

Creating a Sustainable Los Alamos

Prepared for the

Los Alamos, New Mexico First Town Hall

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Summary

Los Alamos County is unique in many ways. It has more people working in the county than living in it, has one of the highest average worker earning and per capital personal incomes in the nation, has one of the best school systems in the western United States, and has been ranked as having the “highest quality of life” of any county in the nation.

Virtually all of the positive features of the area are the result of the presence of the Los Alamos National Laboratory (LANL). For many years the Federal government subsidized the county government and public school system. Also, somewhat as a result, the county has had very little internal economic growth. Annual subsidies by the DOE and its predecessor agencies to the county have ended and the Federal government is transferring land to the county to assist it in creating a sustainable, self-sufficient government and economy.

The purpose of the Los Alamos, New Mexico First Town Hall is to make recommendations to the county government regarding the future uses of not only the transferred real estate, but also property presently owned by the Los Alamos County and the public school system to help the area become self-sufficient.

Due to an anomalous growth in taxable gross receipts as a result of new construction at LANL and the re-construction of homes destroyed by the Cerro Grande fire, the county has experienced abnormally high tax revenues over the last five years. However, after the construction boom ends, revenues will return to normal levels, which will likely not be sufficient to pay for existing services.

Six specific issues have been identified which coincide with the potential uses for the parcels being considered. These include:

1. Increase the availability of housing in the county, both affordable and at market rate.
2. Increase retail opportunities.
3. Retain LANL as the area’s best wealth producing employer.
4. Diversify the economy to become less dependent upon LANL.
5. Increase funding to county government, to maintain and expand upon services.

Increase funding to the public school system.

To satisfy these issues, POLICOM Corporation has created three economic growth scenarios to be completed over the fifteen year period from 2006 to 2020. These include:

1. Construct approximately 2,800 new housing units on about 979 acres of land, causing the population to grow from about 18,500 to 25,000 people by 2020.
2. Increase retail sales by constructing approximately 365,000 square feet of new retail space on 45 acres of land, resulting in a doubling of taxable retail gross receipts over what is projected by 2020.
3. Create 2,500 new, high-wage primary industry jobs which will require the construction of approximately 875,000 square feet of office, laboratory, and industrial space on 67 acres of land.

If all of the economic growth scenarios are accomplished, tax revenue to the county government should be sufficient to not only maintain existing services but also fund new programs, the housing shortage should be diminished, and the economy will be more diversified. However, there might not be sufficient land available to achieve all of the scenarios. If this is the case, the community needs to prioritize which are the most important.

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Introduction.

For many years, Los Alamos County received large financial contributions from the Federal government to help fund the costs of county government and the public school system. Since neither the Federal government nor the University of California that operates the Los Alamos National Laboratory (LANL) are subject to direct taxation, the assistance payments were deemed appropriate by both parties.

During this time, the county had very little internal economic growth since there was a limited supply of privately owned real estate upon which to “grow an economy.” Additionally, since the local government did not have any budget issues, there also likely was not a perceived need to increase the taxable base of the area.

However, in Fiscal Year 1997, the Federal government discontinued making annual payments to the county government. It presented the county government with a sizable, one-time financial contribution, and promised to transfer to the county several parcels of real estate.

The reason for the land transfer is to enable Los Alamos County to increase its taxable base, generating sufficient tax revenue to become self sustaining, not dependent upon LANL for contributions in the future.

The purpose of this paper is to provide information to community to assist in determining the “highest and best” use for the transferred real estate.

After understanding the plethora of issues which will be discussed hereafter, community leaders are being asked to make recommendations to the County Council to rezone certain land for private use to reach the revenue goal of “sustainability.” The real estate to be considered includes the land transferred from the Federal government, along with property presently owned by Los Alamos County and the Los Alamos Public School System.

What is a “local economy?”

Basically, a local economy is a geographic area in which a preponderance of the population lives and works, earns and spends. The place of work is where the wealth is created; the place of residence is typically where the wealth is spent.

Money flows into the local economy as a result of the activity of the “primary industries.” Primary, or contributory industries, are those which sell their goods or services outside the geographic boundaries of the local economy, thus importing wealth to the area.

The imported wealth or money is mixed and churned within the economy, circulating from business to business, person to person, until it is eventually consumed and leaves the area.

A local economy will grow and expand, decline and fall, in direct proportion to the amount of wealth being imported to the area. A vast majority of the businesses, as well as their employees, depend upon the wealth being imported to the area by the primary industries. These are known as dependent or consumptive industries. Typically, for every 1 primary jobs created, there are between 2 and 3 dependent jobs created.

The “quality” of a local economy, which determines the standard of living for the people who live and work in an area, is determined by the wages paid within the primary industries. Typically, the average wages paid to workers employed in the dependent jobs will approach but rarely exceed the wages paid in the primary industry sectors.

If the primary jobs are “low-wage,” then the overall economy will be a low-wage economy. If the primary industries are high-wage, then the overall standard of living in the area will be toward the “high-wage” end.

Local economies with multiple (diversified) primary industries have the best chance of having a stable economy over an extended period of time. Typically, if one of the contributory industries declines, there are others which are still contributing, perhaps even growing, and thus preventing a significant economic decline in the area.

Areas which depend upon one or two primary industries are in a precarious position. Should their main contributor fail, the entire economy will collapse.

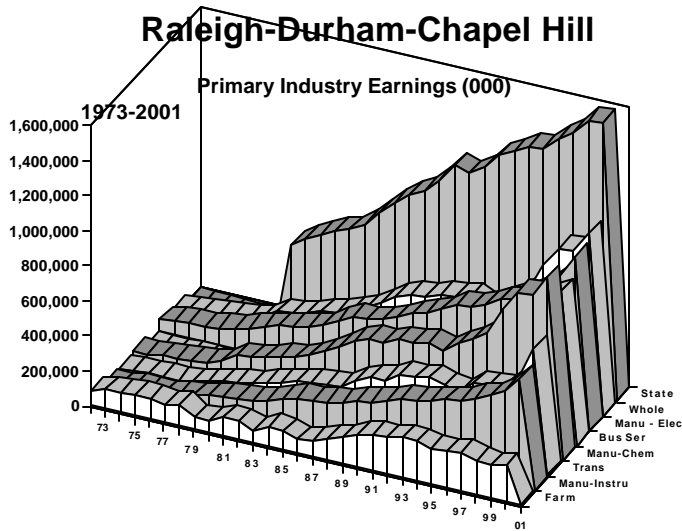
It is a characteristic of the strongest local economies in the United States to have multiple primary industries. It is a characteristic of the weakest economies to be dependent upon one primary industry, which has fallen into decline.

The Raleigh-Durham-Chapel Hill metropolitan area has been one of the strongest local economies in the United States for many years.¹ One of the principle reasons for this has been its significant diversification.

POLICOM Corporation has developed formulas which provide a reasonable estimate of the amount and sources of money flowing into local economies. Basically it identifies the primary industries for an area.

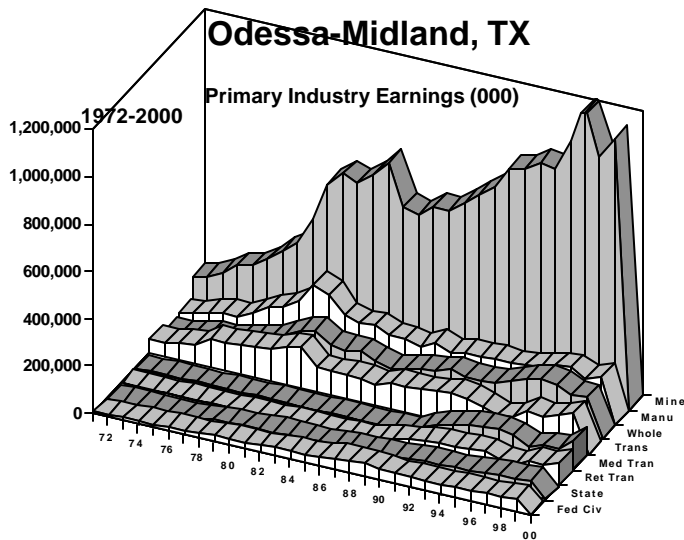
¹ POLICOM Corporation ranks the metropolitan areas for “economic strength” based the 25 year history of 18 economic factors. To review the economic strength rankings, please go to Metropolitan Areas at www.policom.com.

To demonstrate economic diversification, the following graph is provided for the Raleigh-Durham-Chapel Hill area. It shows the source and estimated net gain in revenue flowing into the area by industrial classification. (State = State Government which includes workers at the state capital (Raleigh) along with employment at two state universities and one large community college.)



Note how the Raleigh area has multiple contributors, virtually all of which have been growing over the years.

The Odessa-Midland, Texas area is one of the weakest economies in the country. It is virtually solely dependent upon one contributory industry which is petroleum. The area has a very volatile economy and often goes into deep recessions.



Visually you can see from Odessa's graph how dependent they are upon one industry. Mining is petroleum extraction and the wholesale trade, transportation, and manufacturing industries are all tied to it.

Local economies with multiple primary industries have consistent economies, less susceptible to recessions. Areas with one or two primary industries are extremely susceptible to economic decline.

Los Alamos: An economic paradox.

Los Alamos County is one of the most unique areas in the United States. With a population of fewer than 19,000 people, it:

- Has more people working in the county than living in it.
- Ranks in the top 25 among 3,100 counties in the United States for average wage, per capita personal income, and per capita earned income.
- Has one of the most successful public school systems in the western United States.
- Was rated by the American City Business Journal as having the best “quality of life” of any county in the nation in 2004.

It is a paradox in the fact that:

- It has had virtually no internal economic growth for virtually 13 years.
- Taxes to the county government did not increase above the rate of inflation for virtually 15 years, yet the government expanded services and remained solvent.
- Housing costs have risen to twice the state average yet taxable gross retail sales, after adjusting for inflation, were less in 2003 than in 1991.
- Per capita retail sales are lower than Jasper, Mississippi, a poor area with a comparable population.

It is important to understand the nature of the Los Alamos economy in order to comprehend the recommendations presented later in this study.

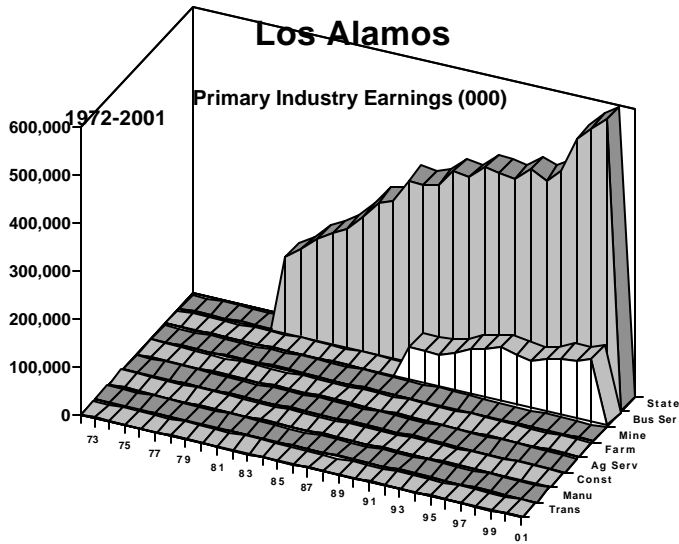
As previously stated, a local economy is a geographic area in which wealth is earned and spent. Los Alamos County does not qualify as a local economy as both components are not contained within the area. The county is a component of a larger economy which includes Rio Arriba and Santa Fe counties.

Among the 3,112 counties in the United States, Los Alamos has the 14th highest earnings per worker, at \$61,003 and the 17th highest per capita worker earnings of \$35,488 (total earnings by those who live in the county divided by the population).

However, growth in net earnings, the total money earned by people who live and work in the county, increased at an annual rate of only 4.6% over the last five years. This rate of growth ranks only 1,510 among the counties in the nation. Additionally, the growth in total personal income, all earned and unearned income, grew at the rate of 4.9%, ranking 972nd.

Population growth was one of the slowest in the nation. During the ten years from 1993 through 2002, the county grew at an annual rate of .1%, ranking 2,191 among the 3,112 counties and finishing just ahead of the 802 counties which lost population during this time. The counties which lost population were either small rural areas or counties with declining economies.

The county however is a significant importer of wealth. LANL and its contractors qualify as primary industries. However, LANL is virtually the only primary industry in Los Alamos, making the local economy virtually solely dependent upon its success. The following graph, like the Raleigh and Odessa graphs before, provides a reasonable estimate of the source and amount of money flowing into the area.



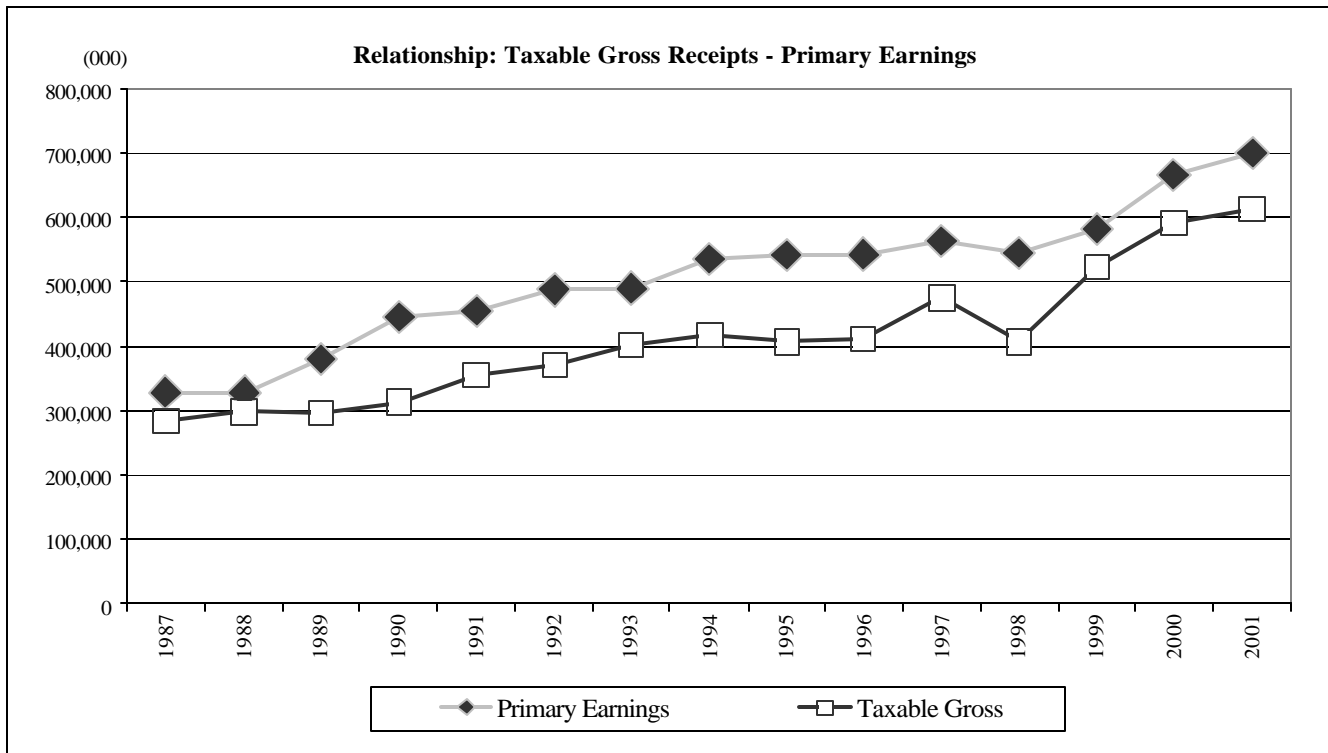
“State Government” represents the wages paid via the contract with the University of California at LANL. Business Services is the combination of consulting and contractor services provided by the private sector, principally to LANL.²

From a review of the data, POLICOM Corporation has determined approximately 97% of all primary industry activity in Los Alamos is attributed to the National Laboratory, its affiliates, and contractors. Other industries are shown on the graph, but the contribution is negligible.

Being solely dependent upon one primary industry, as previously mentioned, places Los Alamos at the mercy of it. The graph below shows the relationship between primary industry earnings and taxable gross receipts from 1987 to 2001.³

² Data is not available prior to 1979 for State Government nor prior to 1988 for Business Services/Engineering.

³ Primary earnings are for the calendar year, taxable gross receipts for the fiscal year beginning with July 1 of the year noted.



Note when primary earnings increased, taxable gross receipts increased. When earnings declined, taxable gross receipts declined.

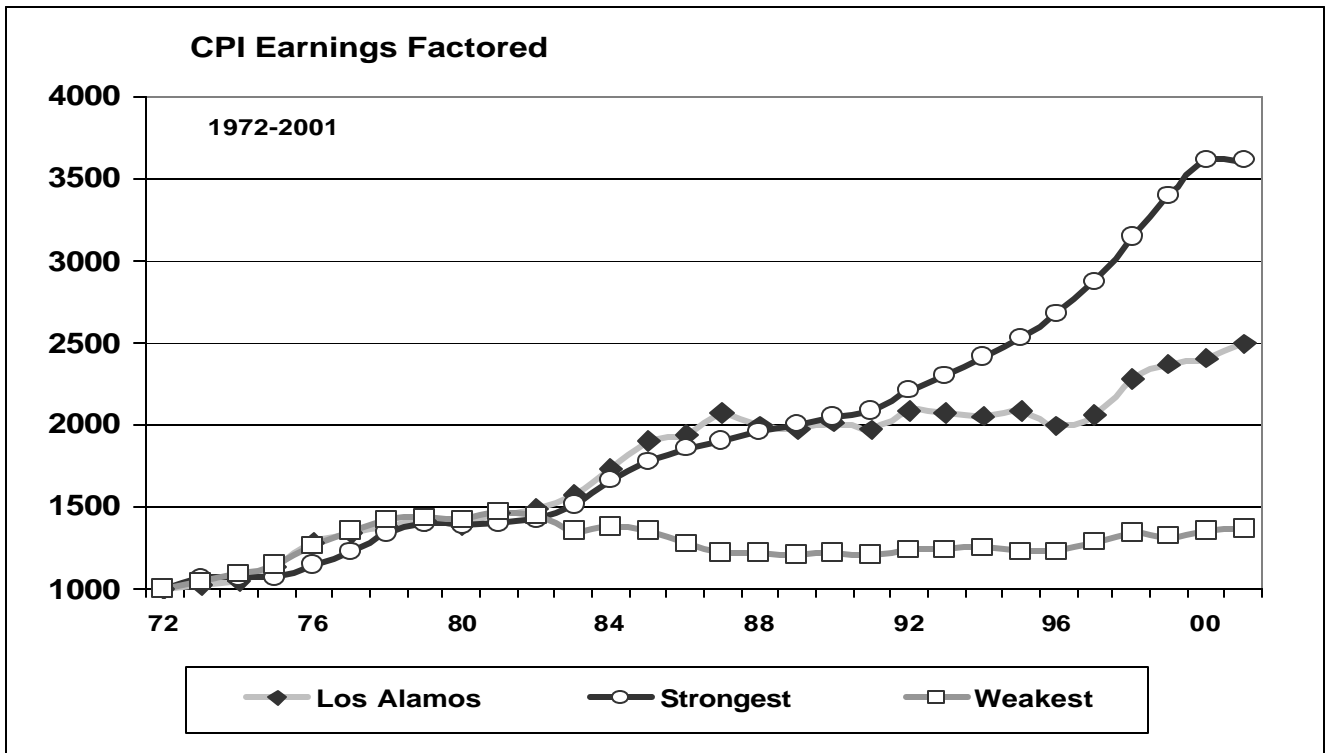
When LANL grows, the economy grows and vice versa. The following graph shows the growth of the size of the economy by measuring the Inflation Adjusted “Factored” Total Worker Earnings.

Total Worker Earnings are all the wages and salaries paid and profits of proprietors within the county, by place of work. To create this graph, these earnings were adjusted to the value of the 2001 dollar, the annual percentage increase calculated, and the percentage then multiplied by a common number (1,000), so all economies can be visually compared, apples to apples.

The graph shows the growth in the economy from 1972 to 2001. 1972 is the point of beginning. Also shown on the graph are the averages for the ten strongest and ten weakest metropolitan area economies in the United States.⁴

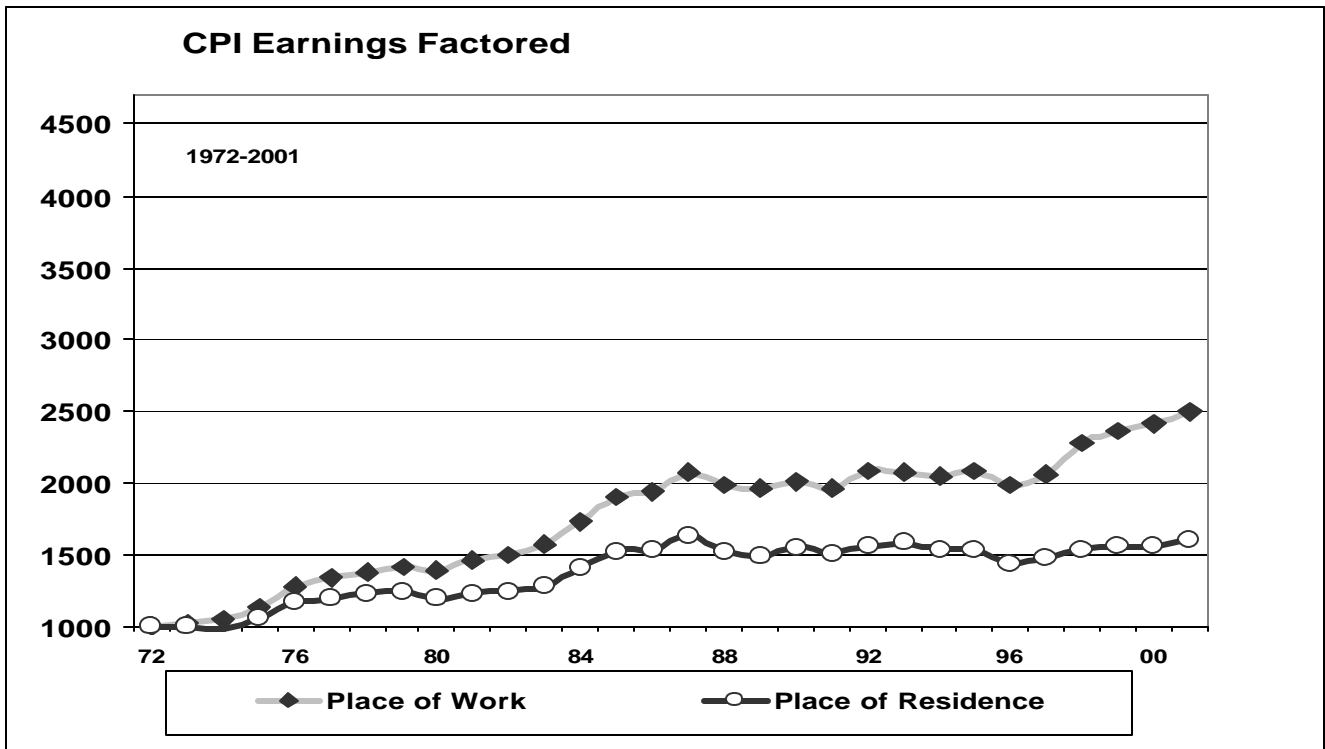
By this measure, the Los Alamos economy grew at a rate as fast as the ten strongest areas from 1972 to 1988. However, from 1988 to 1999 the growth flat lined. The direction of the lines reflects the growth or non-growth at LANL during this period of time.

⁴ A list of the ten strongest and ten weakest economies appears in the Appendix of this report.



This, however, is a measure of the money being earned within the county (place of work). It is not a measure of what is being earned by the residents of the county.

The following graph shows the difference between the money earned by the jobs in the county and the money earned by those who live in the county.



For those who live and work in the county, by this measure, the size of the economy has not grown since 1986, after adjusting for inflation.

While LANL certainly generates a large amount of wealth, Los Alamos County is only benefiting from a small portion of it, as a large number of individuals who work at the facility do not live in the county.

The following chart shows the commuting pattern for the county.⁵

Among those who work in Los Alamos...

Where do they live?

Total Jobs	18,017	
Los Alamos Co. NM	9,133	50.7%
Santa Fe Co. NM	4,029	22.4%
Rio Arriba Co. NM	3,206	17.8%
Sandoval Co. NM	606	3.4%
Bernalillo Co. NM	474	2.6%
Taos Co. NM	242	1.3%
Valencia Co. NM	58	0.3%
Torrance Co. NM	37	0.2%

About half of all the people who work in Los Alamos live outside the county.

However, commuting is not a “two way street” . Virtually all who live in the county and have a job, work in the county and do not commute. The earnings of these individuals are represented in the “Earnings by Place of Residence” on the preceding graph.

Among those who live in Los Alamos and are employed...

Where do they work?

Total Jobs	9,476	
Los Alamos Co. NM	9,133	96.4%
Santa Fe Co. NM	180	1.9%
Rio Arriba Co. NM	81	0.9%
Bernalillo Co. NM	32	0.3%

People typically spend where they live. As result of the extremely high percentage of individuals commuting from outside the county, Los Alamos has not been able to capture all the benefits of having the DOE in the community, as disposable income is being taken to Rio Arriba and Santa Fe.

⁵ Bureau of Census – Journey to Work data - 2000.

Even though a large number of people commute from the outside, the earnings per resident (those who live and work in the county) is very high. As previously mentioned, in 2002 it stood at \$35,488, the 17th highest among all the counties in the country. The county's per capita personal income (all income sources, place of residence) was the 19th highest in the nation, \$48,485.

However, per capita retail sales in the county are extremely low relative to the earnings of the residents.

In 1997, per capita retail sales for Los Alamos were \$4,065.⁶ This is an extremely low amount. In fact, relative to the per capita personal income, it is grossly low.

The following chart compares the percentage 1997 per capita retail sales were of per capita personal income for several New Mexico counties, along with the state and nation.

	1997 Per Cap Retail Sales	1997 PCPI	% of PCPI
Los Alamos	4,065	37,058	11%
Bernalillo	12,372	24,052	51%
Dona Ana	6,364	15,889	40%
Rio Arriba	5,029	14,075	36%
Santa Fe	11,708	25,264	46%
Valencia	5,411	17,322	31%
New Mexico	8,697	19,698	44%
USA	9,190	25,334	36%

1997 per capita retail sales in Los Alamos were only 11% of the 1997 per capita personal income. This is significantly less than any other county shown. Perhaps this was anomalous only in New Mexico. To determine if this is the case, let us look at some other areas.

The following chart compares the percentage of eight counties which have comparable per capita personal incomes (PCPI). These counties ranked just above or just below Los Alamos when ranked among the counties in the nation for per capita personal income.⁸

	1997 Per Cap Retail Sales	1997 PCPI	% of PCPI
Oakland, MI	14,175	38,462	37%
Chester, PA	14,114	38,341	37%
Hamilton, IN	11,525	37,228	31%
Collin, TX	10,536	37,222	28%
Los Alamos	4,065	37,058	11%
Norfolk, MA	11,461	36,953	31%
Fulton, GA	12,779	36,182	35%
Johnson, KS	12,934	35,850	36%
Williamson, TN	12,758	35,442	36%

⁶ 1997 data is used as it is directly comparable among counties in the United States. Source, Bureau of Census, Economic Census, 1997.

⁸ Source for PCPI – U.S. Department of Commerce, Bureau of Economic Analysis.

Among high income counties, the percentage is typically 35%. Los Alamos is still strangely low.

Perhaps the anomaly is the result of having a small population. The following compares the percentages to the eight counties which ranked just above or below Los Alamos for population size.

	2002	1997 Per Cap	1997	% of
	<u>Population</u>	<u>Retail Sales</u>	<u>PCPI</u>	<u>PCPI</u>
Warren, IL	18,375	5,162	18,996	27%
Deaf Smith, TX	18,368	5,935	21,628	27%
Pike, MO	18,348	5,354	16,924	32%
Fayette, AL	18,318	6,134	17,898	34%
Los Alamos	18,305	4,065	37,058	11%
Jasper, MS	18,281	4,330	15,007	29%
Inyo, CA	18,273	9,365	22,114	42%
Potter, PA	18,198	9,150	19,397	47%
Smith, TN	18,153	6,286	19,489	32%

Per capita retail sales are higher in Jasper, Mississippi, a poor area, than in Los Alamos. Once again, Los Alamos's 11% is inconsistent with norms.

The issue of the relatively low retail spending by the residents of Los Alamos will be discussed later in this study.

As you can see, the economy of Los Alamos is a paradox, filled with high wage earners, but not growing.

The economic "paradox" has a significant impact upon the funding to the county government.

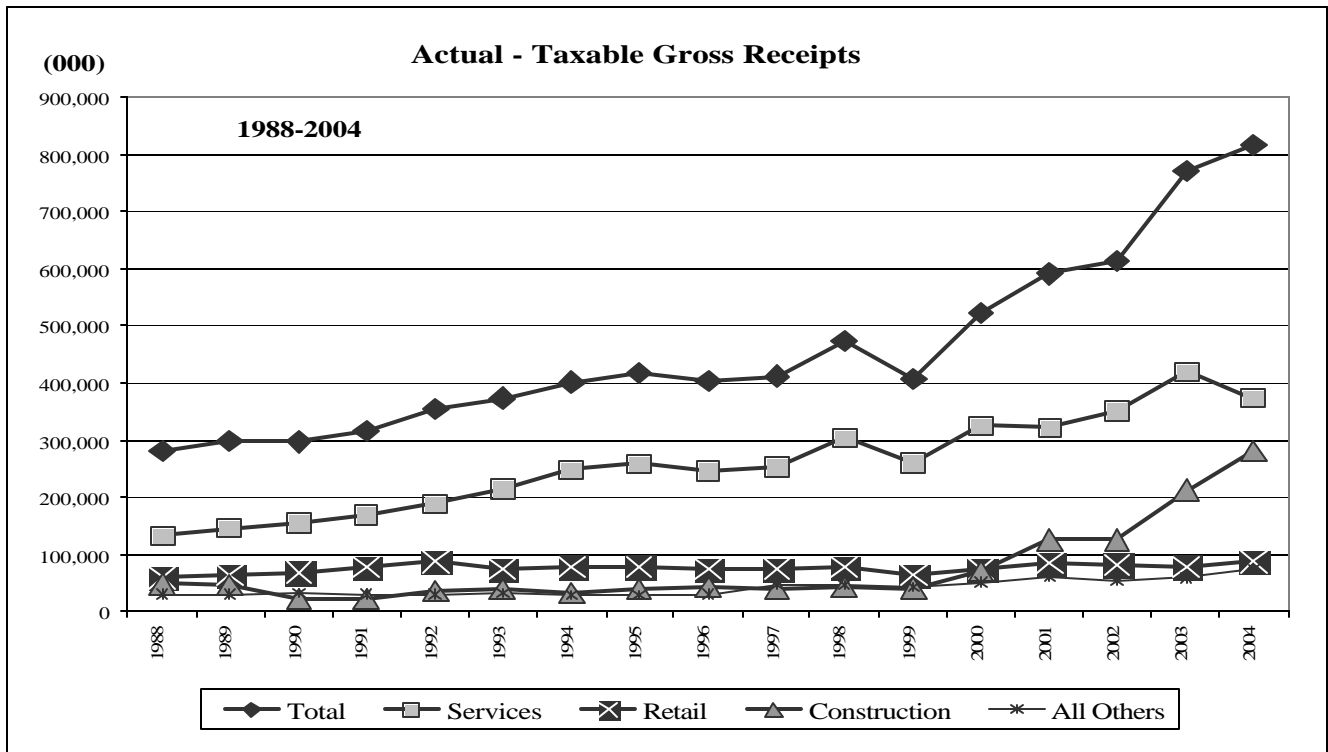
County Government Sustainability.

Most of the day-to-day operations of the county government, aside from the utility and fire departments, are paid via the General Fund. The use of revenue in the General Fund, for the most part, is not restricted. Other “funds” such as the Capital Fund gain a good share of their revenue from the General Fund. As the General Fund goes, so goes the ability of county government to provide services.

The gross receipts tax and property taxes are the principal source of revenue to the General Fund. However, for every dollar of property tax, there are between 6 and 7 dollars of gross receipts tax. For the most part, gross receipts tax revenues fund the county operations.

General Fund revenues to the county since Fiscal Year 2000 (July 1, 1999 to June 30, 2000) have been artificially high as a result of an extraordinary increase in taxable gross receipts.

The following graph shows the actual taxable gross receipts for the fiscal years from 1988 through 2004 (last three months of 2004, which ended June 30, 2004, are estimated by POLICOM). There are several important features.⁹



From 1988 to 1999, there was modest growth in the amount of taxable gross receipts, increasing on average about 5% per year during the 12 year period. Be sure to note how “retail” has flat lined for almost 20 years.

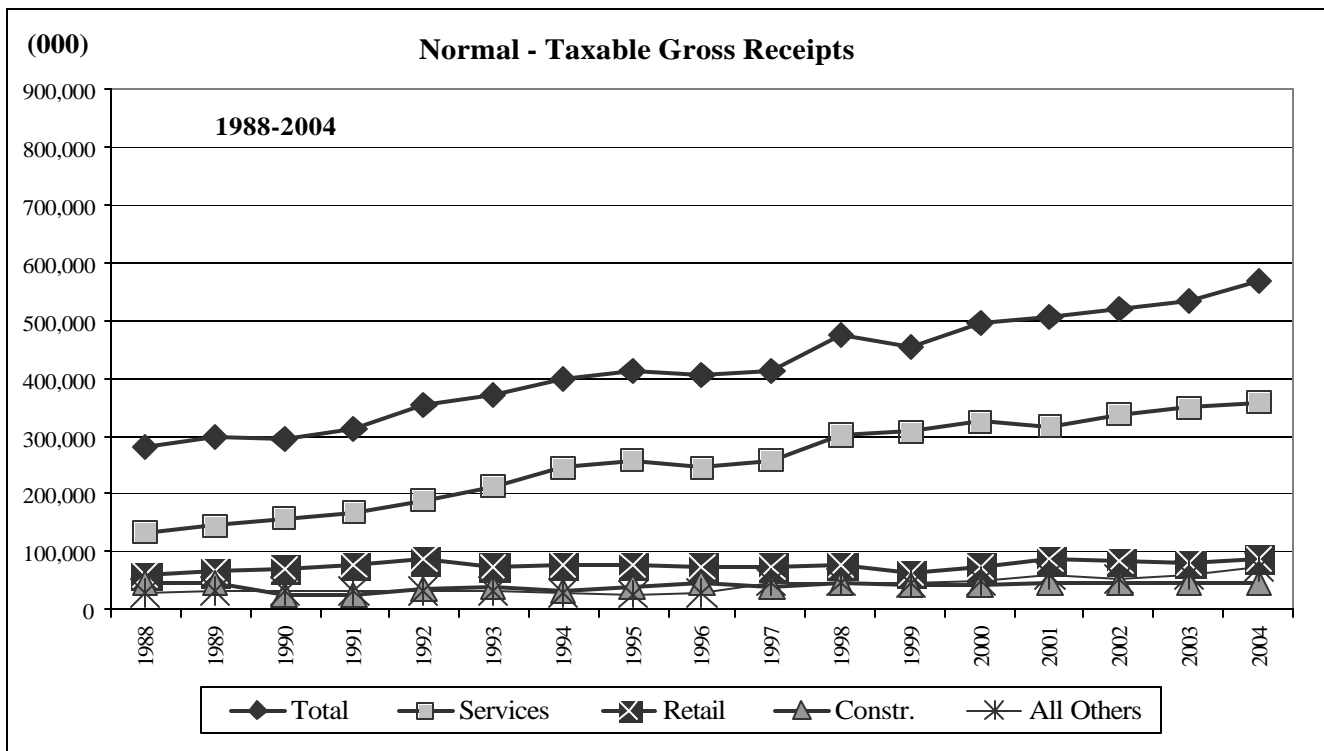
However, beginning with FY 2000 and through FY 2004, taxable gross receipts jumped from \$400,000,000 to over \$800,000,000.

⁹ A spreadsheet showing the annual totals appears in the Appendix.

As the graph indicates, most of this increase was due to “construction.” From 1988 to 1999, taxable gross receipts for construction lingered between \$35,000,000 and \$45,000,000, typically 11% of the county total. However, as a result of residential reconstruction after the Cerro Grande fire and an expansion at LANL, gross receipts for construction jumped from \$49,000,000 in 1999 to over \$280,000,000 in 2004.

The surge in taxable gross receipts provided a “gush” of money to the county government for its General Fund. In FY 2004, the county was able to make a sizable transfer from the General Fund to the Capital Fund as a result of a large surplus. Unfortunately, this is an extremely anomalous occurrence.

The following graph shows the amount of taxable gross receipts which would have been generated under “normal” circumstances. This estimate is based upon a fifteen-year pattern of growth for each category. The changes begin with FY 2000.¹⁰



Under normal circumstances, in 2004 the total taxable gross receipts would have been \$568,000,000 instead of \$815,000,000, **30% less**.

The rapid increase in gross receipts tax revenue to the county from 2000 through 2004 is similar to the “dot com” boom in California during the 1990’s. During the boom, the state government gushed with money and expanded its programs vigorously. However, after the bust, the state was saddled with the programs and is struggling to stay solvent.

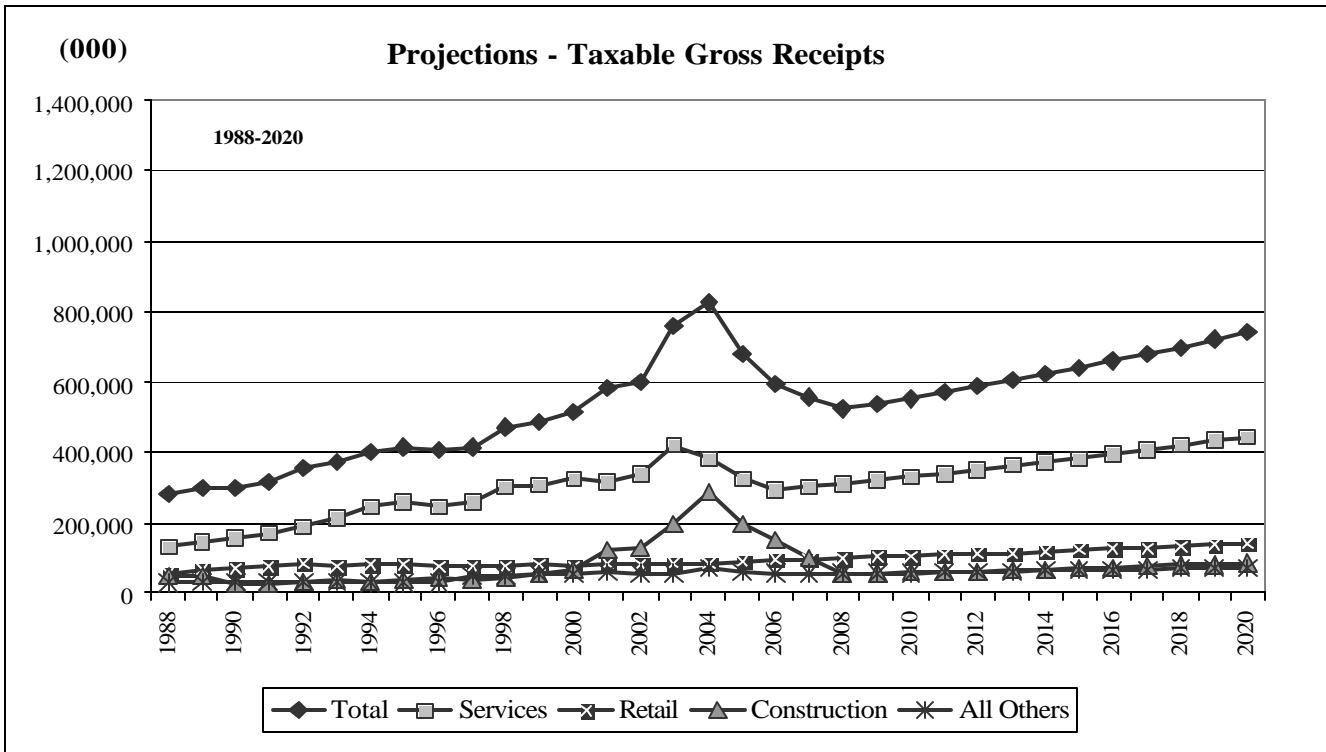
¹⁰ A spreadsheet showing the annual changes appears in the Appendix.

¹² A spreadsheet showing the projections appears in the Appendix.

The gush of money to the Los Alamos General Fund also has likely given the residents of the county a “false” sense of fiscal solvency for the county government.

The amount of taxable gross receipts for Los Alamos County cannot remain at 2004 levels and will drop sharply in the future. The big question: when?

The following graph projects taxable gross receipts through from FY 2005 to FY 2020 (July 1, 2019 - June 30, 2020).¹²



Please study these lines very closely, as the future of the county depends on the direction they take.

The projections were created in the following manner.

- The historic growth pattern for retail sales, population, and housing were projected based upon the assumption the past will reflect the future. There is no indication the economy will grow in the future, as it did not grow in the past aside from the anomalous growth in construction.
- As a result, gross receipts for retail and all others were projected corresponding to the “normal” lines for the previous graph.
- Construction gross receipts are expected to decline from 2005 to 2008 when they will return to normal levels. This is the result of the completion of construction activities at LANL and the reconstruction of homes destroyed by the Cerro Grande fire. The drop in construction receipts could occur much sooner than 2008, however.

- Services are projected to grow at the historic rate except for the following.

At the time this study was being prepared, LANL was implementing several changes to the “contingent worker” workforce. The county finance department estimates, if the changes are fully implemented, there will be a decline of about \$85,000,000 in taxable gross receipts in the Services sector. This reduction is reflected on the chart for FY 2005 and FY 2006, providing for a drop of \$42,500,000 each year while the decline could all occur in FY 2005.¹³

Additionally, employment at LANL is projected to be relatively constant over the term. A significant decrease or increase in employment will influence taxable gross receipts.

The projections show a dramatic decline in taxable gross receipts. In fact, even by 2020 the total will not reach the level in 2004.

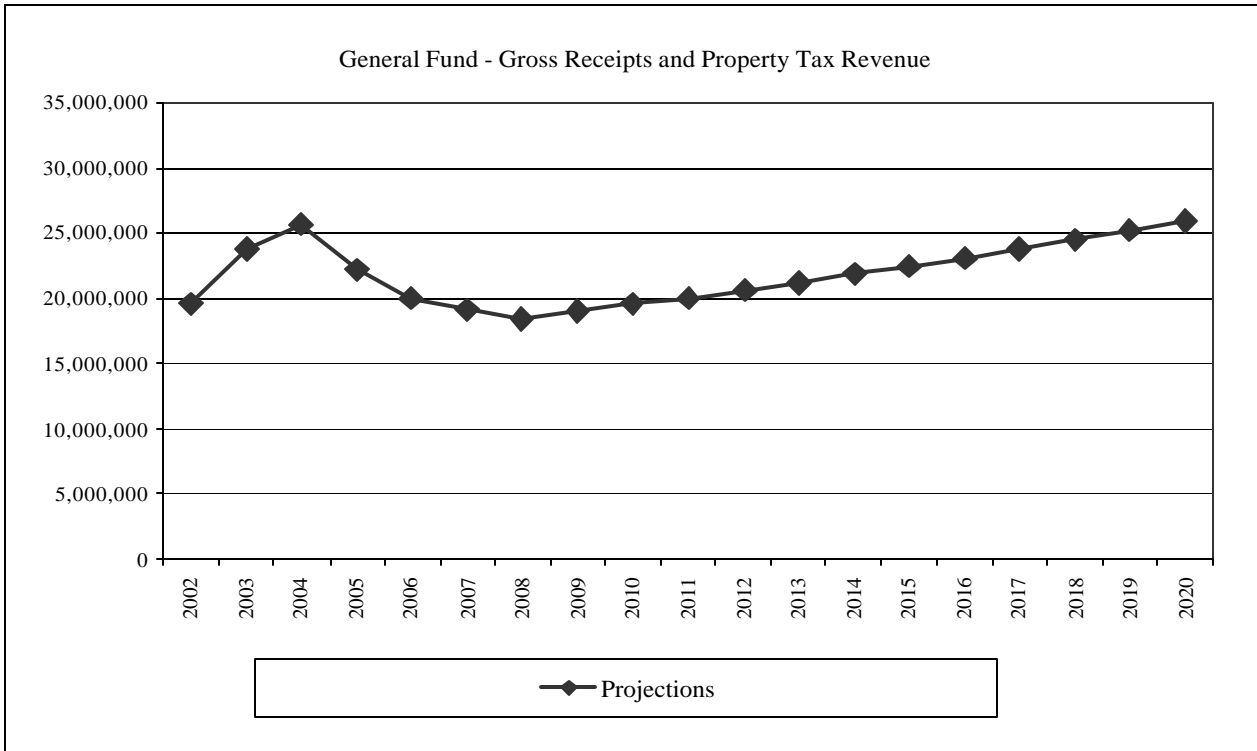
The projections are based upon a “do nothing” scenario. This basically means the community will do nothing to change the taxable base of the county. Additionally, it also assumes there will not be another major expansion at LANL which would drive an increase in construction.

The unfortunate consequence, if the projections come true, is the county government will likely not yield sufficient revenue to maintain the current level of service, let alone take on any new projects.

In fact, general fund revenue from gross receipts and property taxes, based upon the current tax rate, could drop from approximately \$25,000,000 in FY 2004 to \$18,000,000 in FY 2008, insufficient to pay for the operating expenses for that year.

The following graph shows the projected revenue to the General Fund for gross receipts and property taxes from 2002 to 2020 (2002 and 2003 actual). The drop in General Fund revenue is the direct result of the reduction in taxable gross receipts in Services relative to LANL and the return to normalcy for the construction industry, circa 2008.

¹³ Los Alamos County Finance Department



- Property tax revenue is projected to increase an average of 2.5% year, which has been historical. It is also based upon the assumption little new construction will occur after the current construction boom ends.
- Gross receipts tax revenue is based upon the current taxing percentages for the General Fund which are:

General Fund - Total Rate	2.600%
Municipal General Fund	1.250%
County General Fund	0.125%
State/Municipal General Fund	1.225%

Since the county and the community have limited ability under New Mexico law to increase the “tax rate,” the tax base must be increased to provide the revenue to county government not only to maintain its present day level of service, but also to expand as desired by the citizens to enhance the “quality of life” in the area.

Los Alamos Public Schools.

The Los Alamos Public School system is one of the strongest and best in the western United States. The community is well aware of its quality and success. Therefore, its accomplishments will not be discussed here.

However, the school system faces a similar funding problem as the county government, but not as severe in the immediate future.

The general operating expenses for local public school systems in New Mexico are principally financed by the state of New Mexico through a per pupil formula. Locally, the citizens have limited ability to vote to increase funding for the general operations of the schools. They can vote to increase taxes for capital projects, but not day-to-day operations.

In essence, relative to general operations, all local school systems in New Mexico are funded equally.

So how did the Las Alamos system become so much better than the rest of New Mexico?

As most residents know, in addition to the per student payments received by the state, the school system has also received sizable contributions from the Federal government as a result of the presence of LANL. As a result, the school system has been able to afford to provide programs most other school systems in the New Mexico could never hope to provide.

However, it cannot be assumed the annual contributions from the Federal government will always be available.

At the time this study is being prepared, the annual contribution has been committed (approximately \$8,000,000). However, the school system has been informed that while there are no plans to discontinue the contribution, the amount will not be increased in the future.

Since the cost of general operations for any government increases each year, the value of the present contribution will eventually diminish. Also, there is no guarantee the subsidy will continue indefinitely. Unfortunately, eventually the school system will have to “cut back” on some of the existing programs since its revenue stream for “extra” activities will not increase.

There is a legal means for the school system to increase general operating revenue on a local basis. This is through “leasing” surplus property.

The Los Alamos Public Schools owns several parcels which are listed for consideration in this study. If the school system sells the property, the money must go into its “capital fund” and cannot be used for general operation. However, if the real estate is leased, the leased revenues can be used for general operations, which can help to cover some of the shortfalls in the future.

Land Transfers – Economic Benefit.

Through a review of documents, studies¹⁴ and meetings with focus groups, six economic and quality of life issues have been identified which can be addressed through the utilization of the real estate to be transferred. These include:

1. Increase the availability of housing in the county, both affordable and at market rate.
2. Increase retail opportunities.
3. Retain LANL as the area's best wealth producing employer.
4. Diversify the economy to become less dependent upon the LANL.
5. Increase funding to county government, to maintain and expand upon services.
6. Increase funding to the public school system.

Each of these issues will be discussed.

Housing – Increase.

There are several reasons why the number of housing units in the county needs to be increased.

Due to limited supply and high demand, the cost of housing has escalated to twice the state average. As a result, middle income workers, such as public school teachers and law enforcement officers, have a difficult time purchasing a home in the community in which they serve.

Additionally, LANL has stated it has a difficult time recruiting younger workers to locate to its facility due to the high cost of housing and the absence of other community amenities.

In order to diversify the economy, housing is needed for the employees of the new enterprises which need to be created.

The actual number of housing units available for individuals employed in the county is gradually decreasing as a result of retirement by Llab workers along with the occasional retirement age individual moving to the county. Suppose in a given year one hundred workers at LANL retire. Approximately 50 of them will likely be living in Los Alamos at the time. Of these 50, if 25 stay in Los Alamos and do not move away, there is now a shortage of 25 housing units for Lab workers hired to replace the 100 who retired. This dynamic is presently occurring.

The county is growing older. In 1990, 10.8% of the population was over the age of 65. By 2000, this had grown to 12.1%, just over the New Mexico average but still lower than the national average of 12.4%. Florida is the nation's oldest state with 17.6% over the age of 65.¹⁵

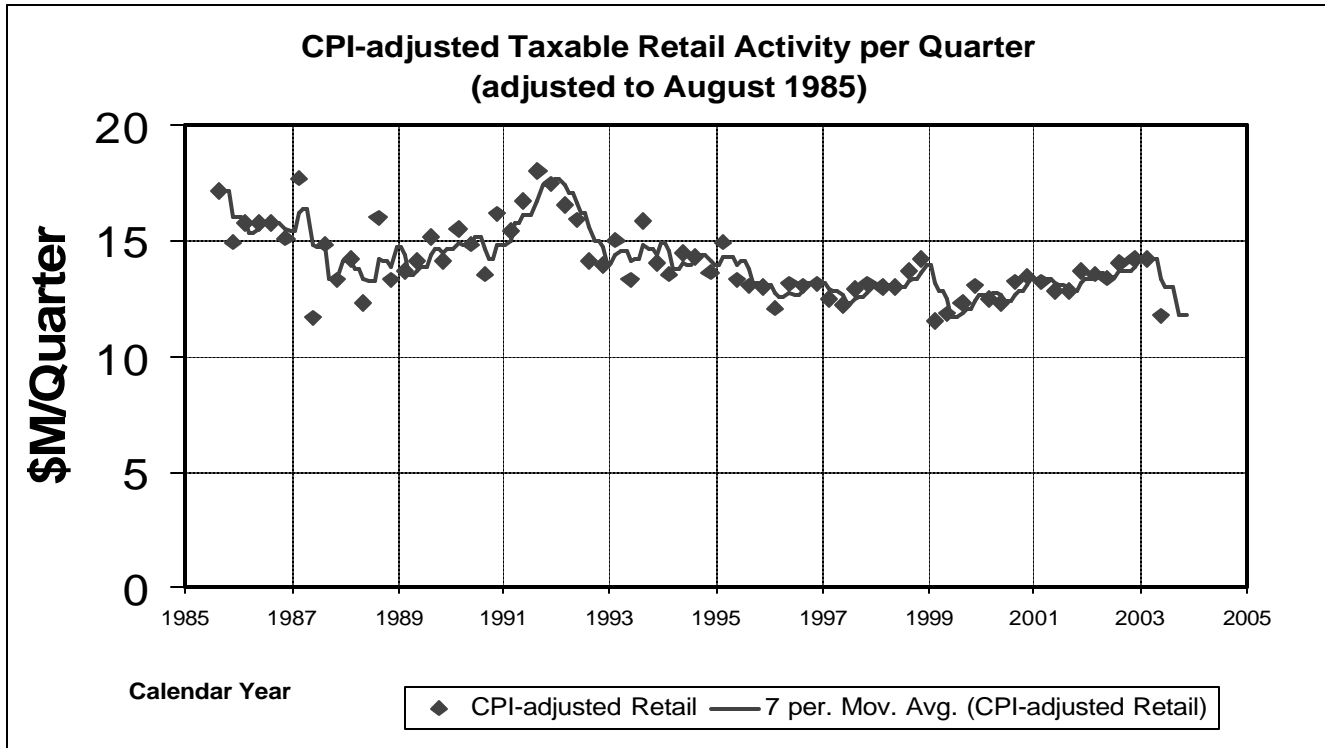
As a result of the county getting older, the average number of people living per household dropped from 2.5 in 1990 to 2.4 in 2000. The might not seem to be significant, but the county would have needed 300 additional housing units just to maintain a constant population.

By increasing the number of housing units, the population of the county will increase. The county's population has remained static for almost 20 years. Consequently, there has been very little economic

¹⁴ A list of the studies and documents review to prepare for this study appears in the Appendix.

¹⁵ Bureau of Census

growth within the county. (People typically spend where they live.) Since 1985, gross receipts for retail sales have not even increased sufficiently to keep up with inflation. The graph below shows the value of taxable retail gross receipts after adjusting for inflation.¹⁶



By increasing the population, there is a logical impact upon the physical infrastructure of an area. The area likely could not accommodate a doubling of its population without expanding the capacity of the sewer collection and treatment systems along with upgrading electrical transmission lines. Other infrastructure systems might also be placed in an “over capacity” situation.

Typically, population growth “pays for itself.” However, this is true if there is a long-term, continuous increase in population. From the revenues generated from long-term population growth, new infrastructure is financed.

Unfortunately, there is not sufficient real estate in Los Alamos to anticipate long-term population growth. As a result, the existing capacity of infrastructure should be considered when determining the future population of the area.

While aging, the public infrastructure of sanitary sewer, potable water, road system, school system, and others, generally has capacity to accommodate an increase in population.¹⁷ Through discussion with county utility staff, while the exact capacity is not known, it is reasonable to assume a population increase to approximately 25,000 people will not place a significant burden on the existing infrastructure.

¹⁶ Los Alamos Finance Department.

¹⁷ Los Alamos Departments of Community Development and Utilities.

Additionally, it is recognized during peak morning and evening commuting times, there is stress on the road system. However, adding additional population on top of the mountain will not place the current road system under stress during non peak hours.

As a result, by increasing the population within the limits of the existing infrastructure, there should be a significant cash throw-off to local government and the community at large.

Additionally, since the infrastructure is aging and its replacement will have to be considered by the community even if nothing is done, having more people living in the area at that time will reduce to financial burden of the existing residents.

Hopefully, many of the individuals who move to the area will be employed by the new businesses which need to be created to diversify the economy.

Retail Opportunities.

The preceding graph showing the inflation adjusted gross receipts for retail demonstrates the need to increase retail activity in the county. As previously mentioned, the county has extremely low per capita retail sales, especially for a county with such high income.

Retail spending has not grown for many reasons. Through a review of retail market studies, the major reasons identified include:

1. Traveling to other communities for “recreational shopping.”
2. Traveling to other communities just to “get off the hill.”
3. The county does not have a critical population mass to support more stores.
4. Retail stores have not been constructed as a result of not having the land upon which to build.

All of these reasons are probably true. However, statistically, number 4 is likely the biggest reason retail spending is so grossly below normal levels.

In 2002, there was approximately 299,000 square feet of retail space being utilized in the county. This equates to about 16 square feet per person. Is this high or low?

The Urban Land Institute and the National Association of Corporate Real Estate Executives (NACORE now known as CoreNET) have estimated for many years the following approximate per capita square foot space needs for retailing to service an area:

<u>Market Served</u>	<u>Per Capita SF Needed</u>
Neighborhood Retail	18
Community Retail	22
Regional Retail	25
Total for a Region	65

A region typically has a population between 100,000 and 150,000.

As we can see, Los Alamos does not have per capita retail space equivalent to the estimated needs just to service Neighborhood Retail, let alone the community at large (a total of 40 square feet). The absence of retail space could be one of the most important reasons retail spending is so low.

Retain LANL.

LANL is and has always been the economic engine for the county. Basically it is the county. Even through an aggressive economic diversification program, LANL will still control the economy. As a result, every effort should be made by the county to assist LANL.

One issue of concern by LANL which has repeatedly surfaced during research for this study is the need to increase the availability and affordability of housing for employees LANL is recruiting to the area. The high cost of housing makes it difficult to recruit younger workers to the area.

The projections for taxable gross receipts are based upon a relatively constant employment level at LANL over the next 15 years. It is not known if the facilities will be expanded again in the future, nor if they will be reduced in scope.

LANL faces competition from other laboratories in the United States. All are contending for Federal programs and funding. If LANL becomes “uncompetitive” among its peers as a result of higher “costs,” then its future is in jeopardy.

Diversify the Economy.

As previously discussed, LANL accounts for approximately 97% of all primary wealth flowing into the economy. The county is indeed at its mercy. In order to reduce the area’s dependence on LANL, new primary employers need to be recruited or created in the area.

Through an aggressive program, by 2020, the LANL contribution can be reduced from 97% to about 80%.

In order to diversify the Los Alamos economy, the area needs land, and will need to recruit, or create from within, new contributory businesses. These companies should be involved in activities which are not presently being undertaken at LANL.

A recruitment program is designed in a similar manner as a marketing-sales plan for almost any business. The process is very simple:

- Identify the product you have to sell (the community).
- Determine who wants to buy your product (what businesses will locate in the area).
- Market to those businesses.

Marketing involves advertising, direct mail, cold calling, direct visitation, and a host of other means of contacting and “selling” the prospective client. The process and tools are very similar to selling any product.

As with any business enterprise, an economic development organization has limited time and financial resources with which to conduct a recruitment, marketing program.

Therefore, as with any business, the time and resources of the economic development organization must be directed to and focused upon those businesses which are most likely to purchase the product, in this case, locate to Los Alamos County.

To determine which business types to target, POLICOM Corporation evaluates the geographic assets and liabilities of the area. Then, beginning with 1,495 private sector industrial classifications, POLICOM considers:

1. Business types which can utilize the assets and cope with the liabilities of an area.
2. Work activity which is “primary or contributory in nature.”
3. Sectors which are growing either nationally or statewide.
4. Includes businesses which will pay a wage sufficient to prevent diluting the economy, which is typically 115% to 125% of the area average wage.

The last criterion is a very important element of the target process. If an area is a low-wage economy, focusing upon businesses which pay a higher wage will improve the “quality” of the area, as lower paying jobs will be improved as a result of competition for labor. Conversely, if an area is a high-wage economy, creating low-wage jobs (typically labor is imported) will actually cause a decline in the quality.

Los Alamos is a high wage economy. The average earnings per worker (jobs located in the county) are about \$60,000,¹⁸ the 14th highest among 3,112 counties in the United States. Additionally, the earnings per resident (those who live in the county and work) are \$35,488, the 17th highest in 2002.

For the purposes of determining the wage level of target businesses for Los Alamos, POLICOM does not believe it to be realistic to focus upon businesses which will pay 115% to 125% of the area average, as there simply are not very many of them in the marketplace which do.

After testing the impact upon the Los Alamos economy, POLICOM has determined for FY 2006 a wage average of \$55,000 will be sufficient to maintain the quality of the economy. The average wage in 2002 was driven by all jobs in the county, dominated by the pay scale at LANL. While not verifiable, the average wage for the jobs of individuals living “on the hill” is likely much less after factoring in government workers, service workers, and sole proprietors. While \$55,000 is less than the average in 2002, \$55,000 is high enough to prevent any noticeable dilution in the economy.

The process of inclusion and elimination of potential industrial sectors upon which to focus is much more complicated than described above, but from such an analysis POLICOM Corporation has created a “Target Industry List” for Los Alamos.

This list is extremely short.

One of the reasons for such a short list is that Los Alamos is located in New Mexico. New Mexico does not have a “business climate” which is attractive to many of the high growth, high wage industries. One of the principal deterrents to locating in New Mexico is the gross receipts tax coupled with a personal income tax and corporate income tax. For a business enterprise which has to compete in the national or international marketplace, the gross receipts tax many times adds costs to the business over and above

¹⁸ Bureau of Economic Analysis, 2002 data.

those of competitors in other states. Since the tax assesses transactions, companies with multiple transactions as a part of their business need to avoid New Mexico.

As a result, vertically integrated manufacturers simply cannot locate in the state unless they have been granted an exemption from the gross receipts tax by the state legislature.

Evidence the gross receipts tax or other negative factors (corporate income tax, personal income tax) relative to New Mexico have prevented primary business expansion is abundant.

As an example, between 1990 and 2000, the United States lost 579,400 manufacturing jobs. However, California was the only state west of the Mississippi which had a net loss of manufacturing jobs during this period of time (-149,000). Colorado gained 19,391, Arizona gained 31,238, and Texas gained 109,215. Yes, New Mexico also gained in manufacturing employment: +16.

During the last fifteen years, two high-wage contributory industries grew very rapidly nationally, except in New Mexico. These are Insurance Carriers and Corporate Headquarters (Management of Companies). Both have a high number of transactions as a component of their businesses. As a percentage of all earned income in New Mexico, earnings by those employed in each comprise a very small portion of the New Mexico economy.

The following chart shows the percentage each of these high-wage industries is of the New Mexico economy, based upon their percentage each is of total worker earnings in the state. The states with the highest and lowest percentages of each are also shown.¹⁹

Percentage of Total Earned Income	NM	State Rank	Highest Percentage	Lowest Percentage
Manufacturing	6.0%	45	Indiana	Hawaii
Insurance Carriers	1.4%	48	Connecticut	Alaska
Management of Companies	0.8%	41	Delaware	Vermont

Since history shows many high wage primary industries are not locating in New Mexico, they are not included on the Los Alamos list.

Target Industry List:

1. First, the most important target is to retain and encourage the expansion of LANL. This might seem a paradox, as the recruitment program is designed to diversify the economy. However, the need to diversify is generated by the threat LANL will downsize or leave altogether.

Preventing this from happening is as good as recruiting new. But since there is extreme competition among states and members of Congress to have LANL type activity in their communities, Los Alamos must prepare for the day the current LANL operation is downsized.

2. Federal or state funded basic and applied research activity, similar to that currently being conducted at LANL, but from different funding sources. Since LANL presently has an intellectual, physical complex in place, Los Alamos can be competitive for more Federal

¹⁹ University of New Mexico, Bureau of Business and Economic Research.

research projects.

3. Companies presently doing business with LANL but are not located in Los Alamos. If they are currently located in New Mexico and the reason they are not in Los Alamos is because of the absence of a facility or building to locate to, then this can be a good opportunity to increase gross receipts.
4. Graduate Level University. In Los Alamos at this time are some of the world’s experts in many scientific disciplines. Also present in the community are individuals who want and need to continue their education. Nationally, the Federal government, most states, and many private corporations are funding graduate level education in new technology fields. Growth in the nation’s universities has been brisk over the last 15 years.

Since Los Alamos has a world-wide reputation for excellence in science, there is likely a national marketplace for individuals to come to this university, sponsored by corporations, to continue their education.

5. The following chart shows the private sector industries which should also be focused upon. They represent the business types which have been in the past and will like grow in the future, can utilize the assets of Los Alamos, and will pay a wage which will enhance the economy.

The list is based upon the North American Industrial Classification System (NAICS) which collates businesses according to its “work activity.”

Many of the targets are consulting and research related. Some of businesses can be “spawned” from within the community.

<u>NAICS CODE</u>	<u>Sector Description</u>	<u>Estimated USA 2005 Wage</u>	<u>Employed in USA - 2003</u>
511210	Software Publishers	\$109,368	235,380
54138	Testing Laboratories	64,165	143,543
541511	Custom Computer Programming Services	83,656	485,400
541512	Computer Systems Design Services	82,591	443,155
541513	Computer Facilities Management Services	66,878	56,803
54161	Management Consulting Services	72,079	636,671
541614	Process, Physical Distribution, and Logistics Consulting	64,588	70,564
541618	Other Management Consulting Services	71,497	87,890
541620	Environmental Consulting Services	56,783	62,045
54169	Other Scientific and Technical Consulting Services	63,086	58,398
541710	Research and Development - Physical, Engineering, and Life Sciences	79,445	464,565
54199	All Other Professional, Scientific, and Technical Services	46,459	43,680
61131	Colleges, Universities, and Professional Schools	43,667	964,858
611420	Computer Training	49,853	20,669
6215	Medical and Diagnostic Laboratories	49,688	180,678

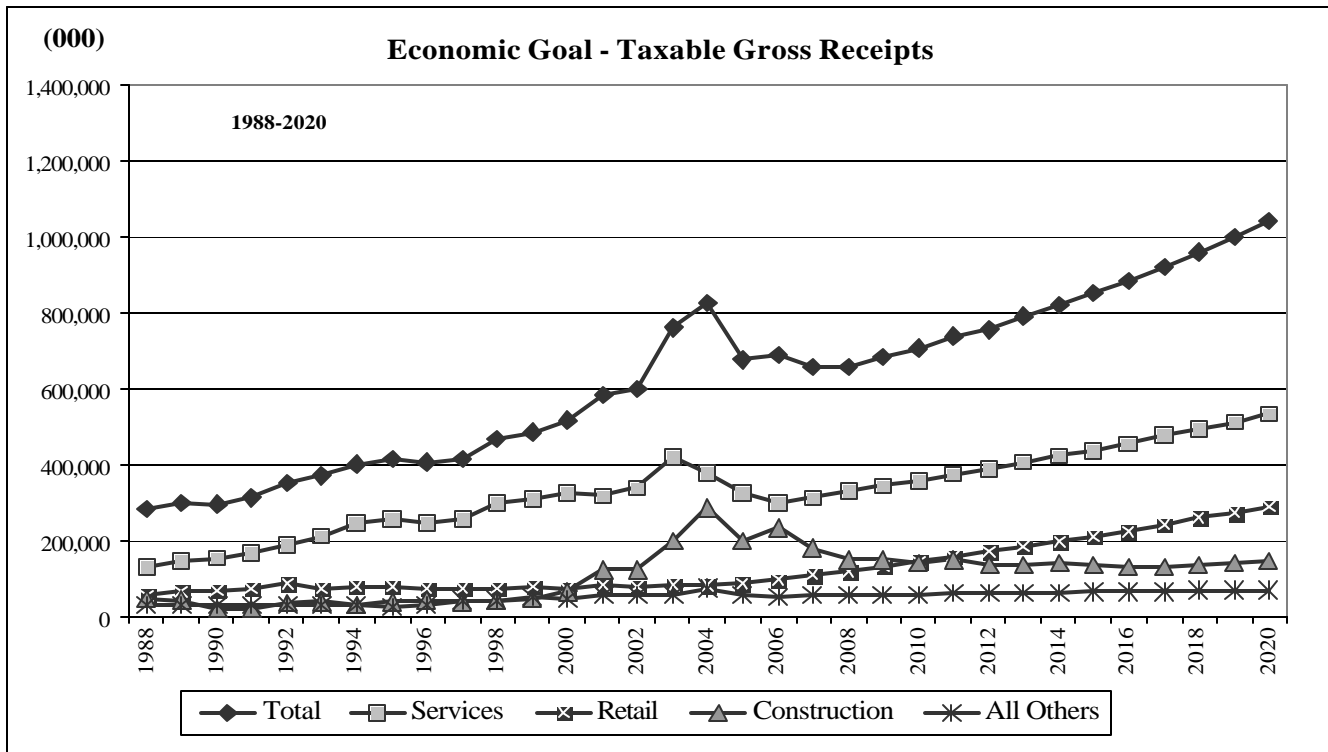
Increase funding to County Government and the school system.

As previously shown, if the economy does not grow, revenues to the county government will likely not be sufficient to pay for the cost of existing services. Since the area is limited as to how much it can increase the tax rate, the tax base must be significantly increased.

Additionally, the public school system needs to find a means to lease its property to increase general operating revenues.

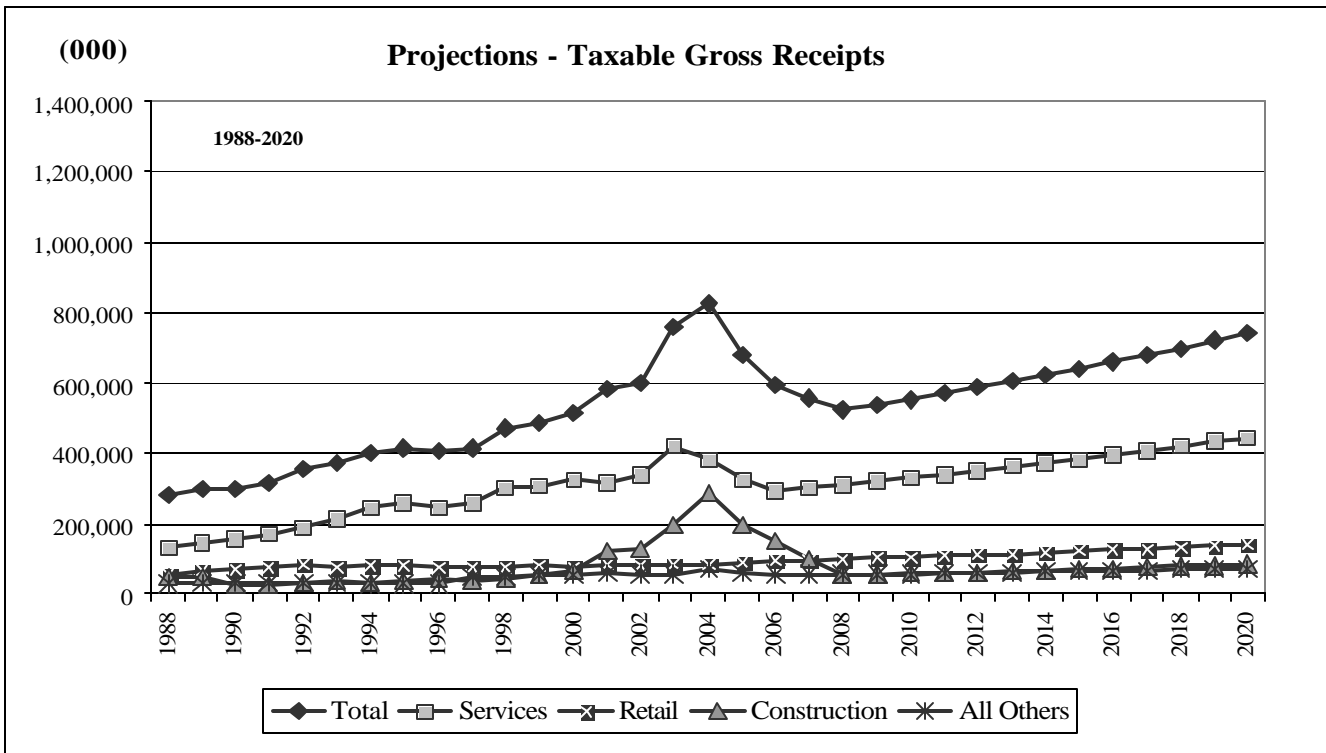
Economic Growth Scenarios.

POLICOM Corporation has created a series of economic growth scenarios which will satisfy the needs of all the issues identified. If they are all accomplished, both gross receipts and property taxes will increase significantly. The following graphs compare the impact of achieving the growth program for taxable gross receipts. The “do nothing projections” are also shown for a comparison. If all economic growth scenarios are achieved, taxable gross receipts should increase as shown below.²⁰

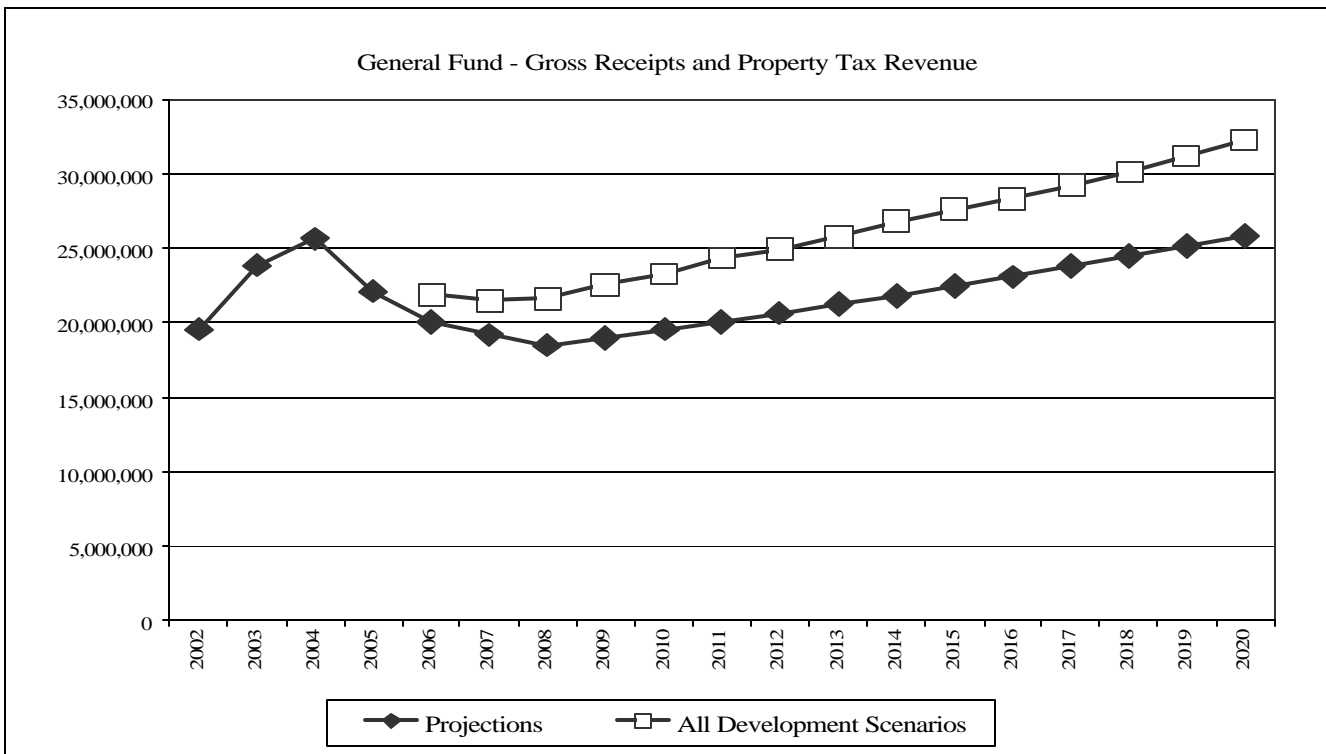


If the existing situation does not change (do nothing scenario), the following will likely occur (same graph previously shown).

²⁰ A spreadsheet showing the annual growth receipts appears in the Appendix.



The following graph provides an estimate of the variance in General Fund tax revenue between the “do nothing” projections and the combined economic growth scenarios.²¹



²¹ A spreadsheet showing all the calculations for projected tax revenue and new tax revenue appears in the Appendix.

Land Use Options.

As previously mentioned, the Federal government is transferring several parcels of real estate to the community to assist the county government to become self sufficient.

POLICOM has reviewed the “economic needs” of the county and has developed specific real estate related activities or scenarios necessary for the county to accommodate the six economic issues previously discussed which are:

1. Increase the availability of housing in the county, both affordable and at market rate.
2. Increase retail opportunities.
3. Retain LANL as the area’s best wealth producing employer.
4. Diversify the economy to become less dependent upon LANL.
5. Increase funding to county government, to maintain and expand upon services.
6. Increase funding to the public school system to maintain services.

POLICOM has created three basic economic growth scenarios, to be accomplished between FY 2006 and FY 2020. These include:

1. Construct 2,820 housing units.
2. Change spending habits of the residents in order to increase taxable gross receipts for retail to twice the projected 2020 amount.
3. Create 2,500 new primary industry jobs.

New Housing Scenario.

POLICOM Corporation recommends that by 2020 approximately 2,800 new residential units be constructed in the county. The relative impact upon the six economic concerns is reflected in the following chart.

	Significant	Moderate	Little
Increase Housing.	<u>Impact</u>	<u>Impact</u>	<u>Impact</u>
1. Increase housing.	X		
2. Increase retail opportunities.		X	
3. Retain LANL.	X		
4. Diversify the economy.		X	
5. Increase county funding.		X	
6. Increase school funding.			X

By creating the housing units, with approximately 1/3 being “affordable,”

- The population will increase, raising the number of “retail” opportunities.
- The DOE will have housing opportunities for employees it is trying to recruit.
- Housing will be available for workers in the new companies being created.
- The property tax base will increase.

The following is the methodology used by POLICOM to determine the number of new housing units which will be created.

The total number of housing units to be constructed was initially driven by the resulting increase in the Los Alamos population. As previously discussed, population growth has a cash throw off to the community if it occurs within the capacity of the present day infrastructure.

Through discussions with county officials, POLICOM has been advised the population capacity of the sewer, water, roadways and other public infrastructure can reasonably accommodate a population of 25,000 people.

The public school system also has capacity for more Los Alamos students. Presently, there are many students enrolled in Los Alamos schools who do not live here. Since the schools have surplus capacity, it must accept students living in other counties. New students living in Los Alamos will fill these positions.

In order to be within estimated capacity, POLICOM set a 2020 population goal of approximately 25,000 people.

As previously mentioned, the number of people per household is gradually declining in Los Alamos. In 2000 it was 2.4 per household and in 1990 it was 2.5. For the purposes of estimating the number of new home construction units necessary, the average used from 2005 to 2020 was 2.3 people per household.

At this point POLICOM added housing units to the county until the population reached approximately 25,000, resulting in 2,820 units.

The 2,820 units should not be interpreted as the number of units needed in the county. It is quite likely there is a marketplace for even more units, especially if the goal for the creation of non LANL jobs is achieved.

For the purpose of determining the impact of the construction of the housing units upon gross receipts and taxable property, in 2005 the average construction cost per unit was set at \$225,000. This increased 3.5% per year for the 15 year term. Land value was set at 1/3 of construction costs, or 25% of total costs.²²

Of the housing units to be constructed, the plan provides for approximately 1/3 be affordable, 1/3 average area cost, and 1/3 market driven “high end.”

In 2003, according to the local real estate board, the average sale price in the county was \$273,000. The following chart shows the estimated sale price of the units beginning in FY 2006 (July 1, 2005 to June 30, 2006). The average price for 2006 is not much greater than the average sale price in 2003. This is the result of having a greater portion of the housing units be “affordable” than in the past.

²² A spreadsheet showing the annual calculations appears in the Appendix.

<u>FY 2006</u>	<u>Construction Cost</u>	<u>Sale Price</u>
Average	225,000	300,000
Affordable	125,000	167,000
Average	225,000	300,000
Market - High	325,000	433,000

The “Market – High” sale price could actually exceed \$1,000,000. It is not known. However, it is important to maintain at least 1/3 of the housing units in the “affordable” range.

As a result of constructing the units at the above estimated cost, the following are the estimated impacts upon taxable gross receipts and actual property taxes.

<u>Impact</u>	<u>Do Nothing Projections</u>	<u>Increase Housing</u>
Taxable Gross Receipts \$	2020	2020
Total	741,958,721	839,792,324
Services	444,814,740	457,097,336
Retail	140,892,591	190,022,972
Construction	83,431,688	119,852,315
All Others	72,819,702	72,819,702
Property Tax \$	6,564,323	9,077,431
Residential	5,344,275	7,857,383
Non-Residential	1,220,048	1,220,048
Population	18,600	25,086

As a result of increasing the number of people in the county, retail spending will increase. However, POLICOM increased it only at the rate of the existing “per capita” retail sales rate which has been traditional for the county. This will change as a result of the next issue.

Also, receipts in Services will increase mildly as a result in an increase in spending for population driven services. These include personal, repair, health, and legal services, which grow in direct proportion to the population. Typically, the spending for these services is about 1/4th that of retail spending for a

household.²³ “All Others,” which includes manufacturing, wholesale trade, utilities, and finance, will have a modest increase. POLICOM did not do these calculations, electing to focus on the big issues.

Gross receipts for construction will fluctuate annually based upon the number of housing units built.

Actual property taxes for residential property will increase significantly from what they would have been if the construction does not occur.²⁴

In order to construct the new housing units, land is needed.

The following chart shows the amount of land necessary to construct the units.

Summary <u>Land Needs</u>	<u>Units</u>	Units/Net <u>Acre</u>	Net Usable <u>Acres</u>	Gross <u>Acres</u>
Housing Units	2,820		650	867
Affordable	940	8	118	157
Mid Range	940	6	157	209
Market - High	940	2.5	376	501

The density for each type of unit will vary depending on the type of product constructed. Gross acres are the total amount of raw land needed, compensating for roadways, easements, and set asides, typically 25% of the raw piece of property.

²³ Based on statewide average, University of New Mexico, Bureau of Business and Economic Research.

²⁴ A spreadsheet showing the annual changes resulting from constructing new housing units appears in the Appendix.

Increase Taxable Retail Spending Scenario.

The most realistic means to increase revenue to the county General Fund is to significantly increase retail spending.

As mentioned many times in this study, retail sales per capita are grossly below norms. In most counties in New Mexico, taxable retail sales are greater than taxable services.

The following chart shows the percentage of taxable gross receipts for the three largest categories for New Mexico and Los Alamos.²⁵

<u>Percentage of Taxable</u>	<u>New Mexico Statewide 2002</u>	<u>Los Alamos 2004</u>	<u>Los Alamos 1999 (normal)</u>
Retail Trade	36%	11%	16%
Services	29%	46%	64%
Construction	13%	34%	10%

Statewide in New Mexico, retail sales are 36% of taxable gross receipts, but in Los Alamos (1999 being the last “normal year”) they were only 16%. This, of course, is the result of the enormous contribution LANL and its affiliates make to the Services category. In 2004 you can see how anomalous the “construction” sector was, reaching 34% in the county while the state average was 13%.

As a result, it is reasonable to assume per capita retail spending can be significantly increased in the county.

But how much is reasonable?

POLICOM has been able to determine taxable retail sales, by 2020, can be twice the amount they will be that year under the “do nothing” projections. The relative impact upon the six economic concerns is reflected in the following chart.

	Significant	Moderate	Little
Increase Retail Spending.	<u>Impact</u>	<u>Impact</u>	<u>Impact</u>
1. Increase housing.			X
2. Increase retail opportunities.	X		
3. Retain LANL.		X	
4. Diversify the economy.			X
5. Increase county funding.	X		
6. Increase school funding.		X	

²⁵ University of New Mexico, Bureau of Business and Economic Research.

Taxable gross receipts will increase significantly if retail sales are increased. Additionally, the absence of retail opportunities has been cited as a “quality of life issue” and the creation of more retail opportunities will assist in retaining LANL.

As previously mentioned, there have been four reasons identified for the abnormally low per capita retail sales in the county. These included:

1. Traveling to other communities for “recreational shopping.”
2. Traveling to other communities just to “get off the hill.”
3. The population does not have the critical mass to support more stores.
4. Retail stores have not been constructed as a result of not having the land upon which to build.

The first two of these reasons likely will not be change. It is not unusual for people to travel to other communities to shop. This occurs in every area of the nation. It is fun. There is nothing wrong with it. Also, Los Alamos is small and people living on top of the hill likely need and want to go some place. There is nothing wrong with this, either.

However, these two issues cannot account for the grossly low per capita retail sales. The second two issues, the size of the marketplace and the availability of retail opportunities, must come into account.

As a result of increasing the number of housing units, the overall number of people in the marketplace will increase. By 2020, the population will be around 25,000. This is roughly a 35% increase from the 2004 estimate. As a result, there will be a greater critical mass for retailers to consider. Under the “Increase Housing” scenario, gross retail sales increased as a result of increasing the population.

However, the amount of increase calculated was based upon the estimated per capita retail sales under the “unusual” or normal spending habits of county residents.

The greatest increase will be the result of changing the spending habits by creating new retail opportunities.

To create a reasonable estimate of how much the spending habits can be changed, POLICOM used the “percentage per capita retail sales are of per capita personal income” as a guide.

As previously mentioned, in 1997 the percentage was 11%. There is no indication the percentage has changed by 2004. There is a possibility the percentage has actually decreased, given the fact taxable retail sales have not kept up with inflation since that year. However, POLICOM will assume, for FY 2005 (beginning July 1, 2004), the percentage is 11%.

From the earlier comparisons we learned the “norm” ranged from 30% to 44% for areas in New Mexico, among areas with comparable per capita personal income, and for areas with the same population.

It is not reasonable to assume, given the tendency for people in Los Alamos to travel to shop, that the county will reach the norm, say 35%. However, it is reasonable, if retail opportunities are available, for per capita retail spending to become **17%** of per capita personal income. That is the goal for 2020. It might not sound like a lot, but the impact upon the economy is significant.

The following is the methodology used to determine the impact.

FY 2005 (Beginning July 1, 2004) is the basis year standing at 11%. FY 2020 is the ending year, at 17%. The annual percentage was increased, straight line, over the 15 year term. In 2006, it was 11.4%, 2007 - 11.8%, 2008 – 12.2%, increasing approximately .4% per year until 2020 when it reached 17%.

Each year the estimated taxable retail sales are calculated based upon an increase in the percentage above. The annual taxable retail sales were adjusted upward according to the new percentage, **using the revised estimated taxable retail sales created by the additional housing units in the first step as the basis.**

The math is quite simple.

If, in 2006, taxable retail is \$96,067,000 based upon 11% of the per capita personal income, what would it be if it were 11.4%? Simple means/extremes. The answer, \$99,342,000. This process was followed for each year, using the new percentage.²⁶

After calculating the estimated gross receipts for each year, the retail space needs are calculated. Once again, the basis year is FY 2005.

In 2002 it was estimated there was approximately 299,000 square feet of retail space being utilized to generate \$81,386,000 in taxable retail gross receipts. In FY 2004 (July 1, 2003 – June 30, 2004) retail gross receipts were only \$85,477,000, increasing less than the rate of inflation. It is therefore assumed, aside from the construction of the movie theatre, the amount of retail space available has remained about the same. Therefore, the basis for FY 2005 will be 299,000 square feet.

The amount of new space needed is then determined based upon the ratio of the new retail sales versus the previous year's available space. Once again, the math is very simple.

If in 2005, \$90,434,000 in retail sales caused the need for approximately 299,000 square feet of retail space, how much retail space is needed in 2006 to accommodate \$99,342,000 in retail sales. (This is the revised amount after adding the population and increasing the per capita percentage to 11.4 %.)

It is a simple ratio. Multiply 299,000 times \$99,342,000 and divide by \$90,434,000, or 328,426 square feet. Therefore, approximately 29,000 square feet of new retail space needs to be constructed to accommodate the increase. These calculations were done for each year, estimating the net increase in needed retail square footage.

The scenario described above actually places the cart ahead of the horse.

The increase in retail sales will not cause the need for the retail space; the retail space will cause the increase in retail sales. The 29,000 square feet of retail space needs to be constructed in order to increase the 2006 percentage to 11.4%.

However, using the increase in the percentage per capita retail spending to per capita personal income is a good method to derive a reasonable increase in retail sales, based upon the spending habits of the community.

As a result of constructing new retail space, retail sales will increase.

²⁶ A spreadsheet showing the calculations for increasing retail sales appears in the Appendix.

Over the fifteen year term, approximately 365,946 square feet of retail space will be needed in order to increase the percentage to 17% of per capita personal income. By 2020, retail space per capita will still be only 27 square feet (based on new population of 25,000), still well under the national norm of 40 square feet per capita (neighborhood and community combined).

To determine the impact upon construction gross receipts and real property taxes:

- The square foot cost of construction, for 2006, was set at \$175, including interior build out.
- The square foot cost increased 4% per year thereafter.
- The land requirement was determined using a 25% floor area ratio (FAR). The FAR for retail is low because of parking needs.
- Land was valued at 25% of the total cost. This might be a low estimate, however.

As a result, the following chart shows the impact upon gross receipts and property taxes.

<u>Impact</u>	<u>Do Nothing Projections</u>	<u>Increase Housing</u>	<u>Increase Retail Includes Housing</u>
	2020	2020	2020
Taxable Gross Receipts \$			
Total	741,958,721	839,792,324	974,639,023
Services	444,814,740	457,097,336	482,901,591
Retail	140,892,591	190,022,972	293,239,995
Construction	83,431,688	119,852,315	125,677,735
All Others	72,819,702	72,819,702	72,819,702
Property Tax	6,564,323	9,077,431	9,460,888
Residential	5,344,275	7,857,383	7,857,383
Non-Residential	1,220,048	1,220,048	1,603,505
Population	18,600	25,086	25,086

By increasing the population and changing the spending habits of the residence through creating more retail opportunities, taxable retail gross receipts should climb to twice the amount as projected.

Gross receipts for Services (Personal Services) will also increase as a result of constructing the new retail space. Typically these establishments are included in retail centers. (Some office space might be needed for some of the services businesses. These space needs are not included in this report.).

The increase for personal services was determined by using the same proportion of increase, 11% to 17%, based upon the ratio of for every dollar spent in retail, 25 cents is spent on personal services.

In order to construct the new retail space, land is needed. For the construction of 366,000 square feet of retail space, approximately 34 acres of land will be needed. For retail, net and gross acres are typically the same. If set-asides are required, then the amount of land needed will increase.

Create 2,500 New Primary Jobs Scenario.

In order to diversify the economy and to further increase the size of the economy, approximately 2,500 new primary industry jobs need to be created by 2020.

It simply is not possible for Los Alamos to ever hope to achieve economy diversification similar to that of Raleigh, North Carolina. This would require at least 10,000 more usable acres of land, a population of at least 75,000 people, and the addition of at least 20,000 primary jobs not related to LANL activity.

However, it is realistic to reduce LANL's influence from 97% of the economy to about 80% by 2020 by creating the jobs identified. By doing this, the negative influence of downsizing at LANL will be somewhat diminished.

One of the best benefits of diversifying is the potential new revenue to local government.

The best opportunity for increasing revenue to the public school system is to recruit to or create from within new primary business. These companies are the most likely candidates to lease school owned property. The lease would be either for the land upon which the company would construct a building or for an existing building, constructed by another on leased land.

Land leases vary in their scope. The leases range from 10% of the value of the project (raw, unimproved land) up to 50% of the value. The later could be for a finished retail site in an extraordinary location.

Suppose a new primary employer needs to construct a 105,000 square foot laboratory and employ 300 highly paid people. The estimated construction cost of the facility, including the interior build out, would likely be about \$24,700,000, or \$235 per square foot. The facility would need about 6 acres (40% FAR). At \$10.60 per square foot for the land (improved site), the cost of the property would be about \$2,700,000.

If the public school system leased the land at 10% of value per year, it would yield about \$270,000 per year in net revenue, which can be used for the general operations of the schools.

Since it is not unusual for businesses to lease their facilities, the opportunity for the schools to gain income is the greatest with this type of use.

The following chart shows the impact of creating 2,500 new primary jobs upon the six issues.

	Significant	Moderate	Little
Create 2,500 New Jobs.	<u>Impact</u>	<u>Impact</u>	<u>Impact</u>
1. Increase housing.			X
2. Increase retail opportunities.			X
3. Retain LANL.		X	
4. Diversify the economy.	X		
5. Increase county funding.		X	
6. Increase school funding.	X		

Creating 2,500 new primary jobs by 2020, at an average wage of \$55,000 beginning in FY 2006 (escalating thereafter at the annual rate of 3%), will be the most difficult of three economic growth scenarios.

The most important element, which will determine the success of this endeavor, is the availability of land upon which the company can build or existing buildings to lease or purchase. (Constructing new houses will assist in recruiting new workers to the area, which is also a key element.)

Sufficient land is necessary for this feature of the growth scenarios.

To determine the real estate needs and the impact upon gross receipts, the following methodology was used.

Beginning in 2006 with 300 new jobs (200 in 2007 and 2008, 150 each year thereafter), space calculations were done in the following manner:

1. To determine the size of the facilities needed, the ratio of 350 square feet of space per worker was used. This is low for some businesses, high for others, and is a good medium.
2. Using a Floor Area Ratio of 40%, the amount of land necessary for the building was determined.

As an example, for 200 workers, approximately 70,000 square feet of space (industrial, laboratory, and office) is needed, which would require about 4 acres of usable land. If set-asides are required, the amount of land needed would increase.

As a result, from FY 2006 to FY 2020, approximately 875,000 square feet of industrial, laboratory or office space will be needed, utilizing approximately 50 acres of land.

One of the greatest benefits of achieving the goal of creating new primary employers in the area is the significant impact upon taxable gross receipts. By 2020, taxable gross receipts for Services should increase by almost \$50,000,000 (conservative estimate) over the “do nothing” projected amount as a result of having more businesses to tax.

To estimate the amount of new taxable gross receipts, the following methodology was used:

1. The estimated gross business activity of the new companies was calculated in the following manner:

The number of new jobs created for a given year was multiplied by the estimated annual wage was for that year, and then divided by the estimated percentage wages are of a typical business of this type.

As an example, in 2006, 300 new jobs are to be created with an estimated wage of \$55,000. This results in a direct payroll of \$16,500,000. For the type of businesses likely to be created in Los Alamos, direct wages typically account for between 40% and 60% of the total activity of the company. The balance of the costs includes additional payroll costs, rents, and purchases. (For a manufacturer, direct wages might only account for 25% of the costs to the business.)

For the purpose of this estimate, POLICOM chose 50%. Therefore, if 50% of the operation is \$16,500,000, then total business costs are \$33,000,000.

2. The estimated new taxable gross receipts were then calculated. POLICOM estimated that 10% of the business activity of the company would be taxable (placed into the Services category). This could be an extremely low percentage.

If the company sold directly to LANL, then the percentage could grow to 80%. However, if the business is “government,” there might not be any taxable receipts. Also, if the company sold everything outside the county, the only taxable activity would be of the local purchases.

Even so, using the 10% figure, taxable gross receipts will grow by \$50,000,000 in Services by 2020. Additionally, the value of the taxable property will grow by almost \$280,000,000 by 2020 if the land is not leased from the school system or county. If the property is leased, revenue will be greater to both than the yield off property taxes.

There is also a benefit to DOE by creating the new jobs. An important relocation issue for individuals many times is the availability of employment opportunities for a working spouse. Presently, in Los Alamos, there are few opportunities. By providing the new high-paid jobs, DOE will have better success in convincing people to choose this area to work.

The following chart shows the impact upon gross receipts as a result of creating the new 2,500 primary jobs with ancillary facilities.

<u>Impact</u>	<u>Do Nothing Projections</u>	<u>Increase Housing</u>	<u>Increase Retail Includes Housing</u>	<u>Increase Jobs Includes Housing and Retail</u>
	2020	2020	2020	2020
Taxable Gross Receipts \$				
Total	741,958,721	839,792,324	974,639,023	1,041,869,507
Services	444,814,740	457,097,336	482,901,591	531,470,501
Retail	140,892,591	190,022,972	293,239,995	293,239,995
Construction	83,431,688	119,852,315	125,677,735	144,339,310
All Others	72,819,702	72,819,702	72,819,702	72,819,702
Property Tax	6,564,323	9,077,431	9,460,888	10,423,002
Residential	5,344,275	7,857,383	7,857,383	7,857,383
Non-Residential	1,220,048	1,220,048	1,603,505	2,565,618
Population	18,600	25,086	25,086	25,086

Taxable gross receipts for Services will increase significantly if the new employers can be created or lured to the community. This is the result of taxing the transactions. The more private sector employers the better, as they will pay the most taxes.

Should multi-story buildings be used with associated vertical parking garages, then the amount of land will be reduced. However, this is an expensive alternative and could make the county non competitive.

The parcels in question range from as small as two tenths of an acre to as large as 915 acres (Rendija Canyon). The following is a summary of the parcels in question. More information regarding each parcel appears in the Appendix. All acreages are “+/-.”

Name or Designation	Size/Acres	Location
Total - All parcels	1,903.5	
LAND TRANSFER TRACTS		
A-5 Airport South	30.0	East Road, south side
A-6 Airport West	4.2	East Road, south side
A-8 DP South	24.9	DP Road, south side
A-9 DP North	4.2	DP Road, north side
A-11 DP West	3.3	Sixth St at Los Alamos Canyon
A-12 DOE East	4.5	East of DOE LASO Building
A-13 DOE Building	8.8	DOE LASO Building
A-14 Rendija Canyon	915.0	Rendija Canyon
A-15 TA-21 West	7.5	DP Road, north side
A-16 TA-21 MDA-B	23.0	DP Road, Old RV Storage Lot
A-18 TA-74	671.0	Pueblo Canyon
A-19 White Rock	60.0	White Rock north of S.R. 4
SCHOOL PARCELS		
Land Lease Only		
S-1 Trinity Drive Site	5.5	Trinity Dr. & Los Alamos Canyon
S-2 Canyon School Site	7.4	Central Avenue & Canyon Road
S-3 Canyoncito	0.5	Canyon at Nugget
S-4 Pueblo Complex	12.5	Diamond Drive
S-5 Little Forest	1.9	Villa at School Canyon
S-6 Pajarito School Site	7.0	Arizona & 35th Street San Ildefonso east of Mid-School
S-7 N. Mesa Land	36.0	Vacant
S-8 Mesa School Site	8.8	Diamond Drive & 40th Street
S-9 "L" Wing	1.7	3540 Orange
COUNTY PARCELS		
L-1 Trinity Drive Site	9.7	Trinity Dr & Los Alamos Canyon
L-2 Sombrillo Court land	2.0	Sombrillo Ct & Pueblo Canyon
L-3 Dog Obedience	0.2	East Road & East Park
L-4 Land at F.S. 6	1.0	East Road, east of Fire Station 6
L-5 Land by Qwest Bldg	3.2	Trinity Dr & Los Alamos Canyon
L-6 Olive St land	9.2	Olive St & Pueblo Canyon
L-7 Golf Course Tracts	30.5	Golf Course & Walnut Canyon
L-8 Range Road Tract	5.0	Diamond Drive & Range Road
L-9 Skate Board Park	5.0	Canyon next to Aquatic Center

In addition to the above parcels, there are about 50 acres of privately-owned land zoned for residential use on North Mesa, in Quamezon, and in Ponderosa Estates. According to the Los Alamos County Assessor, there are approximately 450 vacant privately owned residential parcels in the county. It cannot be assumed however all of these parcels will be available for new housing.

Some of them might be owned and used by an adjoining owner, are too small or not usable for a building site, or are simply not for sale. As a result, for the Town Hall, the community should consider perhaps half of the vacant parcels (225) will be available through 2020.

Charge to the Community.

It is the task of the attendees of the Town Hall to consider the following:

1. If nothing is done, what will the community “look like” by 2020?
2. Are the three economic scenarios the best means to achieve “sustainability”? If not, what are some alternatives?
3. If there is not sufficient land to meet the requirements of the three scenarios, which of the three, or portion of each, should be given the most priority?
4. If it is agreed all or a portion of each scenario needs to be completed, by what means and on what timetable should the community begin the process.
5. Of the parcels identified for consideration, what is the preferred use for each?

Observations and Recommendations by William H. Fruth.

The purpose of the “Town Hall” is to discuss the future economic needs of the county and to make recommendations to the county government and school system for the use of the lands and parcels in question. The following are some recommendation, which are provided as “advisory” only.

1. While there might be a need for more “neighborhood” retail in White Rock, it is important a vast majority of the new retail space be concentrated in one “core” area, preferably downtown Los Alamos. Many times “retail begets retail,” which simply means stores feed off other stores, building a critical mass of shoppers. Having a concentration of retail activity in one geographic location will help to change the purchasing habits of Los Alamos residents.
2. By creating more retail space, more retail activity will occur. However, the “marketplace” should determine the type of product or store which should be constructed. If there is an attempt to force a market to occur, which is not present, then efforts to increase retail activity will not be successful.
3. There is likely not sufficient real estate under consideration to meet the long-term needs (past 15 years) of the community. The three growth scenarios provide for development to 2020. After 2020 there will still be a need for a continuation of consistent, although slow, growth. For the long-term success of the area, careful consideration should be given to utilizing the entire “downtown” area as the future economic engine for the area.

Initially, from the transferred lands and existing county and public school system property, a seed can be planted for the development and redevelopment of the downtown.

The future of the downtown can not only be the center of retail activity, but also the focal point for community and civic activity. This can be accomplished by adding a significant residential component to the downtown via two story townhouse units and “stacked flats.” At least 500 and possibly up to 1,000 of the new residential units needed by the county could be located in the downtown area.

By having a large number of people living in the downtown area, a unique synergism will occur.

The downtown area will become the focal point of family fun, “entertainment” retailing, and cultural activity, in addition to becoming an employment center for new companies moving to the area. By having a mix of uses, this area can go a long way to solving many of the issues cited in this paper.

APPENDIX

About POLICOM Corporation.

This study is authored by William H. Fruth, President of POLICOM Corporation. He has visited Los Alamos on three occasions, addressing the community on the condition of its economy in 1999 and 2003, and to prepare for this study in June of this year.

POLICOM is an independent economic research firm which specializes in analyzing local and state economies. From its research, it determines if an area is growing or declining, what is causing this to happen, and offers ideas and solutions to improve the situation.

William H. Fruth has personally analyzed the data from more than 600 local economies and has given presentations to communities and state associations in 30 states. He is a nationally recognized leader in the field of geographic economics and has extensive experience in economic development.

From 1988 to 1995, Fruth served as Vice President of a major industrial land development company, directing the development and marketing of a 500-acre corporate park in West Palm Beach, Florida.

Previously he was President of the Business Development Board of Palm Beach County and during that tenure was named Florida's Economic Development Professional of the Year in 1987.

From 1980 to 1984, Bill served in a full time capacity of Mayor of Tiffin, Ohio located in northwest portion of the state. During this time, he was named one of the "Five Outstanding Young Men in Ohio" and was heavily involved in economic and community development both locally and statewide.

Fruth has been recognized by the Florida Administrative Court as an expert witness regarding local economies, is a member of the American Institute for Economic Research and the American Economic Association.

Fruth received the Bachelor of Science and Master of Arts degrees from Bowling Green State University in Ohio studying political theory, communications, and journalism.

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Ten Strongest and Weakest Economies.

Reference was made in the study to the ten strongest and the ten weakest local economies in the United States. POLICOM Corporation evaluates the metropolitan areas and measures them for “economic strength.”

Eighteen economic factors over a twenty-five year period are measured for the consistency of growth. The metropolitan areas are then ranked according to their score.

After ranking the metropolitan areas, POLICOM studies the characteristics of the strongest and weakest areas.

For the complete list of all metropolitan areas along with the Methodology, please go to “Metropolitan Areas” at POLICOM’s web site: www.policom.com.

The following are the ten strongest and ten weakest areas, based upon the last evaluation.

Ten Strongest Areas		Ten Weakest Areas		
1	Austin -San Marcos, TX (MSA)	318	Odessa-Midland, TX (MSA)	318
2	Denver, CO (PMSA)	317	Pine Bluff, AR (MSA)	317
3	Atlanta, GA (MSA)	316	Casper, WY (MSA)	316
4	Phoenix -Mesa, AZ (MSA)	315	Yuma, AZ (MSA)	315
5	Dallas, TX (PMSA)	314	Steubenville-Weirton, OH-WV (MSA)	314
6	Raleigh-Durham-Chapel Hill, NC (MSA)	313	Enid, OK (MSA)	313
7	Salt Lake City-Ogden, UT (MSA)	312	Houma, LA (MSA)	312
8	Fort Collins-Loveland, CO (MSA)	311	Anchorage, AK (MSA) 13/	311
9	Seattle-Bellevue-Everett, WA (PMSA)	310	Lawton, OK (MSA)	310
10	Minneapolis-St. Paul, MN-WI (MSA)	309	Beaumont-Port Arthur, TX (MSA)	309

Parcels To Be Considered.

Name or Designation	Size/Acres	Location	Current Use	Restrictions	Adjacent Uses	Own or Transfer Date
Total - All Parcels	1,898.5					
LAND TRANSFER TRACTS						
A-5 Airport South	30	East Road, south side	Vacant	None	S.R. 4 & DP Canyon	Sept, 2005
A-6 Airport West	4.2	East Road, south side	Vacant	None	S.R. 4 & DP Canyon	Own
A-8 DP South	24.9	DP Road, south side	Vacant	None	DP Road & Los Alamos Canyon	June 2005
A-9 DP North	4.2	DP Road, north side	Vacant	None	DP Road & DP Canyon	Own
A-11 DP West	3.3	Sixth St at Los Alamos Canyon	LANL warehouses	Buildings	Light Industrial	Oct., 2006
A-12 DOE East	4.5	East of DOE LASO Building	Vacant	None	Residential	Own
A-13 DOE Building	8.8	DOE LASO Building	DOE Building	None	Residential	April, 2007
A-14 Rendija Canyon	915	Rendija Canyon	Sportsmen's Club	Current Use	Open Space & Residential	Nov. 2007
A-15 TA-21 West	7.5	DP Road, north side	Vacant	None	Light Industrial	June 2005
A-16 TA-21 MDA-B	23	DP Road, Old RV Storage Lot	Varied	Enviro Cleanup	Vacant & Light Industrial	June, 2006
A-18 TA-74	671	Pueblo Canyon	Open Space	Enviro Cleanup	Open Space & Utilities	June 2005
A-19 White Rock	60	White Rock north of S.R. 4	Vacant & Utilities	Electric Lines & Sub.	S.R. 4 & LANL	Own
SCHOOL PARCELS						
S-1 Trinity Drive Site *	5.5	Trinity Dr. & Los Alamos Canyon	School Admin & Ops	Buildings	Commercial & Light Industrial	Own
S-2 Canyon School Site	7.4	Central Avenue & Canyon Road	LANL Offices	Buildings	Residential & Commercial	Own
S-3 Canyoncito	0.5	Canyon at Nugget	YMCA	Buildings	Residential	Own
S-4 Pueblo Complex	12.5	Diamond Drive	LANL and School Off.	Buildings	Residential & Pueblo Canyon	Own
S-5 Little Forest	1.9	Villa at School Canyon	Preschool	Buildings	Residential & School Canyon	Own
S-6 Pajarito School Site	7	Arizona & 35th Street	LANL Offices	Buildings	Residential & Forest Service	Own
S-7 N. Mesa Land	36	San Ildefonso east of Mid-School	Vacant	None	Residential & School Canyon	Own
S-8 Mesa School Site	8.8	Diamond Drive & 40th Street	UNM-LA & LANL Off.	Buildings & Sullivan	Residential & Commercial	Own
S-9 "L" Wing	1.7	3540 Orange	High School	Buildings	Residential & Open Space	Own
COUNTY PARCELS						
L-1 Trinity Drive Site *	9.7	Trinity Dr & Los Alamos Canyon	Utilities & County Ops	Buildings	Commercial & Light Industrial	Own
L-2 Sombrillo Court land	2	Sombrillo Ct & Pueblo Canyon	Vacant	None	Residential	Own
L-3 Dog Obedience	0.2	East Road & East Park	Dog Obedience Club	Buildings	Residential & Commercial	Own
L-4 Land at F.S. 6	1	East Road, east of Fire Station 6	Vacant	None	Commercial & Public	Own
L-5 Land by Qwest Bldg	3.2	Trinity Dr & Los Alamos Canyon	Utility & Storage	Electric Substation	Commercial	Own
L-6 Olive St land	9.2	Olive St & Pueblo Canyon	Vacant	Old Treatment Plant	Residential & Canyon	Own
L-7 Golf Course Tracts	30.5	Golf Course & Walnut Canyon	Vacant	Golf Course Main.Bldg.	Residential & Canyon	Own
L-8 Range Road Tract	5	Diamond Drive & Range Road	Vacant	None	Residential & Open Space	Own

Resources utilized to prepare for this study.

Studies:

1. 2003 Los Alamos County Budget as published on the Los Alamos County web site, June, 2004.
2. 2004 Los Alamos County Budget as published on the Los Alamos County web site, June, 2004.
3. 2005 – 2006 Proposed Los Alamos County Budget as published on the Los Alamos County web site, June, 2004.
4. Los Alamos County Strategic Housing Plan for 1994-1996.
5. Comprehensive Plan – Proposed – February 2004 Draft as published on the Los Alamos County web site, June, 2004.
6. Downtown Master Plan created by the Los Alamos Main Street Future Committee as published on the Los Alamos County web site. June, 2004.
7. Los Alamos County Community Profile prepared by the Los Alamos Commerce & Development Corporation, June, 2004.
8. Los Alamos Retail Market Report prepared by In Motion, Inc., December, 1998.
9. “Entertainment Desires of Los Alamos Teenagers” prepared by Nicholas Medina, Regina Serna, and Tiffany Wilson, January 30, 2004.
10. Historical, Comparative Economic Analysis created by POLICOM Corporation, February, 2003.
11. “Balancing Land Use in Los Alamos” created by the Los Alamos Commerce & Development Corporation, May, 2003.

On site discussions with:

1. Downtown Steering Committee.
2. Los Alamos County Administration, Departments of Finance, Utilities, Community Development.
3. DOE representatives.
4. Retail merchants and small business owners.
5. Public school system.
6. Los Alamos Housing Authority.

Data resources:

1. University of New Mexico, Bureau of Business and Economic Research
2. U.S. Department of Commerce, Bureau of Census.
3. U.S. Department of Commerce, Bureau of Economic Analysis.
4. U.S. Department of Labor, Bureau of Labor Statistics.

Taxable Gross Receipts (000) - Actual

FY 1988 - FY 2004

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Total	282,089	298,319	295,332	313,793	354,759	372,129	400,295	415,586	405,164
Services	134,071	144,796	155,870	168,282	188,028	214,097	247,016	257,835	245,408
Retail	58,687	64,078	70,034	76,736	87,011	74,575	78,340	78,112	73,462
Construction	48,184	46,094	24,189	23,980	35,204	39,337	32,564	38,527	44,479
All Others	29,813	31,676	32,547	31,358	31,912	32,649	29,110	27,542	30,428
T.C.U.	13,365	13,309	13,258	13,079	14,114	15,593	11,611	10,823	10,438
Manufacturing	10,202	13,047	13,174	12,152	10,418	10,405	10,191	9,555	9,781
Wholesale	3,303	2,225	2,802	2,897	2,789	2,655	2,433	3,385	6,174
Finance	2,943	3,095	3,313	3,230	4,591	3,996	4,875	3,779	4,035
AG	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Government	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
Total	412,271	473,486	407,418	522,297	591,257	613,416	770,403	815,292	
Services	253,694	305,458	259,646	325,752	321,079	351,262	419,352	373,323	
Retail	73,245	77,294	63,161	74,648	85,256	83,017	79,363	87,800	
Construction	39,028	44,679	40,512	71,559	124,801	124,816	211,612	280,769	
All Others	46,304	46,055	44,099	50,338	60,121	54,321	60,076	73,400	
T.C.U.	17,891	15,364	14,044	15,200	14,670	10,542	3,018	8,086	
Manufacturing	6,534	5,667	4,284	3,124	3,345	2,949	2,759	2,682	
Wholesale	5,295	6,243	6,196	8,756	13,408	13,962	18,382	25,407	
Finance	5,162	5,669	9,652	9,957	11,600	15,471	16,212	10,624	
AG	297	251	233	252	913	312	677	5,580	
Mining	0	485	292	0	0	0	0	0	
Government	0	0	0	0	823	0	0	5,531	
Other	11,125	12,376	9,398	13,049	15,362	11,085	19,028	15,491	

Source: Los Alamos County Finance Department.
 Last three months of FY 2004 estimated by POLICOM.

**Taxable Gross Receipts (000) - Normal
FY 1988 - FY 2004**

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Total	282,089	298,319	295,332	313,793	354,759	372,129	400,295	415,586	405,164
Services	134,071	144,796	155,870	168,282	188,028	214,097	247,016	257,835	245,408
Retail	58,687	64,078	70,034	76,736	87,011	74,575	78,340	78,112	73,462
Construction	48,184	46,094	24,189	23,980	35,204	39,337	32,564	38,527	44,479
All Others	29,813	31,676	32,547	31,358	31,912	32,649	29,110	27,542	30,428
T.C.U.	13,365	13,309	13,258	13,079	14,114	15,593	11,611	10,823	10,438
Manufacturing	10,202	13,047	13,174	12,152	10,418	10,405	10,191	9,555	9,781
Wholesale	3,303	2,225	2,802	2,897	2,789	2,655	2,433	3,385	6,174
Finance	2,943	3,095	3,313	3,230	4,591	3,996	4,875	3,779	4,035
AG	0	0	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0	0	0
Government	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
Total	412,271	473,486	455,144	493,599	506,379	520,190	534,002	567,832	
Services	257,036	302,374	307,372	326,683	317,605	337,936	348,074	358,516	
Retail	73,245	77,294	63,161	74,648	85,256	83,017	79,363	87,800	
Construction	39,028	44,679	40,512	41,930	43,397	44,916	46,488	48,116	
All Others	46,304	46,055	44,099	50,338	60,121	54,321	60,076	73,400	
T.C.U.	17,891	15,364	14,044	15,200	14,670	10,542	3,018	8,086	
Manufacturing	6,534	5,667	4,284	3,124	3,345	2,949	2,759	2,682	
Wholesale	5,295	6,243	6,196	8,756	13,408	13,962	18,382	25,407	
Finance	5,162	5,669	9,652	9,957	11,600	15,471	16,212	10,624	
AG	297	251	233	252	913	312	677	5,580	
Mining	0	485	292	0	0	0	0	0	
Government	0	0	0	0	823	0	0	5,531	
Other	11,125	12,376	9,398	13,049	15,362	11,085	19,028	15,491	

Calculations made by POLICOM based upon historical growth rate of each sector, disregarding anomalous growth in construction.

Projections - Taxable Gross Receipts (000)
FY 2005 - FY 2020

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total		676,562	591,799	554,430	522,660	538,007	553,831	570,148	586,974
Services	3.0%	326,772	294,075	302,897	311,984	321,344	330,984	340,913	351,141
Retail	3.0%	90,434	93,147	95,941	98,819	101,784	104,837	107,982	111,222
Construction	3.5%	200,000	150,000	100,000	55,214	57,146	59,146	61,216	63,359
All Others	0.0%	59,357	54,577	55,592	56,643	57,733	58,864	60,036	61,253
T.C.U.	1.0%	8,166	8,248	8,331	8,414	8,498	8,583	8,669	8,756
Manufacturing	2.0%	2,736	2,790	2,846	2,903	2,961	3,020	3,081	3,142
Wholesale	2.0%	20,000	14,526	14,817	15,113	15,415	15,723	16,038	16,359
Finance	5.0%	11,155	11,713	12,298	12,913	13,559	14,237	14,948	15,696
AG	1.0%	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Mining	1.0%	300	300	300	300	300	300	300	300
Government	1.0%	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other	1.0%	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total		604,325	622,218	640,669	659,697	679,321	699,559	720,432	741,959
Services		361,675	372,525	383,701	395,212	407,068	419,281	431,859	444,815
Retail		114,559	117,995	121,535	125,181	128,937	132,805	136,789	140,893
Construction		65,577	67,872	70,247	72,706	75,251	77,884	80,610	83,432
All Others		62,515	63,825	65,186	66,598	68,065	69,590	71,174	72,820
T.C.U.		8,843	8,932	9,021	9,111	9,202	9,294	9,387	9,481
Manufacturing		3,205	3,269	3,335	3,401	3,469	3,539	3,610	3,682
Wholesale		16,686	17,020	17,360	17,707	18,061	18,423	18,791	19,167
Finance		16,481	17,305	18,170	19,078	20,032	21,034	22,086	23,190
AG		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Mining		300	300	300	300	300	300	300	300
Government		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000

Projections of taxable gross receipts created by POLICOM based upon historic growth patterns and the assumption there would be little population growth.

The annual increase is reflected in the first column.

"All Others" is the total of those below the line.

Housing Units Scenario

Taxable Gross Receipts	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total	676,562	651,699	620,160	607,335	630,342	640,475	663,902	670,545
Services	326,772	294,805	304,400	314,458	324,843	335,403	346,303	357,345
Retail	90,434	96,067	101,950	108,713	115,782	122,514	129,540	136,038
Construction	200,000	206,250	158,219	127,521	131,985	123,694	128,024	115,910
All Others	59,357	54,577	55,592	56,643	57,733	58,864	60,036	61,253
1. Population - Projected	18,323	18,342	18,360	18,378	18,397	18,415	18,434	18,452
2. Per Cap Retail - Estimate	4,935	5,078	5,226	5,377	5,533	5,693	5,858	6,028
3. Housing Units -New	0	250	250	300	300	250	250	190
4. Pop Increase (2.3 per house)	0	575	575	690	690	575	575	437
5. Pop Cumulative	0	575	1,150	1,840	2,530	3,105	3,680	4,117
6. Retail Sales (000)	0	2,920	3,005	3,710	3,818	3,273	3,368	2,634
7. New Pop	0	18,917	19,510	20,218	20,927	21,520	22,114	22,569
8. Unit Cost	0	225,000	232,875	241,026	249,462	258,193	267,229	276,582
9. Gross Taxable (000)	0	56,250	58,219	72,308	74,838	64,548	66,807	52,551
10. Land Value (000)	0	14,063	14,555	18,077	18,710	16,137	16,702	13,138
11. Property Tax Value (000)	0	70,313	72,773	90,385	93,548	80,685	83,509	65,688
12. New Services Receipts (000)	0	730	1,502	2,473	3,499	4,419	5,389	6,204
Taxable Gross Receipts	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total	690,981	711,851	729,901	744,602	765,829	787,448	813,188	839,792
Services	368,701	380,378	392,348	404,576	417,143	430,059	443,372	457,097
Retail	142,661	149,407	156,123	162,636	169,235	175,917	182,843	190,023
Construction	117,104	118,240	116,245	110,792	111,385	111,883	115,799	119,852
All Others	62,515	63,825	65,186	66,598	68,065	69,590	71,174	72,820
1. Population - Projected	18,470	18,489	18,507	18,526	18,544	18,563	18,582	18,600
2. Per Cap Retail - Estimate	6,202	6,382	6,567	6,757	6,953	7,154	7,362	7,575
3. Housing Units -New	180	170	150	120	110	100	100	100
4. Pop Increase (2.3 per house)	414	391	345	276	253	230	230	230
5. Pop Cumulative	4,531	4,922	5,267	5,543	5,796	6,026	6,256	6,486
6. Retail Sales (000)	2,568	2,495	2,266	1,865	1,759	1,645	1,693	1,742
7. New Pop	23,001	23,411	23,774	24,069	24,340	24,589	24,838	25,086
8. Unit Cost	286,263	296,282	306,652	317,385	328,493	339,990	351,890	364,206
9. Gross Taxable (000)	51,527	50,368	45,998	38,086	36,134	33,999	35,189	36,421
10. Land Value (000)	12,882	12,592	11,499	9,522	9,034	8,500	8,797	9,105
11. Property Tax Value (000)	64,409	62,960	57,497	47,608	45,168	42,499	43,986	45,526
12. New Services Receipts (000)	7,026	7,853	8,647	9,364	10,075	10,778	11,513	12,283

Housing Units Scenario

Notes

Taxable Gross Receipts	Equals the Projected Taxable Gross Receipts plus the additional from lines 6, 9, and 12 below.
1. Population - Projected	Population projected based upon the previous 10 year growth average of one tenth of one percent annually.
2. Per Cap Retail - Estimate	The Projected taxable retail divided by the projected population.
3. Housing Units - New	The number of new housing units constructed each year. Will vary annually.
4. Pop Increase (2.3 per house)	The number of new housing units multiplied by 2.3 people per household.
5. Pop Cumulative	The cumulative population created by adding the new population (4.) to the previously year new population total.
6. Retail Sales (000)	New taxable retail determined by multiplying new population by estimated per capita retail sales for each year.
7. New Pop	The new total population after adding the new residents to the previous year total population. 2005 basis year.
8. Unit Cost	The estimated cost per new housing unit, increasing each year 3.5% from basis of \$225,000 in 2006.
9. Gross Taxable (000)	The total taxable construction gross receipts. Number of units times construction cost per unit for each year.
10. Land Value (000)	One third of construction costs or 25% of total cost of land and house.
11. Property Tax Value (000)	The combined value of the cost of construction and land.
12. New Services Receipts (000)	Taxable gross receipts for personal services. For every new dollar of retail, 25 cents for personal services.

Increase Retail Sales Scenario

Taxable Gross Receipts	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total	676,562	660,942	634,498	627,649	656,946	673,586	704,584	718,839
Services	326,772	295,624	306,195	317,361	328,988	340,902	353,295	365,924
Retail	90,434	99,342	109,133	120,325	132,359	144,511	157,508	170,356
Construction	200,000	211,400	163,578	133,320	137,866	129,309	133,744	121,305
All Others	59,357	54,577	55,592	56,643	57,733	58,864	60,036	61,253
1. Percentage - PCPI	0	11.4	11.8	12.2	12.6	13.0	13.4	13.8
2. New Taxable Retail (000)	0	3,275	7,183	11,613	16,578	21,997	27,969	34,319
3. New Taxable Services (000)	0	819	1,796	2,903	4,144	5,499	6,992	8,580
4. Annual Space Needs Square Feet	0	29,426	29,444	30,636	29,877	27,425	26,868	24,367
5. SF Per Capita	16	17	18	19	20	21	21	22
6. Construction Costs	0	5,149,552	5,358,799	5,798,737	5,881,260	5,614,673	5,720,570	5,395,638
7. SF of land needed.	0	117,704	117,776	122,543	119,507	109,702	107,472	97,469
8. Land Value	0	1,716,517	1,786,266	1,932,912	1,960,420	1,871,558	1,906,857	1,798,546
9. Property Tax Value (000)	0	6,866,069	7,145,065	7,731,649	7,841,680	7,486,230	7,627,427	7,194,184
Taxable Gross Receipts	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total	747,896	778,045	805,901	830,839	863,103	896,409	934,688	974,639
Services	378,995	392,518	406,452	420,747	435,509	450,749	466,539	482,902
Retail	183,838	197,965	212,540	227,321	242,699	258,677	275,511	293,240
Construction	122,548	123,737	121,723	116,174	116,829	117,394	121,464	125,678
All Others	62,515	63,825	65,186	66,598	68,065	69,590	71,174	72,820
1. Percentage - PCPI	14.2	14.6	15.0	15.4	15.8	16.2	16.6	17.0
2. New Taxable Retail (000)	41,177	48,557	56,417	64,685	73,464	82,761	92,668	103,217
3. New Taxable Services (000)	10,294	12,139	14,104	16,171	18,366	20,690	23,167	25,804
4. Annual Space Needs Square Feet	23,641	22,955	21,994	20,774	20,209	19,667	19,440	19,223
5. SF Per Capita	23	23	24	24	25	25	26	27
6. Construction Costs	5,444,277	5,497,669	5,478,229	5,381,470	5,444,465	5,510,299	5,664,570	5,825,420
7. SF of land needed.	94,565	91,819	87,976	83,098	80,837	78,668	77,760	76,892
8. Land Value	1,814,759	1,832,556	1,826,076	1,793,823	1,814,822	1,836,766	1,888,190	1,941,807
9. Property Tax Value (000)	7,259,036	7,330,225	7,304,305	7,175,293	7,259,286	7,347,066	7,552,760	7,767,227

Increase Retail Sales Scenario

Notes

Taxable Gross Receipts	Equals the Projected Taxable Gross Receipts plus the additional from increasing housing units plus 2, 3, and 4 below.
1. Percentage - PCPI	The percentage per capita retail sales is of per capita personal income. From 11% to 17% over the term.
2. New Taxable Retail (000)	The new taxable retail sales based upon the increase of the percentage of PCPI above.
3. New Taxable Services (000)	The ratio is created using the taxable retail sales amount generated from the increase in Housing units, not the Projected. The new taxable personal and repair services based upon ratio of for every dollar of retail, 25 cents of services created.
4. Annual Space Needs Square Feet	Using 2005 as the basis (298,828 SF of retail), the new retail space needs are calculated based upon the ratio of need. If, in 2005, 298,828 square feet is needed for \$90,434,000 of retail sales, then an additional 29,426 SF is needed to generate the additional \$3,275,000 in retail sales in 2006.
5. SF Per Capita	The total amount of retail space after construction divided by the new population created by the additional housing.
6. Construction Costs	The per square foot construction cost (\$175 in 2006, increasing 3% thereafter) is multiplied by the new square footage.
7. SF of land needed.	Using a FAR of 25%, the amount of land is calculated each year.
8. Land Value	The value of the land is approximately 25% of the cost of construction. This will vary according to location.
9. Property Tax Value (000)	The value of the land is combined with the construction cost to determine the taxable value of the project.

Diversify the Economy - 2,500 New Jobs Scenario

Taxable Gross Receipts	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total	676,562	690,567	659,774	656,900	684,892	704,669	738,883	756,438
Services	326,772	300,574	314,528	329,160	343,452	358,099	373,292	388,792
Retail	90,434	99,342	109,133	120,325	132,359	144,511	157,508	170,356
Construction	200,000	236,075	180,521	150,772	151,347	143,195	148,047	136,037
All Others	59,357	54,577	55,592	56,643	57,733	58,864	60,036	61,253

1. New Primary Jobs	0	300	200	200	150	150	150	150
2. Annual Average Wage	0	55,000	56,375	57,784	59,229	60,710	62,227	63,783
3. SF Space Needed	0	105,000	70,000	70,000	52,500	52,500	52,500	52,500
4. Construction Costs	0	24,675,000	16,943,500	17,451,805	13,481,519	13,885,965	14,302,544	14,731,620
5. Square feet of land needed	0	262,500	175,000	175,000	131,250	131,250	131,250	131,250
6. Acres	0	6	4	4	3	3	3	3
7. Land Cost	0	2,741,667	1,882,611	1,939,089	1,497,947	1,542,885	1,589,172	1,636,847
8. Property Tax Value	0	27,416,667	18,826,111	19,390,894	14,979,466	15,428,850	15,891,715	16,368,467
9. Gross Business Costs (000)	0	33,000	22,550	23,114	17,769	18,213	18,668	19,135
10. Amount taxable (000)	0	4,950	3,383	3,467	2,665	2,732	2,800	2,870

Taxable Gross Receipts	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total	788,879	822,499	853,914	882,504	918,512	955,660	997,878	1,041,870
Services	404,804	421,343	438,368	455,831	473,840	492,409	511,611	531,471
Retail	183,838	197,965	212,540	227,321	242,699	258,677	275,511	293,240
Construction	137,722	139,366	137,821	132,754	133,907	134,984	139,582	144,339
All Others	62,515	63,825	65,186	66,598	68,065	69,590	71,174	72,820

	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2,020
1. New Primary Jobs	150	150	150	150	150	150	150	150
2. Annual Average Wage	65,378	67,012	68,687	70,405	72,165	73,969	75,818	77,714
3. SF Space Needed	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
4. Construction Costs	15,173,569	15,628,776	16,097,639	16,580,568	17,077,985	17,590,325	18,118,035	18,661,576
5. Square feet of land needed	131,250	131,250	131,250	131,250	131,250	131,250	131,250	131,250
6. Acres	3	3	3	3	3	3	3	3
7. Land Cost	1,685,952	1,736,531	1,788,627	1,842,285	1,897,554	1,954,481	2,013,115	2,073,508
8. Property Tax Value	16,859,521	17,365,307	17,886,266	18,422,854	18,975,539	19,544,805	20,131,150	20,735,084
9. Gross Business Costs (000)	19,613	20,104	20,606	21,121	21,649	22,191	22,745	23,314
10. Amount taxable (000)	2,942	3,016	3,091	3,168	3,247	3,329	3,412	3,497

Diversify the Economy - 2,500 New Jobs Scenario

Taxable Gross Receipts	Equals the gross receipts reflected in "Increase Retail Sales" plus the additional from 4 and 10 below. The gross receipts reflected in this table are the total for all Economic Growth Scenarios.
1. New Primary Jobs	The number of new primary jobs added each year.
2. Annual Average Wage	The estimated wage of the new jobs. Beginning with \$55,000 in 2006, the wage is increased 2.5% each year.
3. SF Space Needed	The total number of new jobs multiplied by 350 square feet per worker.
4. Construction Costs	The total amount of space multiplied by estimated SF cost \$235 (2006), increasing 3% each year thereafter.
5. Square feet of land needed	The square feet of land needed based upon a 40% Floor Area Ratio.
6. Acres	The square feet of land needed divided by 43,560, the number of SF in an acre.
7. Land Cost	Estimated to be 10% of the total cost of the project. This is a low percentage for some projects.
8. Property Tax Value	The estimated construction costs plus the cost of the land.
9. Gross Business Costs (000)	The total of the new wages paid divided 50%.
10. Amount taxable (000)	Ten percent of the Gross Business Cost.

General Fund Tax Summary

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Receipts - Projections	17,590,620	15,386,765	14,415,173	13,589,161	13,988,175	14,399,609	14,823,859	15,261,333
Gross Receipts - All Scenarios	0	16,944,168	16,124,166	15,790,702	16,388,903	16,652,357	17,261,460	17,434,165
Property Tax - Projections	4,532,439	4,645,750	4,761,894	4,880,941	5,002,965	5,128,039	5,256,240	5,387,646
Property Tax - All Scenarios	0	4,947,119	5,342,289	5,790,135	6,234,307	6,648,410	7,075,072	7,458,753
All Taxes - Projections	22,123,059	20,032,515	19,177,067	18,470,102	18,991,140	19,527,648	20,080,099	20,648,979
All Taxes - All Scenarios	0	21,891,288	21,466,455	21,580,837	22,623,210	23,300,767	24,336,532	24,892,919

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Receipts - Projections	15,712,455	16,177,659	16,657,397	17,152,134	17,662,351	18,188,544	18,731,226	19,290,927
Gross Receipts - All Scenarios	17,965,497	18,508,117	18,977,438	19,359,650	19,911,552	20,473,652	21,142,893	21,834,600
Property Tax - Projections	5,522,337	5,660,395	5,801,905	5,946,953	6,095,627	6,248,017	6,404,218	6,564,323
Property Tax - All Scenarios	7,844,316	8,231,474	8,609,591	8,966,943	9,323,778	9,679,662	10,045,963	10,423,002
All Taxes - Projections	21,234,792	21,838,054	22,459,302	23,099,087	23,757,977	24,436,561	25,135,443	25,855,250
All Taxes - All Scenarios	25,809,813	26,739,590	27,587,029	28,326,592	29,235,330	30,153,314	31,188,856	32,257,602

Gross Receipts - Projections	The projected taxable gross receipts times the General Fund tax rate.
Gross Receipts - All Scenarios	The taxable gross receipts from all economic growth scenarios times the General Fund tax rate.
Property Tax - Projections	The estimated property taxes based upon the historical trend for the county.
Property Tax - All Scenarios	Calculated based upon the new taxable value as a result of the construction for all scenarios. See next chart.
All Taxes - Projections	Gross receipts taxes and property taxes, as projected.
All Taxes - All Scenarios	Gross receipts taxes and property taxes from all growth scenarios.

General Fund	
Gross Receipts Tax Rate	2.600%
Municipal General Fund	1.250%
County General Fund	0.125%
State/Municipal General Fund	1.225%

Property Tax Calculations

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Initial Taxable Value								
Housing	70,312,500	72,773,438	90,384,609	93,548,071	80,685,211	83,509,193	65,688,332	
Retail	6,866,069	7,145,065	7,731,649	7,841,680	7,486,230	7,627,427	7,194,184	
Industrial/Office	27,416,667	18,826,111	19,390,894	14,979,466	15,428,850	15,891,715	16,368,467	
Assessed Value (33%)								
Housing	23,203,125	24,015,234	29,826,921	30,870,863	26,626,120	27,558,034	21,677,149	
Retail	2,265,803	2,357,872	2,551,444	2,587,754	2,470,456	2,517,051	2,374,081	
Industrial/Office	9,047,500	6,212,617	6,398,995	4,943,224	5,091,520	5,244,266	5,401,594	
New Tax For Year	301,370	279,026	328,798	322,149	289,029	298,461	252,276	
Housing - .007879	182,817	189,216	235,006	243,232	209,787	217,130	170,794	
Retail - .01048	23,743	24,708	26,737	27,117	25,888	26,376	24,878	
Industrial/Office - .01048	94,809	65,102	67,055	51,800	53,354	54,955	56,603	
Cumulative New Tax	301,370	580,396	909,194	1,231,342	1,520,371	1,818,832	2,071,108	
Initial Taxable Value	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Housing	64,409,138	62,959,932	57,497,232	47,607,708	45,167,813	42,498,806	43,986,264	45,525,783
Retail	7,259,036	7,330,225	7,304,305	7,175,293	7,259,286	7,347,066	7,552,760	7,767,227
Industrial/Office	16,859,521	17,365,307	17,886,266	18,422,854	18,975,539	19,544,805	20,131,150	20,735,084
Assessed Value (33%)								
Housing	21,255,015	20,776,778	18,974,087	15,710,544	14,905,378	14,024,606	14,515,467	15,023,509
Retail	2,395,482	2,418,974	2,410,421	2,367,847	2,395,564	2,424,532	2,492,411	2,563,185
Industrial/Office	5,563,642	5,730,551	5,902,468	6,079,542	6,261,928	6,449,786	6,643,279	6,842,578
New Tax For Year	250,872	249,099	236,608	212,304	208,161	203,494	210,100	216,933
Housing - .007879	167,468	163,700	149,497	123,783	117,439	110,500	114,367	118,370
Retail - .01048	25,102	25,348	25,259	24,813	25,103	25,407	26,118	26,860
Industrial/Office - .01048	58,301	60,050	61,852	63,708	65,619	67,587	69,615	71,703
Cumulative New Tax	2,321,980	2,571,079	2,807,686	3,019,990	3,228,151	3,431,645	3,641,745	3,858,678

Initial Taxable Value	The total value of the cost of construction and the value of the land for each scenario.
Assessed Value (33%)	Initial taxable value multiplied by the assessed rate of 33%
New Tax For Year	The assessed value multiplied by the corresponding tax rate. The additional new property taxes for each year.
Cumulative New Tax	Total new revenue for each year as a result of the growth scenarios. The new taxes for each year are added to the total for all previous years.