \$533.1M	Table 3 \$185.0M	Table 4 \$718.1M
One-Time Construction Jobs (Job Years) [2]	3,910	1,357	5,267
Annual Ongoing Economic Impacts			
Annual Ongoing Economic Activity from Stabilized Operations [3]	Table 5 \$124.7M	Table 6 \$93.6M	Table 7 \$218.3M
Annual Ongoing Operational Jobs (Annual Average) [4]	1,264	948	2,213
Annual Ongoing Public-Sector Tax Revenues			
E-Commerce Sales Tax Revenue Scenario			
Total Annual Public-Sector Tax Revenue - Low End [5]	Table 8 \$7.7M	Table 8 \$2.9M	Table 8 \$10.4M
Total Annual Public-Sector Tax Revenue - High End [5]	\$18.2M	\$7.2M	\$24.3M
Alternative Sales Tax Revenue Scenario			
Total Annual Public-Sector Tax Revenue [5]	\$5.1M	\$1.8M	\$6.9M

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] Includes direct and indirect impacts.
- [2] Job years refer to the number of jobs in each year summed over the entire construction period of the Project. Employment includes both full-time and part-time workers.
- [3] Includes direct, indirect, and induced impacts of the anticipated land uses in the Project.
- [4] Reflects stabilized operational employment for the Project. Employment includes both full-time and part-time workers. Refer to Table A-1 for details.
- [5] Reflects estimated tax revenue generated for jurisdictions and taxing entities in El Dorado County and the greater Sacramento region, and the State of California. The majority of estimated revenues will benefit taxing entities in El Dorado County; a portion of estimated sales tax revenues related to incidental employee spending may be generated in the greater region (e.g. Sacramento County and Placer County) Estimated public-sector tax revenue is a component of annual ongoing economic activity from stabilized operations and not additive to the economic impacts reflected above. On-site taxable sales generated by industrial uses are dependent upon the final end tenant. The mix of land uses in the project have the potential to generate additional on site sales tax revenues. A range of on-site taxable sales per square foot assumptions have been used under the e-commerce scenario, providing a potential range of sales tax revenues that could be realized by the Project. Additionally, a more conservative scenario was considered in which no taxable sales are realized on-site.

One-Time Construction Economic Impact Results

Construction impacts are based on the estimated hard construction costs for the proposed Project of \$624.5 million, as shown on **Table A-2** in **Appendix A**. One-time economic impacts stemming from construction of the Project are estimated to generate **total output of \$718.1 million** (measured in 2023 dollars). It is anticipated that construction of the Project will generate **5,267 job years** over the anticipated 18-month construction timeline from mid-2024 to 2026, including 4,772 direct and 495 indirect job years.³

One-time economic impacts are generated by construction and as such are limited to the development period of the construction. To the extent that construction activity is short term and construction labor markets are tight, construction impacts may represent a shift of resources from other projects in the County. This analysis therefore reports gross economic impacts, not accounting for potential shifts in resources. To the extent that construction labor is used temporarily, and laborers may live outside of the County, this Analysis is based on the assumption that construction activities will not generate induced impacts.

Annual Ongoing Economic Impact Results

The Project is estimated to result in approximately **2,200 full- and part-time jobs** in the County as a result of ongoing, annual Project operations, including 1,750 direct (on-site) Project jobs, 303 indirect, and 160 induced jobs. These jobs are estimated to generate approximately **\$73.1 million in earned employee compensation (wages and benefits)**.

Ongoing economic impacts are measured on a gross annual impact basis, not accounting for shifts in consumer expenditures from other local alternatives. Based on the anticipated full-time equivalent employment in the Project at buildout, approximately **\$218.3 million in total economic activity** (measured in 2023 dollars) is estimated to be generated in the County annually, including the employee compensation noted above. This level of economic output represents direct, indirect, and induced impacts.

³ Note that the employment figures reported for construction impacts represent total job years lasting over the duration of the Project and could reflect the same job that extends over multiple years. For instance, a general laborer employed for 2 years during construction activity would represent 2 job years.

Annual Public-Sector Tax Revenues

It is estimated the Project will generate approximately **\$10.4 million to \$24.3 million in public-sector tax revenues annually** (measured in 2023 dollars) under the E-Commerce Sales Tax Revenue Scenario, based on a low to high estimate of taxable sales generated onsite. Under the Alternative Sales Tax Revenue Scenario, the Project is estimated to generate \$6.9 million in public-sector tax revenues annually. Estimated public-sector tax revenue is a component of annual ongoing economic activity from stabilized operations and not additive to the economic impacts reflected above.

This Analysis estimates tax revenues resulting from the Project that will flow to the County, other jurisdictions and taxing entities in the County, and the State. This Analysis focuses on major sources of tax revenue only, including property tax and sales tax revenues. Of the revenue generated, \$7.3 million to \$10.0 million is estimated to be retained by the County and an additional \$3.1 million to \$14.3 million is estimated to accrue to the State, assuming an E-Commerce Sales Tax Revenue Scenario.

Detailed Analysis Findings and Assumptions

The following section provides the detailed results of the Analysis, as well as the assumptions used to calculate each impact.

One-Time Construction Impacts

Impacts associated with construction of the Project through buildout are measured on a one-time basis. Construction activity generates a short-term burst of economic activity that dissipates once construction is complete. One-time impacts include the value of new construction, improvements to existing infrastructure, employment created, and income earned during Project construction. Duration of one-time impacts is limited to the 18-month construction period of the East Building, from mid-2024 through 2026, and the 12-month construction period for the West Building, from mid-2025 through 2026. One-time economic impacts are calculated based on the anticipated Project hard construction costs, excluding soft costs. Soft costs, such as architect, engineering, and legal fees, are excluded because these costs are considered to be indirect costs and as such are included in the indirect one-time impacts of the Project. Based on information provided by Dermody, it is estimated that construction of the Project will incur approximately \$624.5 million in hard construction costs, including \$4.3 million in offsite infrastructure costs. Refer to **Table A-2 in Appendix A** for a summary of construction costs.

The section below details the one-time economic impacts of Project construction.

One-Time Project Construction—East Building

Table 2 details the estimated one-time economic impacts associated with construction of the Project’s East Building. The resulting impacts are described below:

- **One-Time Output.** Construction operations are estimated to generate approximately \$463.6 million in direct one-time industry output. Local spending will result in \$69.4 million in indirect one-time impacts, for a total one-time industry output impact of \$533.1 million.
- **Employee Compensation.** Of the \$463.6 million in direct industry output reported above, approximately \$259.0 million will be received by construction employees in the form of salary, wages, and benefits. Indirect employee compensation impacts total approximately \$23.2 million, for a total annual employee compensation impact of approximately \$282.3 million.
- **One-Time Employment.** The Project’s 3,543 direct construction jobs support approximately 367 indirect jobs, for a total employment impact of approximately 3,910 one-time jobs. All employment figures are presented in job years, which may reflect the same job over multiple years, as applicable.

One-Time Project Construction—West Building

Table 3 details the estimated one-time economic impacts associated with construction of the Project’s West Building. The resulting impacts are described below:

- **One-Time Output.** Construction operations are estimated to generate approximately \$160.9 million in direct one-time industry output. Local spending will result in \$24.1 million in indirect one-time impacts, for a total one-time industry output impact of \$185.0 million.
- **Employee Compensation.** Of the \$160.9 million in direct industry output reported above, approximately \$89.9 million will be received by construction employees in the form of salary, wages, and benefits. Indirect employee compensation impacts total approximately \$8.1 million, for a total annual employee compensation impact of approximately \$98.0 million.
- **One-Time Employment.** The Project’s 1,229 direct construction jobs support approximately 128 indirect jobs, for a total employment impact of approximately 1,357 one-time jobs. All employment figures are presented in job years, which may reflect the same job over multiple years, as applicable.

Table 2
Project Frontier
Economic Impact Analysis
Detailed One-Time Economic Impacts of Project Construction - East Building (Rounded 2023\$)

**One-Time Construction Impacts:
East Building**

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$463,638,270			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$204,620,000	\$46,190,000	-	\$250,810,000
Income [3]		\$259,020,000	\$23,240,000	-	\$282,260,000
Total Output		\$463,640,000	\$69,430,000	-	\$533,070,000
Construction Employment in El Dorado County (Job years) [4]					
		3,543	367	-	3,910

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire estimated 18-month period of construction of the Project. For example, a single worker employed for the entire construction period would equate to 1.5 job years. Employment includes both full-time and part-time workers.

Table 3
Project Frontier
Economic Impact Analysis
Detailed One-Time Economic Impacts of Project Construction - West Building (Rounded 2023\$)

**One-Time Construction Impacts:
West Building**

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$160,882,474			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$71,010,000	\$16,020,000	-	\$87,030,000
Income [3]		\$89,880,000	\$8,070,000	-	\$97,950,000
Total Output		\$160,890,000	\$24,090,000	-	\$184,980,000
Construction Employment in El Dorado County (Job years) [4]					
		1,229	128	-	1,357

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Job years refer to the number of jobs in each year summed over the entire estimated period of construction of the Project. As construction of the East Building is anticipated to last 12 months, a single worker employed for the entire construction period would equate to 1 job years. Employment includes both full-time and part-time workers

One-Time Project Construction—Total Project

Table 4 details the estimated one-time economic impacts associated with construction of the Project at full buildout. The resulting impacts are described below:

- **One-Time Output.** Construction operations are estimated to generate approximately \$624.5 million in direct one-time industry output. Local spending will result in \$93.5 million in indirect one-time impacts, for a total one-time industry output impact of \$718.1 million.
- **Employee Compensation.** Of the \$624.5 million in direct industry output reported above, approximately \$348.9 million will be received by construction employees in the form of salary, wages, and benefits. Indirect employee compensation impacts total approximately \$31.1 million, for a total annual employee compensation impact of approximately \$380.2 million.
- **One-Time Employment.** The Project's 4,772 direct construction jobs support approximately 495 indirect jobs, for a total employment impact of approximately 5,267 one-time jobs. All employment figures are presented in job years, which may reflect the same job over multiple years, as applicable.

Ongoing Operations

This report estimates the ongoing economic impacts occurring annually as a result of Project operations in the County. Ongoing economic impacts capture the direct, indirect, and induced impacts generated by the industrial businesses located in the Project. Impacts associated with these economic activities are estimated based on full-time equivalent (FTE) estimates, which are used because the I/O model calculates annual impacts based on the assumption all employees are full-time employees, and the Project will generate both full-time and part-time employment. Total employment estimates are based on anticipated employment data provided by the Project applicant. As Project employment is anticipated to range from 1,500 employees to 2,000 employees, this Analysis is based on the average annual employment of 1,750 employees. **Table A-1** in **Appendix A** shows the total employment generated by the Project.

Table 4
Project Frontier
Economic Impact Analysis
Detailed One-Time Economic Impacts of Project Construction - Total Project (Rounded 2023\$)

One-Time Construction Impacts: Total Project

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$624,520,744			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$275,630,000	\$62,210,000	-	\$337,840,000
Income [3]		\$348,900,000	\$31,310,000	-	\$380,210,000
Total Output		\$624,530,000	\$93,520,000	-	\$718,050,000
Construction Employment in El Dorado County (Job years) [4]					
		4,772	495	-	5,267

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Job years refer to the number of jobs in each year summed over the entire estimated 2 year period of construction of the Project. For example, a single worker employed for two years would equate to two job years. Employment includes both full-time and part-time workers.

Ongoing Project Operations—East Building

Table 5 summarizes the total estimated annual ongoing impacts associated with Project operations. The resulting impacts are described below:

- **Annual Output.** Project operations are estimated to generate approximately \$78.0 million in direct industry output annually. Local spending will result in approximately \$32.1 million in indirect industry output impacts and \$14.7 million in induced impacts annually, for a total industry output impact of \$124.7 million on an annual basis.
- **Employee Compensation.** Of the \$78.0 million in direct industry output reported above, approximately \$28.3 million will be received by employees employed in the Project in the form of salary, wages, and benefits. Indirect and induced employee compensation impacts total approximately \$13.5 million, for a total annual employee compensation impact of approximately \$41.8 million.
- **Annual Employment.** The Project’s estimated 1,000 jobs (FTEs) will support approximately 173 indirect and 91 induced jobs annually, for a total employment impact of approximately 1,264 jobs on an annual basis.⁴

Ongoing Project Operations—West Building

Table 6 summarizes the total estimated annual ongoing impacts associated with Project operations. The resulting impacts are described below:

- **Annual Output.** Project operations are estimated to generate approximately \$58.5 million in direct industry output annually. Local spending will result in approximately \$24.0 million in indirect industry output impacts and \$11.0 million in induced impacts annually, for a total industry output impact of \$93.6 million on an annual basis.
- **Employee Compensation.** Of the \$58.5 million in direct industry output reported above, approximately \$21.2 million will be received by employees employed in the Project in the form of salary, wages, and benefits. Indirect and induced employee compensation impacts total approximately \$10.1 million, for a total annual employee compensation impact of approximately \$31.3 million.
- **Annual Employment.** The Project’s estimated 750 jobs (FTEs) will support approximately 130 indirect and 68 induced jobs annually, for a total employment impact of approximately 948 jobs on an annual basis.

⁴ While direct jobs reflect FTEs (e.g., full-time employees plus the FTEs of part-time employees), indirect and induced job estimates reflect total full- and part-time employment, adjusted for seasonality but not adjusted for hours worked per day.

Table 5
Project Frontier
Economic Impact Analysis
Detailed Annual Economic Impacts of the Ongoing Project Operations - East Building (Rounded 2023\$)

Ongoing Annual Impacts: East Building
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Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	1,000			
Annual Ongoing Operating Impact					
Economic Output in El Dorado County [1]					
Industry Output (excl. Income)		\$49,730,000	\$23,040,000	\$10,210,000	\$82,980,000
Income [2]		\$28,280,000	\$9,010,000	\$4,460,000	\$41,750,000
Total Output		\$78,010,000	\$32,050,000	\$14,670,000	\$124,730,000
Annual Average Employment in El Dorado County [3]		1,000	173	91	1,264

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

Table 6
Project Frontier
Economic Impact Analysis
Detailed Annual Economic Impacts of the Ongoing Project Operations - West Building (Rounded 2023\$)

Ongoing Annual Impacts: West Building
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Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	750			
Annual Ongoing Operating Impact					
Economic Output in El Dorado County [1]					
Industry Output (excl. Income)		\$37,300,000	\$17,280,000	\$7,650,000	\$62,230,000
Income [2]		\$21,210,000	\$6,760,000	\$3,350,000	\$31,320,000
Total Output		\$58,510,000	\$24,040,000	\$11,000,000	\$93,550,000
Annual Average Employment in El Dorado County [3]		750	130	68	948

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

Ongoing Project Operations—Total Project

Table 7 summarizes the total estimated annual ongoing impacts associated with Project operations. The resulting impacts are described below:

- **Annual Output.** Project operations are estimated to generate approximately \$136.5 million in direct industry output annually. Local spending will result in approximately \$56.1 million in indirect industry output impacts and \$25.7 million in induced impacts annually, for a total industry output impact of \$218.3 million on an annual basis.
- **Employee Compensation.** Of the \$136.5 million in direct industry output reported above, approximately \$49.5 million will be received by employees employed in the Project in the form of salary, wages, and benefits. Indirect and induced employee compensation impacts total approximately \$23.6 million, for a total annual employee compensation impact of approximately \$73.1 million.
- **Annual Employment.** The Project’s estimated 1,750 jobs (FTEs) will support approximately 303 indirect and 160 induced jobs annually, for a total employment impact of approximately 2,213 jobs on an annual basis.

Annual Public-Sector Tax Revenues

The Project will generate annual tax revenues to the County and the State. This Analysis focuses on major sources of tax revenues, including property tax and sales tax revenues, as shown in **Table 8**. In total, the Project is anticipated to generate public-sector tax revenue ranging from \$10.4 million to \$24.3 million annually under the E-Commerce Sales Tax Revenue Scenario, which is based on the assumption that the Project will generate onsite taxable sales. Of the revenue generated, \$7.3 million to \$10.0 million would be retained by the County, with another \$3.1 million to \$14.3 million benefitting the State. Under the more conservative Alternative Sales Tax Revenue Scenario, which assumes no onsite taxable sale, the Project is estimated to generate \$6.9 million in annual public-sector tax revenue, \$6.6 million of which would be retained by the County. Estimated public-sector tax revenue is a component of annual ongoing economic activity from stabilized operations and not additive to the economic impacts reflected above.⁵

The Analysis estimates annual public-sector revenues using a marginal-revenue case-study approach, which simulates actual revenue generation resulting from new development. The following sections detail the additional public-sector tax revenues generated by the Project and the case-study methodologies used to calculate each revenue source.

⁵ Annual ongoing economic activity from stabilized operations reflects a taxable sales scenario consistent with the Alternative Sales Tax Revenue Scenario.

Table 7
Project Frontier
Economic Impact Analysis
Detailed Annual Economic Impacts of the Ongoing Project Operations - Total Project (Rounded 2023\$)

Ongoing Annual Impacts: Total Project
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Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	1,750			
Annual Ongoing Operating Impact					
Economic Output in El Dorado County [1]					
Industry Output (excl. Income)		\$87,040,000	\$40,320,000	\$17,860,000	\$145,220,000
Income [2]		\$49,490,000	\$15,770,000	\$7,810,000	\$73,070,000
Total Output		\$136,530,000	\$56,090,000	\$25,670,000	\$218,290,000
Annual Average Employment in El Dorado County [3]		1,750	303	160	2,213

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

Table 8
 Project Frontier
 Economic Impact Analysis
 Detailed Summary of Annual Public-Sector Revenues - Project Frontier (Rounded 2023\$)

Annual Public-Sector Revenues: Project Frontier

Revenue Category	Source	Projected Public-Sector Tax Revenues					
		Low End Estimates			High End Estimates		
		El Dorado County [1]	State of California	Total	El Dorado County [1]	State of California	Total
Annual Public-Sector Tax Revenues							
E-Commerce Sales Tax Revenue Scenario [2]							
East Building (E-Commerce Sales Tax Revenue Scenario)							
Property Tax	Table C-1	\$4,614,933	-	\$4,614,933	\$4,561,000	-	\$4,561,000
Property Tax In-Lieu of Motor Vehicle License Fee	Table C-1	\$269,078	-	\$269,078	\$269,078	-	\$269,078
Sales Tax [3]	Table C-2 & C-3	\$358,000	\$2,275,000	\$2,633,000	\$1,718,000	\$10,775,000	\$12,493,000
Prop. 172 Public Safety Sales Tax	Table C-2 & C-3	\$182,000	-	\$182,000	\$862,000	-	\$862,000
Total Annual Tax Revenues		\$5,424,010	\$2,275,000	\$7,699,010	\$7,410,078	\$10,775,000	\$18,185,078
West Building (E-Commerce Sales Tax Revenue Scenario)							
Property Tax	Table C-1	\$1,587,375	-	\$1,587,375	\$1,587,375	-	\$1,587,375
Property Tax In-Lieu of Motor Vehicle License Fee	Table C-1	\$92,553	-	\$92,553	\$92,553	-	\$92,553
Sales Tax [3]	Table C-2 & C-3	\$353,500	\$800,000	\$1,153,500	\$1,713,500	\$3,550,000	\$5,263,500
Prop. 172 Public Safety Sales Tax	Table C-2 & C-3	\$64,000	-	\$64,000	\$284,000	-	\$284,000
Total Annual Tax Revenues		\$2,097,428	\$800,000	\$2,897,428	\$3,677,428	\$3,550,000	\$7,227,428
Total Project (E-Commerce Sales Tax Revenue Scenario)							
Property Tax	Table C-1	\$6,202,307	-	\$6,202,307	\$6,202,307	-	\$6,202,307
Property Tax In-Lieu of Motor Vehicle License Fee	Table C-1	\$361,631	-	\$361,631	\$361,631	-	\$361,631
Sales Tax [3]	Table C-2 & C-3	\$481,500	\$3,075,000	\$3,556,500	\$2,281,500	\$14,325,000	\$16,606,500
Prop. 172 Public Safety Sales Tax	Table C-2 & C-3	\$246,000	-	\$246,000	\$1,146,000	-	\$1,146,000
Total Annual Tax Revenues		\$7,291,438	\$3,075,000	\$10,366,438	\$9,991,438	\$14,325,000	\$24,316,438
Alternative Sales Tax Revenue Scenario [2]							
Subtotal Annual Tax Revenues (E-Commerce Sales Tax Revenue Scenario)							
Unrealized Sales Tax Revenues	Table C-4	\$675,000	\$2,812,500	\$3,487,500	\$3,375,000	\$14,062,500	\$17,437,500
Total Annual Tax Revenues (Alternative Sales Tax Revenue Scenario)		\$6,616,438	\$262,500	\$6,878,938	\$6,616,438	\$262,500	\$6,878,938

Source: Dermody Properties; EPS.

NOTE: This analysis reflects key tax revenues to the public sector only. Other revenues to fund development impacts and ongoing operations and maintenance costs will be generated.

[1] The majority of estimated revenues will benefit taxing entities in El Dorado County; a portion of estimated sales tax revenues related to incidental employee spending may be generated in the greater region (e.g. Sacramento County and Placer County)

[2] On-site taxable sales generated by industrial uses are dependent upon the final end tenant. The mix of land uses in the project have the potential to generate additional on site sales tax revenues. A range of on-site taxable sales per square foot assumptions have been used under the e-commerce scenario, providing a potential range of sales tax revenues that could be realized by the Project. Additionally, a more conservative scenario was considered in which no taxable sales are realized on-site.

[3] Includes sales tax revenues generated through the Bradley-Burns local 1-percent Uniform Local Sales Tax rate and the statewide sales tax rate.

Property Tax Revenues

Approximately \$6.2 million in property tax revenue will be generated by the Project. Based on existing tax allocations between the County and other taxing entities, the Project will generate \$1.9 million in property tax revenues to the County General Fund and \$4.3 million to other taxing entities in the County.

Estimated annual property tax revenue resulting from development in the Project is presented in **Table C-1** in **Appendix C**. The estimated assessed values for Project land uses are based on Project construction costs and are assumed to remain static in 2023 dollar values—real growth in assessed value is not estimated. The property taxes the County will receive are derived from the total assessed value of the Project and the post-Educational Revenue Augmentation Fund (ERAF) share of the 1 percent ad valorem property tax rate to each applicable taxing entity.

Property Tax in Lieu of Vehicle License Fee

The Analysis uses a formula provided by the State Controller's Office to forecast Property Tax in Lieu of Vehicle License Fee (PTIL VLF) revenue, which is calculated by taking the percentage increase in the County's assessed value resulting from the Project and applying that percentage increase to the County's current State allocation of PTIL VLF revenue, as shown in the County's Fiscal Year (FY) 2022-23 budget. This calculation is shown in **Table C-1** in **Appendix C**. As shown, the Project is anticipated to generate approximately \$362,000 in PTIL VLF revenues to the County. There is no PTIL VLF revenue estimated for the State.

Sales Tax

Sales tax revenue is based on estimated taxable sales and applicable sales tax rates for the County, the region, and the State. The tax rate in the unincorporated portion of the County is composed of the Bradley-Burns local 1 percent Uniform Local Sales Tax rate. Sales occurring anywhere in the State are subject to the State tax rate of 6.25 percent. Under the E-Commerce Sales Tax Revenue Scenario, the Project is estimated to generate sales tax revenue to the County ranging from \$481,500 to \$2.3 million and an additional \$3.1 million to \$14.3 million to the State annually, as summarized in **Tables C-2** and **C-3** in **Appendix C**. Under the Alternative Sales Tax Revenue Scenario, the Project is estimated to generate sales tax revenue to the County of \$31,500 and an additional \$262,500 to the State annually, as summarized in **Table C-4** in **Appendix C**.

EPS estimates taxable sales generated by the Project by estimating both onsite and offsite taxable expenditures generated by the Project. For the E-Commerce uses envisioned for the proposed Project, the end tenant of the Project will greatly impact the amount of future taxable sales generated on site, if any. According to State Law, E-Commerce sellers are subject to sales and use tax if they make

sales through a marketplace that is registered with the CDTFA, have a physical presence in the State, and/or have total sales exceeding \$500,000 annually.⁶

At this time, the specific tenants of the Project are unknown. Thus, this Analysis includes multiple taxable sales scenarios. The **E-Commerce Sales Tax Revenue Scenario** reflects a range of potential sales tax revenues generated onsite. The low end estimate reflects a conservative assumption of \$10 in taxable sales per building square foot. This estimate of taxable sales per square foot is based on an evaluation of recent taxable sales generated by other warehouse and distribution uses in cities in California that generate annual taxable sales from point-of-sale transactions. EPS's evaluation of potential taxable sales per square foot ranges from \$10 to \$50 per square foot, depending on the specific tenant and the types of goods sold onsite. As such, the **E-Commerce Sales Tax Revenue Scenario** also includes a less conservative high range estimate, based on an assumed \$50 in taxable sales per square foot. In the event future tenants of the Project do not generate onsite taxable sales, this Analysis also includes an estimate of annual sales tax revenue under an **Alternative Sales Tax Revenue Scenario**.

Offsite taxable sales include spending by new Project employees. Taxable retail expenditures generated by Project employees are based on the assumption that an employee of the Project would spend approximately \$10 per workday on taxable goods and services, as shown on **Table C-5** in **Appendix C**. EPS estimates 75 percent of employee spending would occur in the County.⁷ This estimate of taxable sales is consistent across all scenarios.

Proposition 172 Public Safety Sales Tax

Public safety sales tax is collected on a countywide basis and allocated principally to the County, with a small portion of revenues allocated to incorporated cities in the County. This revenue source is used to fund police and fire services. Proposition 172 imposes a half-cent sales tax rate on all taxable transactions throughout the County. The Analysis estimates the portion of this revenue retained by the City using the current FY 2018-19 relation between total sales tax revenue and Proposition 172 public safety sales tax revenue. The remainder of Proposition 172 sales tax revenue is assumed to be retained by the Sacramento Region. Estimated revenues from the half-cent sales tax for public safety are shown in **Tables C-2** through **C-4** in **Appendix C**.

⁶ California Department of Tax and Fee Administration, Local and District Tax Guide for Retailers, Online Retailers: Registration and Local Tax, www.cdtfa.ca.gov/industry/localanddistricttaxes.htm#Online-Retailers. [Accessed March 2023.]

⁷ Capture rate is based on a qualitative appraisal of existing retail outlets in the County. At this time, a market analysis has not been completed for the Project.

Hypothetical Land Use Comparison Scenario

Land Use and Employment Summary

The Project site is south of the EDHBP and is zoned to accommodate industrial, research and development, and commercial office uses. Absent a large development such as the proposed Project, the Project parcels would most likely develop with a number of individual projects, similar to previous development activity in the EDHBP. This dynamic would most likely result in a land use plan with a broader mix of land uses. This Analysis includes a comparison of the impacts of the proposed Project and a Hypothetical Land Use Scenario reflecting an alternative mix of land uses.

Based on an evaluation of existing development in the EDHBP, it is estimated that the 180.5-acre Project site could contain a mix of nonresidential land uses, including about 63 acres of industrial uses (representing 35 percent of total acres), about 63 acres of research and development (R&D) uses (representing 35 percent of total acres), and about 54 acres of commercial office uses (representing 30 percent of total acres). Using an average Floor Area Ratio (FAR) of 0.32, reflecting the average nonresidential density for existing development in the EDHBP, the Hypothetical Land Use Scenario includes an estimated total of 2.5 million building square feet, including 881,000 square feet of industrial, 881,000 square feet of R&D, and 755,000 square feet of commercial office uses.

Total building square footage estimated under the Hypothetical Land Use Scenario represents slightly more than half (56 percent) of the 4.5 million building square feet in the proposed Project. However, given the mix of land uses, the Hypothetical Land Use Scenario has the potential to generate significantly more direct, onsite jobs. The Hypothetical Land Use Scenario is estimated to generate 3,750 onsite jobs, an increase of 2,000 jobs compared with the proposed Project. **Table 9** shows the estimated land uses and employment of the Hypothetical Land Use Scenario.

Table 9
Project Frontier
Economic Impact Analysis
Hypothetical Land Use Scenario Land Use Plan

Item	Land Use Allocation [1]	Acreage	Floor Area Ratio [2]	Building Sq. Ft. (Rounded)	Total Employees [3]
Land Use					
Industrial	35.00%	63.2	0.32	881,000	352
Research and Development	35.00%	63.2	0.32	881,000	881
Commercial Office	30.00%	54.2	0.32	755,000	2,517
Total	100.00%	180.5		2,517,000	3,750

Source: ParcelQuest; Esri; El Dorado County; Dermody Properties; EPS.

- [1] Based on an approximate allocation of existing land uses and the zoning designations of remaining vacant parcels in the El Dorado Hills Business Park.
- [2] Floor area ratio is the average nonresidential density for existing development in the El Dorado Hills Business Park, based on an evaluation of El Dorado County Assessor records.
- [3] Refer to Table D-1 for details.

Estimated Economic Impact Results Comparison

Using methodologies and data inputs consistent with the Project economic impact analysis, the impacts of the Hypothetical Land Use Scenario were estimated and compared to the estimated Project impacts. **Table 10** shows the estimated economic impacts of the Hypothetical Land Use Scenario as compared to the Project impacts and are described below:

- **One-Time Construction Impacts.** The one-time economic impacts of construction of the proposed Project, which include both direct and indirect effects, are estimated to generate additional economic output of \$381.9 million and support an additional 2,300 job years, relative to the Hypothetical Land Use Scenario.
- **Annual, Ongoing Operational Impacts.** The annual ongoing operations of the proposed Project are estimated to generate \$969.8 million less in annual economic output and support 3,691 fewer jobs in the County. These impacts include direct, indirect, and induced effects of the Project and the Hypothetical Land Use Scenario.
- **Annual Public-Sector Tax Revenues.** The proposed Project is anticipated to generate additional public-sector tax revenues ranging from \$2.5 million to \$13.1 million annually relative to the Hypothetical Land Use Scenario depending on the sales tax revenue scenario. These public-sector tax revenues include property tax, PTIL VLF, sales tax, and public safety sales tax revenues generated for the County and the State. For the purpose of this Analysis, the industrial uses in the Hypothetical Land Use Scenario, including the industrial and research and development uses, are assumed to generate similar levels of onsite taxable sales as the proposed Project under each sales tax revenue scenario. Actual onsite taxable sales may vary based on the business conducted by future tenants.

Although the Hypothetical Land Use Scenario is estimated to create additional ongoing, annual economic activity in the County, including thousands of additional jobs relative to the proposed Project, these land uses would also generate significantly greater traffic impacts, as described previously. Further, it should be noted that based on historical nonresidential development trends and existing market conditions in El Dorado Hills, absent the Project, development of the Project site would likely incur a prolonged absorption schedule, delaying the creation of additional economic impacts beyond the proposed Project's development timeline.

Table 10
Project Frontier
Economic Impact Analysis
Comparison of the Proposed Project and Hypothetical Land Use Scenario Economic Impacts (Rounded 2023\$)

Activity/Impact Categories	Annual Impact Amount		
	Proposed Project	Hypothetical Scenario [1]	Difference
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a - b</i>
One-Time Economic Impacts			
	Table 1	Table D-2	
One-Time Economic Activity from Construction [2]	\$718.1M	\$336.1M	\$381.9M
One-Time Construction Jobs (Job Years) [3]	5,267	2,966	2,301
Annual Ongoing Economic Impacts			
	Table 1	Table D-8	
Annual Ongoing Economic Activity from Stabilized Operations [4]	\$218.3M	\$1,188.1M	(\$969.8M)
Annual Ongoing Operational Jobs (Annual Average) [5]	2,213	5,904	(3,691)
Annual Ongoing Public-Sector Tax Revenues			
	Table 1	Table D-9	
E-Commerce Sales Tax Revenue Scenario			
Total Annual Public-Sector Tax Revenue - Low End [6]	\$10.4M	\$5.7M	\$4.6M
Total Annual Public-Sector Tax Revenue - High End [6]	\$24.3M	\$11.2M	\$13.1M
Alternative Sales Tax Revenue Scenario			
Total Annual Public-Sector Tax Revenue [6]	\$6.9M	\$4.4M	\$2.5M

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] The Hypothetical Land Use Scenario reflects a scenario in which the Project is not developed and the Project Area develops with uses consistent with the existing land use mix in the surrounding area consistent with current zoning. It should be noted that based on existing market conditions and historical trends for the area, absent the Project, development of the Project Area would require a significantly longer buildout, delaying the creation of any additional economic impacts beyond the proposed Project's development timeline. Refer to Table 9 for details pertaining to the Hypothetical Land Use Scenario.
- [2] Includes direct and indirect impacts.
- [3] Job years refer to the number of jobs in each year summed over the entire construction period of the Project. Employment includes both full-time and part-time workers.
- [4] Includes direct, indirect, and induced impacts of the anticipated land uses in the Project.
- [5] Reflects stabilized operational employment for the Project. Refer to Table A-1 for details. Employment includes both full-time and part-time workers.
- [6] On-site taxable sales generated by industrial uses are dependent upon the final end tenant. To provide a conservative analysis, a comparison to the Hypothetical Land Use Scenario was made under each taxable sales scenario, assuming the industrial uses in the Hypothetical Land Use Scenario would realize taxable sales at levels consistent with the Project on a per square foot basis.

Economic Impact Modeling Framework

The Analysis uses an I/O modeling framework to quantify the Project's one-time and ongoing contributions to countywide output, employment, and labor income. The I/O modeling framework is premised on the concept that industries in a geographic region are interdependent in the sense that they purchase output from and supply input to other industries. This regional economic analysis relies on IMPLAN (Impact Analysis for Planning) software, an I/O model that draws on data collected by the IMPLAN Group, LLC, from several state and federal sources, including the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Census Bureau. The model is used widely for estimating economic impacts across a wide array of industries and economic settings.

Regional economic impact analysis and I/O models in particular provide a means to estimate total regional effects stemming from a particular industry. Specifically, I/O models produce quantitative estimates of the magnitude of regional economic activity resulting from some initial activity (e.g., business operations or building construction). I/O models rely on economic "multipliers" that mathematically represent the relation between the initial change in one sector of the economy and the effect of that change on economic output, income, or employment in other local industries. These economic data provide a quantitative estimate of the magnitude of shifts in jobs and revenues in the regional economy.

Economic impacts using an I/O model are based on an initial change in output or employment in a specific industry sector. The model then translates the initial change into changes in demand for output from other interdependent sectors, corresponding changes in demand for inputs to those sectors, and so on. These effects commonly are described as direct, indirect, or induced and generally are defined as follows:

- The **direct** effect represents the change in output or employment attributable to a certain economic activity. In this case, the businesses located in the Project and the entities directly receiving spending related to the building construction project (e.g., construction contractors, equipment vendors, and consultants).
- The **indirect** effect results from industry-to-industry transactions required to satisfy the direct effect. This effect is a measure of the change in the output of suppliers linked to the industry that is directly affected. For example, industrial users purchase numerous goods from County suppliers, including office supplies, equipment, and other services.
- The **induced** effect consists of impacts from employee spending in the local economy. Specifically, employees of directly and indirectly affected businesses generate this effect by purchasing goods and services in the local economy. For instance, employees of these businesses spend their paychecks on household needs such as groceries, retail purchases, health care, or mortgage or rent payments, all of which are considered to be induced effects.

The total impact is the sum of the direct, indirect, and induced effects. The total effect measures the impact of an activity as it “ripples” throughout the regional economy. For this Analysis, the regional economy is defined as the County. IMPLAN generates a model of the industrial structure and household profile for the County economy, which in turn, determines the extent to which spending is captured and recirculated in the local economy rather than being allowed to leak outside the County. In the following sections, the regional economic effects described above are reported in three categories:

- **Annual Output** measures the value of goods and services produced in the County as a result of business operations. Projected FTE employment estimates were used to estimate ongoing annual output of the various uses in the Project. Construction hard costs were used to estimate one-time construction impacts.
- **Employment** estimates the total number of jobs, both full time and part time, created as a result of Project operations. Employment is reported in job years. Construction employment represents total job years over the life of the Project (1 job lasting 2 years is reported as an employment impact of “2”).
- **Labor Income** reflects the estimated amount of direct, indirect, and induced annual employment income (salaries, wages, and benefits) resulting from the associated employment. It is important to note that labor income is a component of industry output and is not an additive economic impact.

I/O Modeling Considerations

The current IMPLAN dataset relies on I/O relations derived from 2021 (the latest available data from IMPLAN). As no significant structural changes have occurred in the regional economy since 2021, EPS believes this provides an accurate and reasonable approximation of current conditions.

All economic impacts depicted in this Analysis reflect gross impacts. As such, the economic impacts do not account for potential shifts in resources or shifts in consumer expenditures from other local alternatives. The I/O methodology is based on the assumption that an industry’s demand for goods and services results in a corresponding increase in supply and therefore employment. This implies that key industry suppliers can increase output rather than shift output from one set of consumers or products to another. This assumption may not hold in areas with tight labor or capital markets because companies may find it difficult to obtain these inputs or other resources necessary to expand production. In these cases, accommodating an establishment’s demand for labor and other inputs may come at the expense of other establishments in the same or related sectors or may need to be satisfied by increased imports from outside the study area. This phenomenon often is referred to as “crowding out” because the stimulated sector tends to crowd out other sectors, which can reduce the net economic gain.

APPENDICES:

- Appendix A: Project Assumptions
- Appendix B: One-Time Economic Impacts Generated by Project Construction
- Appendix C: Annual Public-Sector Revenue-Estimating Tables
- Appendix D: Economic Impacts Generated by the Hypothetical Land Use Scenario



APPENDIX A:

Project Assumptions

Table A-1	Project Land Use and Employment Summary.....	A-1
Table A-2	Project Construction Costs	A-2



**Table A-1
Project Frontier
Economic Impact Analysis
Project Land Use and Employment Summary**

Land Use Category	Industrial Building Square Feet	Employees [1]	Square Feet per Employee
Project Frontier			
East Building	3,400,000	1,000	3,400
West Building	1,100,000	750	1,500
Total	4,500,000	1,750	2,600

Source: Dermody Properties; EPS.

[1] Employment estimates have been provided by the Project applicant. Total Project Employment is anticipated to range from 1,500 to 2,000 employees on site, including 1,000 employed in the East Building and between 500 and 1,000 employed in the West Building. Employment estimates have been provided by the Project applicant. This Analysis is based on assumed average annual employment.

**Table A-2
Project Frontier
Economic Impact Analysis
Project Construction Costs (2023\$)**

Land Use Category	Construction Timeline [1]		Project Hard Construction Costs					
	Beginning Date	End Date	Total Project Costs			Project Costs per Square Foot		
			Offsite Infrastructure	Onsite Development	Total	Offsite Infrastructure	Onsite Development	Total
East Building	2024	2026	\$2,145,000	\$461,493,270	\$463,638,270	\$0.63	\$135.73	\$136.36
West Building	2025	2026	\$2,145,000	\$158,737,474	\$160,882,474	\$1.95	\$144.31	\$146.26
Total			\$4,290,000	\$620,230,744	\$624,520,744	\$0.95	\$137.83	\$138.78

Source: Dermody Properties; EPS.

[1] Construction of the East Building is anticipated to begin in mid 2024 and last 18 months; the West Building is expected to begin mid-2025 and last 12 months.

APPENDIX B:

One-Time Economic Impacts Generated by Project Construction

Table B-1	Detailed One-Time Economic Impacts of the Project Construction—East Building Off-Site Infrastructure	B-1
Table B-2	Detailed One-Time Economic Impacts of the Project Construction—East Building On-Site Development	B-2
Table B-3	Detailed One-Time Economic Impacts of the Project Construction—West Building Off-Site Infrastructure	B-3
Table B-4	Detailed One-Time Economic Impacts of the Project Construction—West Building On-Site Development	B-4



**Table B-1
Project Frontier
Economic Impact Analysis**

**One-Time Construction Impacts:
East Building -
Off-Site Infrastructure**

Detailed One-Time Economic Impacts of the Project Construction - East Building Off-Site Infrastructure (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$2,145,000			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$950,000	\$210,000	-	\$1,160,000
Income [3]		\$1,200,000	\$110,000	-	\$1,310,000
Total Output		\$2,150,000	\$320,000	-	\$2,470,000
Construction Employment in El Dorado County (Job years) [4]					
		16	2	-	18

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire estimated 18-month period of construction of the Project. For example, a single worker employed for the entire construction period would equate to 1.5 job years. Employment includes both full-time and part-time workers.

**Table B-2
Project Frontier
Economic Impact Analysis**

**One-Time Construction Impacts:
East Building -
On-Site Development**

Detailed One-Time Economic Impacts of the Project Construction - East Building On-Site Development (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$461,493,270			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$203,670,000	\$45,980,000	-	\$249,650,000
Income [3]		\$257,820,000	\$23,130,000	-	\$280,950,000
Total Output		\$461,490,000	\$69,110,000	-	\$530,600,000
Construction Employment in El Dorado County (Job years) [4]					
		3,527	365	-	3,892

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire estimated 18-month period of construction of the Project. For example, a single worker employed for the entire construction period would equate to 1.5 job years. Employment includes both full-time and part-time workers.

**Table B-3
Project Frontier
Economic Impact Analysis**

**One-Time Construction Impacts:
West Building -
Off-Site Infrastructure**

Detailed One-Time Economic Impacts of the Project Construction - West Building Off-Site Infrastructure (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$2,145,000			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$950,000	\$210,000	-	\$1,160,000
Income [3]		\$1,200,000	\$110,000	-	\$1,310,000
Total Output		\$2,150,000	\$320,000	-	\$2,470,000
Construction Employment in El Dorado County (Job years) [4]					
		16	2	-	18

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Job years refer to the number of jobs in each year summed over the entire estimated period of construction of the Project. As construction of the East Building is anticipated to last 12 months, a single worker employed for the entire construction period would equate to 1 job years. Employment includes both full-time and part-time workers

**Table B-4
Project Frontier
Economic Impact Analysis**

**One-Time Construction Impacts:
West Building -
On-Site Development**

Detailed One-Time Economic Impacts of the Project Construction - West Building On-Site Development (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table A-2	\$158,737,474			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$70,060,000	\$15,810,000	-	\$85,870,000
Income [3]		\$88,680,000	\$7,960,000	-	\$96,640,000
Total Output		\$158,740,000	\$23,770,000	-	\$182,510,000
Construction Employment in El Dorado County (Job Years) [4]					
		1,213	126	-	1,339

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

- [1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Job Years refer to the number of jobs in each year summed over the entire estimated period of construction of the Project. As construction of the East Building is anticipated to last 12 months, a single worker employed for the entire construction period would equate to 1 job years. Employment includes both full-time and part-time workers.

APPENDIX C:

Annual Public-Sector Revenue-Estimating Tables

Table C-1	Estimated Annual Property Tax Revenues	C-1
Table C-2	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction—E-Commerce Sales Tax Revenue Scenario, Low Estimate	C-2
Table C-3	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction—E-Commerce Sales Tax Revenue Scenario, High Estimate	C-3
Table C-4	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction— Alternative Sales Tax Revenue Scenario	C-4
Table C-5	Estimated Annual Offsite Taxable Sales	C-5



Table C-1
Project Frontier
Economic Impact Analysis
Estimated Annual Property Tax Revenues (2023\$)

Item	Assumption/ Source	Formula	Annual Fiscal Impact at Buildout		
			East Building	West Building	Total
Property Tax Revenue (1% of Assessed Value)					
Assessed Value (2023\$) [1]	Table A-2	a	\$461,493,270	\$158,737,474	\$620,230,744
Property Tax Revenue (1% of Assessed Value)	1.00%	$b = a * 1.00\%$	\$4,614,933	\$1,587,375	\$6,202,307
Estimated Property Tax Allocation [2]					
Public-Sector Revenues					
County General Fund	29.89%	$c = b * 29.89\%$	\$1,379,463	\$474,487	\$1,853,950
Other Agencies/Educational Revenue Augmentation Fund [3]	70.11%	$d = b * 70.11\%$	\$3,235,469	\$1,112,888	\$4,348,357
Total Public-Sector Property Tax Revenue		$e = c + d$	\$4,614,933	\$1,587,375	\$6,202,307
Property Tax In-Lieu of Motor Vehicle License Fee Revenue (VLF)					
Total Countywide Assessed Value [4]	\$40,706,994,561	f			
Total Assessed Value of Project		g	\$461,493,270	\$158,737,474	\$620,230,744
Total Assessed Value		$h = g + a$	\$41,168,487,831	\$40,865,732,035	\$41,327,225,305
Percent Change in AV		$i = a / g$	1.13%	0.39%	1.52%
Property Tax In-Lieu of VLF [5]	\$23,734,569	$j = i * \$23,734,569$	\$269,078	\$92,553	\$361,631

Source: El Dorado County Office of the Assessor; El Dorado County Finance Department; EPS.

- [1] Estimated Project assessed value is assumed to be equal to onsite construction costs, see Table A-2.
[2] Reflects the allocation of the one percent property tax rate apportioned to El Dorado County for Tax Rate Area (TRA) 076-017, the TRA on which the Project is located.
[3] This category includes other taxing entities (e.g., mosquito abatement district; El Dorado Hills CSD; juvenile hall) and the State of California Educational Revenue Augmentation Fund (ERAF), a fund that redirects property tax revenue from taxing entities to fund schools.
[4] Reflects Final FY 2022-23 Assessed Valuation. Includes Citywide and Countywide secured, unsecured, homeowner exemption, and public utility roll.
[5] Property tax in-lieu of VLF amount of \$40.7 million taken from FY 2022-23 City Budget.

**Table C-2
Project Frontier
Economic Impact Analysis
Estimated Annual Sales and Use Tax Revenue by Jurisdiction - Low End E-Commerce Sales Tax Revenue
Scenario (2023\$)**

Sales and Use Tax Revenue: E-Commerce Sales Tax Revenue Scenario (Low End)

Item	Source	Expenditures/ Proposition 172 Revenues	Projected Sales Tax Revenue		Total
			El Dorado County	State of California	
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
East Building					
Onsite Taxable Expenditures	\$10 per Sq. Ft.	\$34,000,000	\$340,000	\$2,125,000	\$2,465,000
Offsite Taxable Expenditures	Table C-5	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$36,400,000	\$358,000	\$2,275,000	\$2,633,000
West Building					
Onsite Taxable Expenditures	\$10 per Sq. Ft.	\$11,000,000	\$340,000	\$687,500	\$1,027,500
Offsite Taxable Expenditures	Table C-5	\$1,800,000	\$13,500	\$112,500	\$126,000
Total Estimated Sales Tax Revenue		\$12,800,000	\$353,500	\$800,000	\$1,153,500
Total					
Onsite Taxable Expenditures	\$10 per Sq. Ft.	\$45,000,000	\$450,000	\$2,812,500	\$3,262,500
Offsite Taxable Expenditures	Table C-5	\$4,200,000	\$31,500	\$262,500	\$294,000
Total Estimated Sales Tax Revenue		\$49,200,000	\$481,500	\$3,075,000	\$3,556,500
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
East Building		\$182,000	\$182,000	\$0	\$182,000
West Building		\$64,000	\$64,000	\$0	\$64,000
Total		\$246,000	\$246,000	\$0	\$246,000

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] Given tenant are unknown at this time, this study presents a range of potential on-site taxable sales scenarios, ranging from a conservative low end assumption of \$10 per building square foot to a higher end assumption of \$50 per building square foot based on an evaluation of recent distribution center sales per square foot data obtained from other jurisdictions in the larger northern California region. Additionally a more conservative scenario is presented in which on-site sales are never realized by the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

**Table C-3
Project Frontier
Economic Impact Analysis
Estimated Annual Sales and Use Tax Revenue by Jurisdiction - High End E-Commerce Sales Tax Revenue
Scenario (2023\$)**

**Sales and Use Tax Revenue:
E-Commerce Scenario (High End)**

Item	Source	Taxable Retail Expenditures/ Proposition 172	Projected Sales Tax Revenue		
			El Dorado County	State of California	Total
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
East Building					
Onsite Taxable Expenditures [2]	\$50 per Sq. Ft.	\$170,000,000	\$1,700,000	\$10,625,000	\$12,325,000
Offsite Taxable Expenditures	Table C-5	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$172,400,000	\$1,718,000	\$10,775,000	\$12,493,000
West Building					
Onsite Taxable Expenditures [2]	\$50 per Sq. Ft.	\$55,000,000	\$1,700,000	\$3,437,500	\$5,137,500
Offsite Taxable Expenditures	Table C-5	\$1,800,000	\$13,500	\$112,500	\$126,000
Total Estimated Sales Tax Revenue		\$56,800,000	\$1,713,500	\$3,550,000	\$5,263,500
Total					
Onsite Taxable Expenditures [2]	\$50 per Sq. Ft.	\$225,000,000	\$2,250,000	\$14,062,500	\$16,312,500
Offsite Taxable Expenditures	Table C-5	\$4,200,000	\$31,500	\$262,500	\$294,000
Total Estimated Sales Tax Revenue		\$229,200,000	\$2,281,500	\$14,325,000	\$16,606,500
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
East Building		\$862,000	\$862,000	\$0	\$862,000
West Building		\$284,000	\$284,000	\$0	\$284,000
Total		\$1,146,000	\$1,146,000	\$0	\$1,146,000

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] Given tenant are unknown at this time, this study presents a range of potential on-site taxable sales scenarios, ranging from a conservative low end assumption of \$10 per building square foot to a higher end assumption of \$50 per building square foot based on an evaluation of recent distribution center sales per square foot data obtained from other jurisdictions in the larger northern California region. Additionally a more conservative scenario is presented in which on-site sales are never realized by the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

**Table C-4
Project Frontier
Economic Impact Analysis
Estimated Annual Sales and Use Tax Revenue by Jurisdiction - Alternative Sales Tax Revenue Scenario (2023\$**

Sales and Use Tax Revenue: Alternative Sales Tax Revenue Scenario (No On-site Sales)

Item	Source	Taxable Retail Expenditures/ Proposition 172	Projected Sales Tax Revenue		
			El Dorado County	State of California	Total
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
East Building					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table C-5	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$2,400,000	\$18,000	\$150,000	\$168,000
West Building					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table C-5	\$1,800,000	\$13,500	\$112,500	\$126,000
Total Estimated Sales Tax Revenue		\$1,800,000	\$13,500	\$112,500	\$126,000
Total					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table C-5	\$4,200,000	\$31,500	\$262,500	\$294,000
Total Estimated Sales Tax Revenue		\$4,200,000	\$31,500	\$262,500	\$294,000
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
East Building		\$12,000	\$12,000	\$0	\$12,000
West Building		\$9,000	\$9,000	\$0	\$9,000
Total		\$21,000	\$21,000	\$0	\$21,000

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] Given tenant are unknown at this time, this study presents a range of potential on-site taxable sales scenarios, ranging from a conservative low end assumption of \$10 per building square foot to a higher end assumption of \$50 per building square foot based on an evaluation of recent distribution center sales per square foot data obtained from other jurisdictions in the larger northern California region. Additionally a more conservative scenario is presented in which on-site sales are never realized by the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

**Table C-5
Project Frontier
Economic Impact Analysis
Estimated Annual Offsite Taxable Sales (2023\$)**

Item	Assumption	Occupied Units/ New Nonres. Employees [1]	Total Taxable Sales
Annual Taxable Sales from New Employees			
New Employees			
Average Daily Taxable Sales per New Employee	\$10		
Work Days per Year	240		
Total Employees/Taxable Sales from New Employees		<u>Nonres. Employees</u>	<u>From Employees</u>
East Building		1,000	\$2,400,000
West Building		750	\$1,800,000
Total		1,750	\$4,200,000

Source: U.S. Department of Labor; Bureau of Labor Statistics; EPS.

[1] Refer to Table A-1 for Project land use and employment summaries.

[2] Capture rate estimated by EPS.

APPENDIX D:

Economic Impacts Generated by the Hypothetical Land Use Scenario

Table D-1	Hypothetical Land Use Scenario Assumptions.....	D-1
Table D-2	Detailed One-Time Economic Impacts of Construction—Hypothetical Land Use Scenario—Total	D-2
Table D-3	Detailed One-Time Economic Impacts of Construction—Hypothetical Land Use Scenario—Off-site.....	D-3
Table D-4	Detailed One-Time Economic Impacts of Construction—Hypothetical Land Use Scenario—On-site	D-4
Table D-5	Detailed Annual Economic Impacts of the Ongoing Project Operations—Hypothetical Land Use Scenario: Industrial.....	D-5
Table D-6	Detailed Annual Economic Impacts of the Ongoing Project Operations—Hypothetical Land Use Scenario: R&D	D-6
Table D-7	Detailed Annual Economic Impacts of the Ongoing Project Operations—Hypothetical Land Use Scenario: Commercial Office.....	D-7
Table D-8	Detailed Annual Economic Impacts of the Ongoing Project Operations—Hypothetical Land Use Scenario: Total	D-8
Table D-9	Detailed Summary of Annual Public-Sector Revenues—Hypothetical Land Use Scenario	D-9
Table D-10	Estimated Annual Property Tax Revenues.....	D-10
Table D-11	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction—Low End Scenario	D-11
Table D-12	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction—High End Scenario	D-12
Table D-13	Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction—Alternative Scenario ...	D-13
Table D-14	Estimated Annual Offsite Taxable Sales.....	D-14



**Table D-1
Project Frontier
Economic Impact Analysis
Hypothetical Land Use Scenario Assumptions**

Item	Building Sq. Ft. (Rounded)	Sq. Ft per Employee [1]	Total Employees	Construction Cost per Square Foot [2]		Total Construction Cost		
				Offsite	Onsite	Offsite	Onsite	Total
Land Use								
Industrial	881,000	2,500	352	NA	\$138	NA	\$121,578,000	\$121,578,000
Research and Development	881,000	1,000	881	NA	\$138	NA	\$121,578,000	\$121,578,000
Commercial Office	755,000	300	2,517	NA	\$138	NA	\$104,190,000	\$104,190,000
Total	2,517,000		3,750			\$4,290,000	\$347,346,000	\$347,346,000

Source: ParcelQuest; Esri; El Dorado County; Dermody

- [1] Square feet per employee assumption for Industrial use is assumed to be consistent with the Planned Project. Employment Density for Research and Development and Commercial Office uses is based on EPS experience with similar land use products and reflect industry standard assumptions.
- [2] Onsite construction costs per square foot for the Hypothetical Land Use Scenario are assumed to be consistent with the proposed Project and were esimated based on the total construction costs and square footage, as shown on Table A-2. It is assumed that offsite costs will be consistent with the Project

**Table D-2
Project Frontier
Economic Impact Analysis**

One-Time Impacts Hypothetical Land Use Scenario - Total
--

Detailed One-Time Economic Impacts of Construction - Hypothetical Land Use Scenario - Total (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table D-1	\$351,636,000			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$92,620,000	\$29,420,000	-	\$122,040,000
Income [3]		\$196,450,000	\$17,630,000	-	\$214,080,000
Total Output		\$289,070,000	\$47,050,000	-	\$336,120,000
Construction Employment in El Dorado County (Job years) [4]					
		2,688	278	-	2,966

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire period of construction. For example, a single worker employed for two years would equate to 2 job years. Employment includes both full-time and part-time workers.

**Table D-3
Project Frontier
Economic Impact Analysis**

**One-Time Impacts
Hypothetical Land Use Scenario -
Off-Site Infrastructure**

Detailed One-Time Economic Impacts of Construction - Hypothetical Land Use Scenario - Off-site (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table D-1	\$4,290,000			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$3,090,000	\$530,000	-	\$3,620,000
Income [3]		\$2,400,000	\$220,000	-	\$2,620,000
Total Output		\$5,490,000	\$750,000	-	\$6,240,000
Construction Employment in El Dorado County (Job years) [4]					
		33	3	-	36

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire period of construction. For example, a single worker employed for two years would equate to 2 job years. Employment includes both full-time and part-time workers.

**Table D-4
Project Frontier
Economic Impact Analysis**

**One-Time Impacts
Hypothetical Land Use Scenario -
On-Site Development**

Detailed One-Time Economic Impacts of Construction - Hypothetical Land Use Scenario - On-site (Rounded 2023\$)

Activity/Impact Categories	Source	Impacts Type			Total One Time Impacts
		Direct (Project Construction)	Indirect (Construction Suppliers)	Induced [1] (NA)	
Key Input					
Project Construction Costs	Table D-1	\$347,346,000			
One-Time Construction Impacts					
Economic Output in El Dorado County [2]					
Industry Output (excl. Income)		\$89,530,000	\$28,890,000	-	\$118,420,000
Income [3]		\$194,050,000	\$17,410,000	-	\$211,460,000
Total Output		\$283,580,000	\$46,300,000	-	\$329,880,000
Construction Employment in El Dorado County (Job years) [4]					
		2,655	275	-	2,930

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Note that total construction impacts include direct and indirect impacts only; induced Impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.

[2] Analysis based on El Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy, defined as El Dorado County.

[3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).

[4] Job years refer to the number of jobs in each year summed over the entire period of construction. For example, a single worker employed for two years would equate to 2 job years. Employment includes both full-time and part-time workers.

**Table D-5
Project Frontier
Economic Impact Analysis**

**Ongoing Impacts
Hypothetical Land Use Scenario:
Industrial**

Detailed Annual Economic Impacts of the Ongoing Project Operations - Hypothetical Land Use Scenario: Industrial (Rounded 2023\$)

Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	352			
Annual Ongoing Operating Benefits					
EI Dorado County Output [1]					
Industry Output (excl. Income)		\$17,520,000	\$8,110,000	\$3,600,000	\$29,230,000
Income [2]		\$9,970,000	\$3,180,000	\$1,570,000	\$14,720,000
Total EI Dorado County Output		\$27,490,000	\$11,290,000	\$5,170,000	\$43,950,000
EI Dorado County Employment (Annual Average) [3]		352	61	32	445

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on EI Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

**Table D-6
Project Frontier
Economic Impact Analysis**

**Ongoing Impacts
Hypothetical Land Use Scenario:
R&D**

Detailed Annual Economic Impacts of the Ongoing Project Operations - Hypothetical Land Use Scenario: R&D (Rounded 2023\$)

Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	881			
Annual Ongoing Operating Benefits					
EI Dorado County Output [1]					
Industry Output (excl. Income)		\$120,460,000	\$42,890,000	\$22,700,000	\$186,050,000
Income [2]		\$65,480,000	\$21,500,000	\$9,950,000	\$96,930,000
Total EI Dorado County Output		\$185,940,000	\$64,390,000	\$32,650,000	\$282,980,000
EI Dorado County Employment (Annual Average) [3]		881	390	203	1,474

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on EI Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

**Table D-7
Project Frontier
Economic Impact Analysis**

**Ongoing Impacts
Hypothetical Land Use Scenario:
Commercial Office**

Detailed Annual Economic Impacts of the Ongoing Project Operations - Hypothetical Land Use Scenario: Commercial Office (Rounded 2023\$)

Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	2,517			
Annual Ongoing Operating Benefits					
EI Dorado County Output [1]					
Industry Output (excl. Income)		\$496,620,000	\$96,560,000	\$51,970,000	\$645,150,000
Income [2]		\$141,350,000	\$51,910,000	\$22,730,000	\$215,990,000
Total EI Dorado County Output		\$637,970,000	\$148,470,000	\$74,700,000	\$861,140,000
EI Dorado County Employment (Annual Average) [3]		2,517	1,003	465	3,985

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on EI Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

**Table D-8
Project Frontier
Economic Impact Analysis**

**Ongoing Impacts
Hypothetical Land Use Scenario:
Total**

Detailed Annual Economic Impacts of the Ongoing Project Operations - Hypothetical Land Use Scenario: Total (Rounded 2023\$)

Activity/Impact Categories	Source	Impact Type			Total Annual Ongoing Impacts
		Direct (Project Operations)	Indirect (Business to Business Purchases to Support Operations)	Induced (Household Spending from Project Employees)	
Key Input					
Ongoing Project Full Time Equivalent (FTE) Employees	Table A-1	3,750			
Annual Ongoing Operating Benefits					
EI Dorado County Output [1]					
Industry Output (excl. Income)		\$634,600,000	\$147,560,000	\$78,270,000	\$860,430,000
Income [2]		\$216,800,000	\$76,590,000	\$34,250,000	\$327,640,000
Total EI Dorado County Output		\$851,400,000	\$224,150,000	\$112,520,000	\$1,188,070,000
EI Dorado County Employment (Annual Average) [3]					
		3,750	1,454	700	5,904

Source: IMPLAN, 2021 Dataset; Dermody Properties; EPS.

[1] Analysis based on EI Dorado County data. Output is the amount of business expenditures on goods and services retained within the local economy.

[2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).

[3] Reflects stabilized operational employment Project. Indirect and Induced Employment includes both full-time and part-time workers.

**Table D-9
Project Frontier
Economic Impact Analysis
Detailed Summary of Annual Public-Sector Revenues - Hypothetical Land Use Scenario (Rounded 2023\$)**

**Annual Public-Sector Revenues:
Hypothetical Land Use Scenario**

Revenue Category	Source	Projected Public-Sector Tax Revenues		
		El Dorado County [1]	State of California	Total
E-Commerce Sales Tax Revenue Scenarios [2]				
Annual Public-Sector Tax Revenues - Low End Estimate				
Property Tax	Table D-10	\$3,473,460	-	\$3,473,460
Property Tax In-Lieu of Motor Vehicle License Fee	Table D-10	\$202,523	-	\$202,523
Sales Tax [2]	Table D-11	\$244,600	\$1,671,250	\$1,915,850
Prop. 172 Public Safety Sales Tax	Table D-11	\$133,700	-	\$133,700
Total Annual Tax Revenues - Low End Estimate		\$4,054,283	\$1,671,250	\$5,725,533
Annual Public-Sector Tax Revenues - High End Estimate				
Property Tax	Table D-10	\$3,473,460	-	\$3,473,460
Property Tax In-Lieu of Motor Vehicle License Fee	Table D-10	\$202,523	-	\$202,523
Sales Tax [2]	Table D-12	\$949,400	\$6,076,250	\$7,025,650
Prop. 172 Public Safety Sales Tax	Table D-12	\$486,100	-	\$486,100
Total Annual Tax Revenues - High End Estimate		\$5,111,483	\$6,076,250	\$11,187,733
Alternative Sales Tax Revenue Scenarios [2]				
Annual Public-Sector Tax Revenues - Alternative Scenario				
Property Tax	Table D-10	\$3,473,460	-	\$3,473,460
Property Tax In-Lieu of Motor Vehicle License Fee	Table D-10	\$202,523	-	\$202,523
Sales Tax [3]	Table D-13	\$68,400	\$570,000	\$638,400
Prop. 172 Public Safety Sales Tax	Table D-13	\$45,600	-	\$45,600
Total Annual Tax Revenues - Alternative Scenario		\$3,789,983	\$570,000	\$4,359,983

Source: Dermody Properties; EPS.

NOTE: This analysis reflects key tax revenues to the public sector only. Other revenues to fund development impacts and ongoing operations and maintenance costs will be generated.

- [1] The majority of estimated revenues will benefit taxing entities in El Dorado County; a portion of estimated sales tax revenues may be generated in the greater region (e.g. Sacramento County and Placer County)
- [2] For the purpose of this analysis, the industrial uses in the hypothetical land use scenario (industrial and research and development uses) are assumed to generate similar levels of onsite taxable sales as the proposed Project under each taxable sales scenario. Actual onsite taxable sales may vary based on the business conducted by future tenants.
- [3] Includes sales tax revenues generated through the Bradley-Burns local 1-percent Uniform Local Sales Tax rate and the statewide sales tax rate.

Table D-10
Project Frontier
Economic Impact Analysis
Estimated Annual Property Tax Revenues (2023\$)

Hypothetical Land Use Scenario

Item	Assumption/ Source	Formula	Annual Fiscal Impact at Buildout			
			Industrial	Research and Development	Commercial Office	Total
Property Tax Revenue (1% of Assessed Value)						
Assessed Value (2023\$) [1]	Table A-2	a	\$121,578,000	\$121,578,000	\$104,190,000	\$347,346,000
Property Tax Revenue (1% of Assessed Value)	1.00%	$b = a * 1.00\%$	\$1,215,780	\$1,215,780	\$1,041,900	\$3,473,460
Estimated Property Tax Allocation [2]						
Public-Sector Revenues						
County General Fund	29.89%	$c = b * 29.89\%$	\$363,412	\$363,412	\$311,437	\$1,038,262
Other Agencies/Educational Revenue Augmentation Fund [3]	70.11%	$d = b * 70.11\%$	\$852,368	\$852,368	\$730,463	\$2,435,198
Total Public-Sector Property Tax Revenue		$e = c + d$	\$1,215,780	\$1,215,780	\$1,041,900	\$3,473,460
Property Tax In-Lieu of Motor Vehicle License Fee Revenue (VLF)						
Total Countywide Assessed Value [4]	\$40,706,994,561	f				
Total Assessed Value of Project		g	\$121,578,000	\$121,578,000	\$104,190,000	\$347,346,000
Total Assessed Value		$h = g + a$	\$40,828,572,561	\$40,828,572,561	\$40,811,184,561	\$41,054,340,561
Percent Change in AV		$i = a / g$	0.30%	0.30%	0.26%	0.85%
Property Tax In-Lieu of VLF [5]	\$23,734,569	$j = i * \$23,734,569$	\$70,887	\$70,887	\$60,749	\$202,523

Source: El Dorado County Office of the Assessor; El Dorado County Finance Department; EPS.

- [1] Estimated Project assessed value is assumed to be equal to onsite construction costs, see Table A-2.
- [2] The allocation of the one percent property tax rate apportioned to El Dorado County for Tax Rate Area (TRA) 076-017, the TRA on which the Project is located.
- [3] This category includes other taxing entities (e.g., mosquito abatement district; El Dorado Hills CSD; juvenile hall) and the State of California ERAF, a fund that redirects property tax revenue from taxing entities to fund schools.
- [4] Reflects Final FY 2022-23 Assessed Valuation. Includes Citywide and Countywide secured, unsecured, homeowner exemption, and public utility roll.
- [5] Property tax in-lieu of VLF amount of \$40.7 million taken from FY 2022-23 City Budget.

Table D-11
Project Frontier
Economic Impact Analysis
Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction (2023\$) - Low End Scenario

Hypothetical Land Use Scenario - Low End Scenario

Item	Source	Taxable Retail Expenditures/ Proposition 172	Projected Sales Tax Revenue		
			El Dorado County	State of California	Total
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
Industrial					
Onsite Taxable Expenditures [2]	\$10 per Sq. Ft.	\$8,810,000	\$88,100	\$550,625	\$638,725
Offsite Taxable Expenditures	Table D-14	\$6,000,000	\$45,000	\$375,000	\$420,000
Total Estimated Sales Tax Revenue		\$14,810,000	\$133,100	\$925,625	\$1,058,725
Research and Development					
Onsite Taxable Expenditures [2]	\$10 per Sq. Ft.	\$8,810,000	\$88,100	\$550,625	\$638,725
Offsite Taxable Expenditures	Table D-14	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$11,210,000	\$106,100	\$700,625	\$806,725
Commercial Office					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table D-14	\$720,000	\$5,400	\$45,000	\$50,400
Total Estimated Sales Tax Revenue		\$720,000	\$5,400	\$45,000	\$50,400
Total					
Onsite Taxable Expenditures [2]	NA	\$17,620,000	\$176,200	\$1,101,250.00	\$1,277,450
Offsite Taxable Expenditures	Table D-14	\$9,120,000	\$68,400	\$570,000	\$638,400
Total Estimated Sales Tax Revenue		\$26,740,000	\$244,600	\$1,671,250	\$1,915,850
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
Industrial		\$74,050	\$74,050	\$0	\$74,050
Research and Development		\$56,050	\$56,050	\$0	\$56,050
Commercial Office		\$3,600	\$3,600	\$0	\$3,600
Total		\$133,700	\$133,700	\$0	\$133,700

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] As a conservative assumption and to provide a reasonable comparison between the land use plans, it is assume the hypothetical land uses would not generate any onsite taxable sales, consistent with the Alternative Sales Tax Revenue Scenario completed for the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

Table D-12
Project Frontier
Economic Impact Analysis
Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction (2023\$) - High End Scenario

Hypothetical Land Use Scenario - High End Scenario
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Item	Source	Taxable Retail Expenditures/ Proposition 172	Projected Sales Tax Revenue		
			El Dorado County	State of California	Total
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
Industrial					
Onsite Taxable Expenditures [2]	\$50 per Sq. Ft.	\$44,050,000	\$440,500	\$2,753,125	\$3,193,625
Offsite Taxable Expenditures	Table D-14	\$6,000,000	\$45,000	\$375,000	\$420,000
Total Estimated Sales Tax Revenue		\$50,050,000	\$485,500	\$3,128,125	\$3,613,625
Research and Development					
Onsite Taxable Expenditures [2]	\$50 per Sq. Ft.	\$44,050,000	\$440,500	\$2,753,125	\$3,193,625
Offsite Taxable Expenditures	Table D-14	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$46,450,000	\$458,500	\$2,903,125	\$3,361,625
Commercial Office					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table D-14	\$720,000	\$5,400	\$45,000	\$50,400
Total Estimated Sales Tax Revenue		\$720,000	\$5,400	\$45,000	\$50,400
Total					
Onsite Taxable Expenditures [2]	NA	\$88,100,000	\$881,000	\$5,506,250.00	\$6,387,250
Offsite Taxable Expenditures	Table D-14	\$9,120,000	\$68,400	\$570,000	\$638,400
Total Estimated Sales Tax Revenue		\$97,220,000	\$949,400	\$6,076,250	\$7,025,650
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
Industrial		\$250,250	\$250,250	\$0	\$250,250
Research and Development		\$232,250	\$232,250	\$0	\$232,250
Commercial Office		\$3,600	\$3,600	\$0	\$3,600
Total		\$486,100	\$486,100	\$0	\$486,100

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] As a conservative assumption and to provide a reasonable comparison between the land use plans, it is assume the hypothetical land uses would not generate any onsite taxable sales, consistent with the Alternative Sales Tax Revenue Scenario completed for the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

Table D-13
Project Frontier
Economic Impact Analysis
Estimated Annual Taxable Sales and Use Tax Revenue by Jurisdiction (2023\$) - Alternative Scenario

Hypothetical Land Use Scenario - Alternative Scenario (No Taxable Sales Onsite)
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Item	Source	Taxable Retail Expenditures/ Proposition 172	Projected Sales Tax Revenue		
			El Dorado County	State of California	Total
Assumptions					
Sales Tax Rate			1.00%	6.25%	
Percentage of Taxable Retail: Onsite			100%	NA	
Percentage of Taxable Retail: Offsite [1]			75%	NA	
Estimated Sales Tax Revenue					
		<i>taxable retail exp.</i>			
Industrial					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table D-14	\$6,000,000	\$45,000	\$375,000	\$420,000
Total Estimated Sales Tax Revenue		\$6,000,000	\$45,000	\$375,000	\$420,000
Research and Development					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table D-14	\$2,400,000	\$18,000	\$150,000	\$168,000
Total Estimated Sales Tax Revenue		\$2,400,000	\$18,000	\$150,000	\$168,000
Commercial Office					
Onsite Taxable Expenditures [2]	\$0 per Sq. Ft.	\$0	\$0	\$0	\$0
Offsite Taxable Expenditures	Table D-14	\$720,000	\$5,400	\$45,000	\$50,400
Total Estimated Sales Tax Revenue		\$720,000	\$5,400	\$45,000	\$50,400
Total					
Onsite Taxable Expenditures [2]	NA	\$0	\$0	\$0.00	\$0
Offsite Taxable Expenditures	Table D-14	\$9,120,000	\$68,400	\$570,000	\$638,400
Total Estimated Sales Tax Revenue		\$9,120,000	\$68,400	\$570,000	\$638,400
Prop 172 Public Safety Sales Tax Revenue [3]					
		<i>total prop 172 revenue</i>			
Industrial		\$30,000	\$30,000	\$0	\$30,000
Research and Development		\$12,000	\$12,000	\$0	\$12,000
Commercial Office		\$3,600	\$3,600	\$0	\$3,600
Total		\$45,600	\$45,600	\$0	\$45,600

Source: Dermody Properties; EPS.

- [1] Estimated percent of offsite taxable retail sales captured by the County is estimated based on the assumption that 75 percent of Project employee spending will be spent within County limits.
- [2] As a conservative assumption and to provide a reasonable comparison between the land use plans, it is assume the hypothetical land uses would not generate any onsite taxable sales, consistent with the Alternative Sales Tax Revenue Scenario completed for the Project.
- [3] Total Proposition 172 Public Safety Sales Tax revenue is calculated based on the one half percent public safety sales tax applied to all taxable expenditures resulting from the Project.

**Table D-14
Project Frontier
Economic Impact Analysis
Estimated Annual Offsite Taxable Sales (2023\$)**

Hypothetical Land Use Scenario

Item	Assumption	Occupied Units/ New Nonres. Employees [1]	Total Taxable Sales
Annual Taxable Sales from New Employees			
New Employees			
Average Daily Taxable Sales per New Employee	\$10		
Work Days per Year	240		
Total Employees/Taxable Sales from New Employees		<u>Nonres. Employees</u>	<u>From Employees</u>
Industrial		2,500	\$6,000,000
Research and Development		1,000	\$2,400,000
Commercial Office		300	\$720,000
Total		3,800	\$9,120,000

Source: U.S. Department of Labor; Bureau of Labor Statistics; EPS.

[1] Refer to Table D-1 for land use and employment summaries.