
Memorandum

To: David Ornelas, T&B Planning, Inc.
From: Peter Piller, Managing Principal
Jared Rodio, Manager Associate
Date: March, 2021
Re: **Birtcher –Executive Summary of Economic Analysis**

The Birtcher Project (the “Project”) is proposed for approximately 492,000 square feet of logistics and warehouse space situated on approximately 21 acres which includes 10,000 square feet of office space. At the request of T&B Planning, the Project applicant, DPFPG has prepared an economic analysis to estimate the number of temporary and permanent jobs that would be created by the Project, and major fiscal tax revenue that the Project may generate when at full build-out and under stabilized operating conditions for the city.

Our economic analysis of the Project estimates that it will generate approximately \$566,272 per year in property tax revenue (of which the City of Rialto (“City”) will receive approximately \$81,098 per year) and \$79,242 in Property Taxes In lieu of MVLFF.

We have also analyzed the Project using IMPLAN. IMPLAN is the most widely employed and accepted regional economic analysis software for predicting economic impacts. The IMPLAN model is used to predict the economic consequences of a development project within a local economy and measures the direct, indirect and induced effects in terms of economic output, employment, and earnings within the local region.

A key concept to understand about the IMPLAN economic impact analysis is that one form of economic activity almost always stimulates other economic activities. The total economic impact of a specific project or event on a study area is the sum of the direct, indirect and induced impacts. The direct economic activity stemming from the Project stimulates subsequent indirect and induced impacts to the local economy.

The three components of economic impact are further described below:

1. *Direct Impact:* Represents the initial change in the economy attributable to the development of the Project which occurs directly on the Project site.
2. *Indirect Impact:* Represents the impact on local industries as a result of inter-industry purchases as the economy responds to new demand of the directly affected industries. This impact represents the additional rounds of economic activity that occur as a consequence from the direct impacts, specifically through the production of goods and services required to support businesses directly impacted. For example, as it relates to jobs, if a direct impact of a Project is the creation of construction jobs on-site as a result of building new

homes, then an indirect impact would be the creation of jobs in the lumber industry as result of the contractor's purchase of lumber to construct those homes.

3. *Induced Impact*: Represents the impact to the local economy as a result of the increased household spending due to additional labor income generated, specifically through the purchase of goods and/or services required to meet consumer demand generated by the Project's residents and employees.

The specific economic impacts evaluated in this analysis are **employment** and **labor income**.

Employment: Represents the number of jobs produced in the economy.

Labor Income: Represents the total value of all forms of employment income paid throughout the local economy.

These economic impacts are driven by economic activity generated directly at the Project site as well as the related flow of economic activity in the specified region. In this case, the defined geographic region is the County of San Bernardino and the economic activities generating impacts are the construction of the Project, the annual ongoing activities of the new businesses located in the Project, and new local spending by the Project's residents. Accordingly, this analysis evaluates the direct, indirect and induced effects of the Project at two separate times: (i) a one-time evaluation of direct, indirect, and induced effects during the construction of the Project ("**Construction Period Impacts**") and (ii) the ongoing annual direct, indirect, and induced effects at buildout ("**Ongoing Annual Impacts**").

The "Construction Period" commences upon initial site development and ends upon completion of all industrial structures. Per the Developer, the Construction Period is expected to be approximately 1.5 years. Direct inputs were comprised of Hard Costs of \$31,426,000 and Soft Costs of approximately \$10,346,000 for a total anticipated development cost of approximately \$41,772,000. Construction of the Project will contribute to the creation of new direct, indirect, and induced jobs in the City and County-wide. Direct jobs created during the Construction Period consist of the employees constructing the Project, whereas the indirect and induced jobs created during this phase relate to (i) the other industries that need to produce additional goods and services to meet the demand from contractors/businesses directly involved in the construction of the Project and (ii) discretionary spending of the construction employees.

Labor income during the construction period includes employment compensation and benefits paid to workers. The direct effect on labor income during the Construction Period is comprised of labor income paid to construction employees on site. The indirect effect on labor income includes income of those employees of businesses providing goods and services to the contractors/businesses working directly on the site. The induced effect on labor income is comprised of the income of employees working at businesses that experience growth from the discretionary spending of the direct and indirect employees. Overall, the Project is estimated to generate an average of \$15,088,000 annually in labor income over the Construction Period for a total cumulative labor income of \$22,633,000.

Ongoing annual direct effects represent the anticipated economic effects of the Project once the site is stabilized. Ongoing annual direct effects on employment relate to the employees working at the Project, whereas the indirect and induced jobs created during this phase relate to the other industries that produce goods and services that support the new businesses of the Project and local spending by the new employees and residents of the Project. The project is anticipated to create 542 full-time equivalent employees. Full-time equivalent employees for the Project were based on occupancy and the square feet per employee estimates according to the anticipated tenant type. Because IMPLAN's definition of employment includes

“all jobs” (i.e., full-time, part-time, and seasonal), IMPLAN industry sector conversion factor of 1.175 for warehousing and storage in San Bernardino County. This resulted in a total direct employee (i.e., total “headcount” jobs) of approximately 639 employees.

The direct effect on labor income during the Permanent Ongoing Period includes the labor income paid to on-site employees of the Project. The indirect and induced effects on labor income consist of the income of those employees associated with businesses that service the Project, as well as the income of the new employees generated by the increased demand for goods and services from the Project. Overall, the Project is estimated to generate \$47,190,000 annually in labor income.

Our analysis uses conservative metrics drawn from San Bernardino County market conditions and our industry knowledge and experience. It should be noted, however, that market conditions may change between now and when the Project is anticipated to open. Accordingly, as the information, estimates, and assumptions used in the analysis are inherently subject to uncertainty and variation depending on evolving events (e.g., market conditions, government regulations, etc.), the estimates presented herein are subject to change.

Appendix:

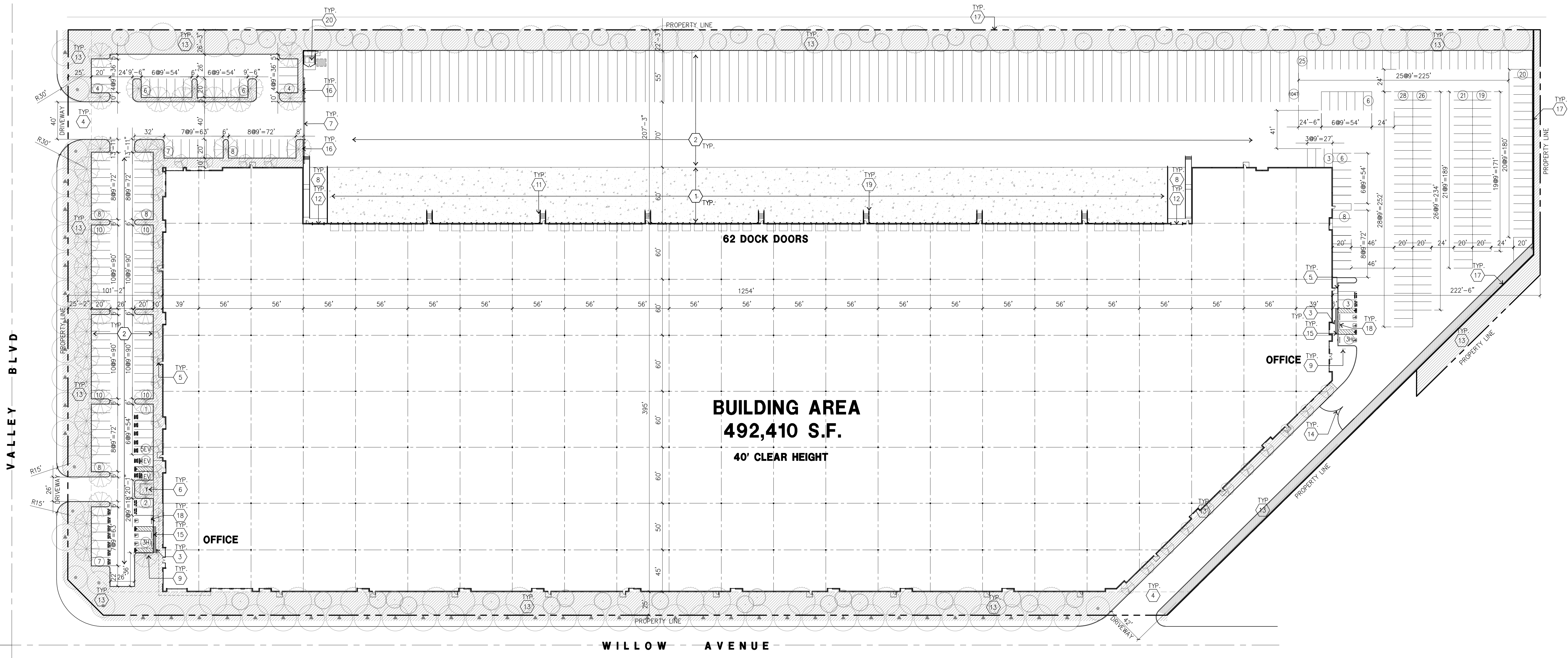
Appendix A – Site Plan

Appendix B – Fiscal Revenue and Economic Benefit Analysis Tables

Appendix B is organized as follows:

Appendix	Table	Description
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B	6	Full Time Equivalent Employment
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Appendix A: Site Plan



OVERALL SITE PLAN
scale: 1" = 50'-0"
SCALE: 1" = 50'-0"
0 50' 100' 150'
TRUE NORTH

SITE PLAN KEYNOTES

- 1 HEAVY BROOM FINISH CONCRETE PAVEMENT.
- 2 ASPHALT CONCRETE
- 3 CONCRETE WALKWAY, MEDIUM BROOM FINISH
- 4 DRIVEWAY APRONS WITH DECORATIVE PAVEMENT.
- 5 5'-6"x5'-6"x4" THICK CONCRETE EXTERIOR LANDING PAD TYP. AT ALL EXTERIOR MAN DOORS TO LANDSCAPED AREAS. FINISH TO BE MEDIUM BROOM FINISH PROVIDE WALK TO PUBLIC WAY OR DRIVE WAY AS REQ. BY CITY INSPECTOR.
- 6 APPROXIMATE LOCATION OF TRANSFORMER. CONTRACTOR TO VERIFY WITH S.C.E..
- 7 PROVIDE METAL GATE W/ KNOX-BOX PER FIRE DEPARTMENT STANDARDS PER DRIVEWAY. CONTRACTOR TO DESIGN & DETAIL GATES. DRAWINGS AND CALCULATIONS PRIOR TO FABRICATION. PROVIDE CONDUIT FOR FUTURE.
- 8 CONCRETE RAMP
- 9 BIKE RACK TYPICAL.
- 10 NOT USED
- 11 EXTERIOR CONCRETE STAIR.
- 12 12' X 14' DRIVE-IN DOOR
- 13 LANDSCAPE. ALL LANDSCAPE AREAS INDICATED BY SHADING
- 14 8' H METAL SWING GATE
- 15 HANDICAP PARKING STALL SIGN
- 16 14' HIGH CONCRETE SCREEN WALL
- 17 RETAINING WALL
- 18 PRE-CAST CONC. WHEEL STOP.
- 19 CONC. FILLED GUARD POST "6 DIA. U.N.O. 42" H.
- 20 TRASH ENCLOSURE.

SITE PLAN GENERAL NOTES

1. THE SITE PLAN BASED ON THE SOILS REPORT PREPARED BY TBD
2. IF SOILS ARE EXPANSIVE IN NATURE, USE STEEL REINFORCING FOR ALL SITE CONCRETE
3. ALL DIMENSIONS ARE TO THE FACE OF CONCRETE WALL, FACE OF CONCRETE CURB OR GRID LINE U.N.O.
4. SEE "C" PLANS FOR ALL CONCRETE CURBS, GUTTERS AND SWALES.
5. THE ENTIRE PROJECT SHALL BE PERMANENTLY MAINTAINED WITH AN AUTOMATIC IRRIGATION SYSTEM AS REQUIRED
6. SEE "C" DRAWINGS FOR POINT OF CONNECTIONS TO OFF-SITE UTILITIES. CONTRACTOR SHALL VERIFY ACTUAL UTILITY LOCATIONS.
7. PROVIDE POSITIVE DRAINAGE AWAY FROM BLDG. SEE "C" DRAWINGS.
8. CONTRACTOR TO REFER TO "C" DRAWINGS FOR ALL HORIZONTAL CONTROL DIMENSIONS. SITE PLANS ARE FOR GUIDANCE AND STARTING LAYOUT POINTS.
9. SEE "C" DRAWINGS FOR FINISH GRADE ELEVATIONS.
10. CONCRETE SIDEWALKS TO BE A MINIMUM OF 4" THICK W/ TOOLED JOINTS AT 6' O.C. EXPANSION/CONSTRUCTION JOINTS SHALL BE A MAXIMUM 12' E.A. WAY. EXPANSION JOINTS TO HAVE COMPRESSIVE EXPANSION FILLER MATERIAL OF 1/4". FINISH TO BE A MEDIUM BROOM FINISH U.N.O.
11. ALL BUILDINGS OF 5,000 S.F. IN SIZE WILL HAVE FIRE SPRINKLERS INSTALLED.
12. PAINT CURBS AND PROVIDE SIGNS TO INFORM OF FIRE LANES AS REQUIRED BY FIRE DEPARTMENT.
13. CONSTRUCTION DOCUMENTS PERTAINING TO THE LANDSCAPE AND IRRIGATION OF THE ENTIRE PROJECT SITE SHALL BE SUBMITTED TO THE BUILDING DEPARTMENT AND APPROVED BY PUBLIC FACILITIES DEVELOPMENT PRIOR TO ISSUANCE OF BUILDING PERMITS.
14. PRIOR TO FINAL CITY INSPECTION, THE LANDSCAPE ARCHITECT SHALL SUBMIT A CERTIFICATE OF COMPLETION TO PUBLIC FACILITIES DEVELOPMENT.
15. KNOX BOXES WILL BE INSTALLED FOR ALL LEASE SPACES.
16. ALL LANDSCAPE AND IRRIGATION DESIGNS SHALL MEET CURRENT CITY STANDARDS AS LISTED IN GUIDELINES OR AS OBTAINED FROM PUBLIC FACILITIES DEVELOPMENT.
17. NOT USED.
18. ALL VERTICAL MOUNTING POLES OF CHAIN LINK FENCING SHALL BE CAPPED.
19. LANDSCAPED AREAS SHALL BE DELINEATED WITH A MINIMUM SIX INCHES (6") HIGH CURB

SITE PLAN GENERAL NOTES

- CONCRETE PAVING - SEE "C" DRWS. FOR THICKNESS
- STANDARD PARKING STALL 8.5' X 18.5'
- HANDICAP PARKING STALL, 9' X 18.5' + 5' W/ ACCESSIBLE AISLE
- VAN ACCESSIBLE HANDICAP STALL, 12' X 18.5' + 5' W/ ACCESSIBLE AISLE
- PATH OF TRAVEL
- LANDSCAPE AREAS
- HARDSCAPE

TABULATION

SITE AREA	
In s.f.	914,202 s.f.
In acres	20.99 ac
BUILDING AREA	
Office - 1st floor	5,000 s.f.
Office - 2nd floor	5,000 s.f.
Warehouse	482,410 s.f.
TOTAL	492,410 s.f.
COVERAGE	
	53.9%
AUTO PARKING PROVIDED	
Office: 1/250 s.f.	40 stalls
Whse: 1st 10K @ 1/1,000 s.f.	10 stalls
after 10K @ 1/2,000 s.f.	237 stalls
TOTAL	287 stalls
AUTO PARKING PROVIDED	
Standard (9' x 20')	287 stalls
TRAILER PARKING PROVIDED	
Trailer (10' x 55')	104 stalls
ZONING ORDINANCE FOR CITY	
Zoning Designation - Gateway Specific plan Industrial Park (I-P) and Freeway Commercial (F-C)	
MAXIMUM BUILDING HEIGHT ALLOWED	
Height - 35' (variance required)	
LANDSCAPE REQUIREMENT	
Percentage - 10%	
LANDSCAPE PROVIDED	
Percentage -	11.6%
in s.f.	106,470 s.f.
SETBACKS	
Front - 25'	
Interior Side - 0' - 5' if next to R	
Rear - 0' - 15' if next to R	

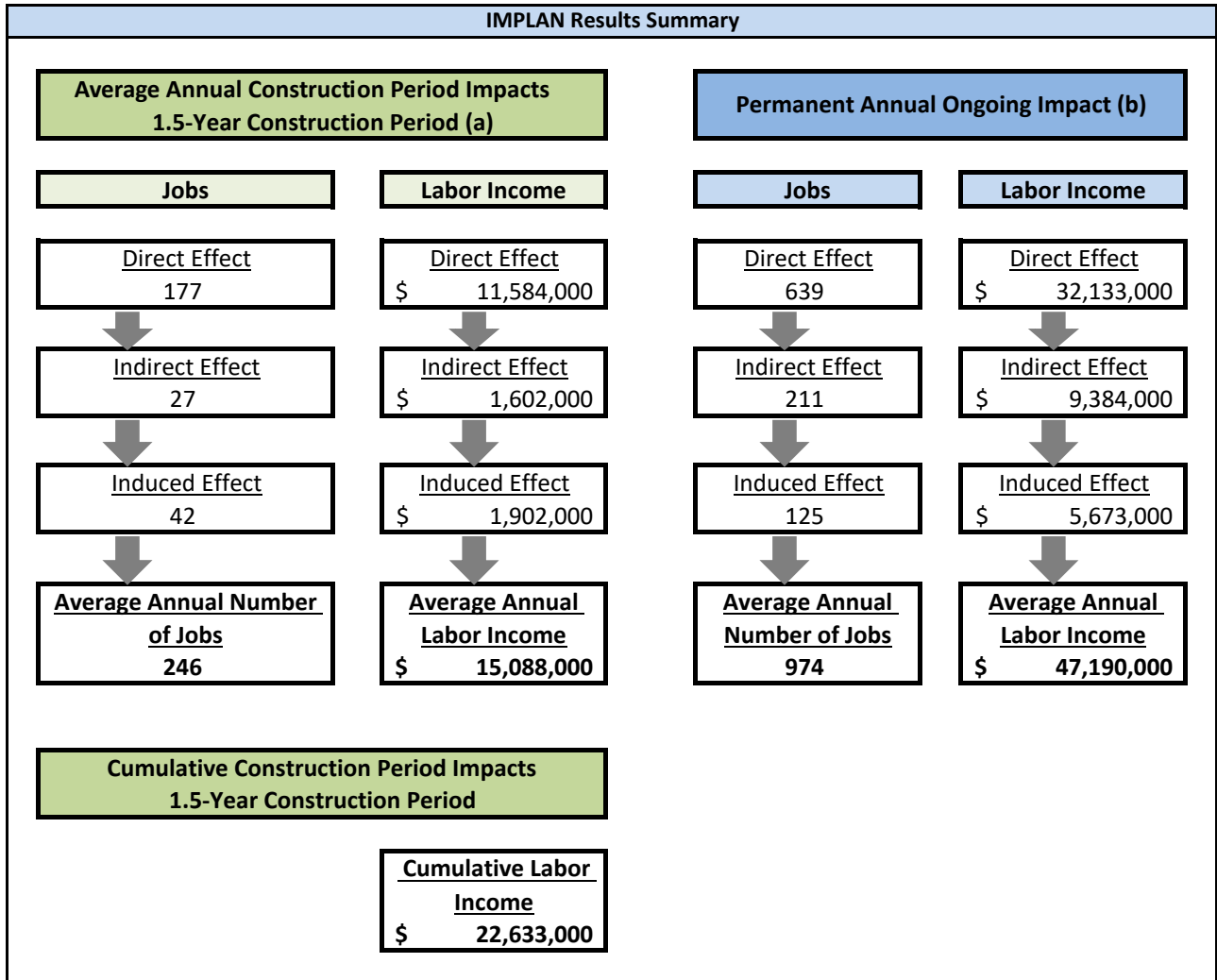
KEYMAP



Appendix B:
Fiscal Revenue and Economic
Benefit Analysis Tables

Table 1
Fiscal Revenue and Economic Benefit Analysis Summary
Birtcher

MAJOR TAX REVENUES		
Recurring Annual Revenues:	2020 - 2021	
Property Taxes	\$ 81,098	Table 4
Property Taxes In Lieu of MVLF	79,242	Table 5
Total Annual Tax Revenue	\$ 160,339	



Footnotes:

(a) See Table 8 for support and detailed description of categories.

(b) See Table 9 for support and detailed description of categories.

Table 2
Land Use and Assessed Value Assumptions
Birtcher

Business and Warehouse			
Probable Tenant Type	Bldg. SF	Estimated Assessed Value per SF (a)	Total Assessed Value
Office	10,000	\$ 115	\$ 1,150,000
Warehouse	482,410	115	55,477,150
Subtotal Business and Warehouse	492,410	\$ 115	\$ 56,627,150
Total Project Assessed Value			\$ 56,627,150

Footnotes:

(a) Industrial and Commercial estimated value per square foot per Table 3.

Table 3
Estimated Property Value using Income Method
Birtcher

	Warehouse
Gross Square Feet	502,410
Less: Non-leasable Space (a)	-
Leasable Square Feet	502,410
<u>REVENUE</u>	
Average Monthly NNN Rental Rate per s.f. (b)	\$ 0.60
Total Scheduled Annual NNN Rents	\$ 3,617,352
<u>EXPENSES</u>	
Vacancy (%) (b)	2.70%
Vacancy (\$) (b)	\$ 97,669
Operating Expenses (c)	1,055,905
Total Expenses	\$ 1,153,574
NET OPERATING INCOME	\$ 2,463,778
CAP RATE (d)	4.25%
TOTAL VALUE	\$ 57,971,258
VALUE PER GROSS SQUARE FOOT	115.39
VALUE PER GROSS SQUARE FOOT (ROUNDED)	115.00

Footnotes:

(a) The building will be fully occupied by a single tenant logistics warehouse / distribution user. There is no anticipated common area.

(b) NNN rent and vacancy per CBRE Q3 2020 U.S. Inland Empire Industrial Marketview.

(c) Operating Expenses for Warehouse and Office estimated at 30.0% of revenue based on Prologis, U.S. Research Report Q3 2020 Industrial market Outlook by Colliers International and DPGF research and experience with fiscal impact analysis in the area.

(d) cap rates per CBRE U.S. Industrial and Retail Cap Rates for Stabilized Properties Class A Industrial S. CA: Inland Empire cap rates.

Table 4
Share of the Basic Tax Calculation
Birtcher

Agency Code	Agency	TRA (a)
		6064
AB01 GA01	County General Fund - General Tax Levy	15.623402%
AB02 GA01	Education Revenue Augmentation Fund - General Tax Levy	23.657533%
BF02 GA01	Flood Control Zone 2 - General Tax Levy	2.773489%
BF07 GA01	Flood Control Admin 1 and 2 - General Tax Levy	0.195022%
BL01 GA01	County Free Library - General Tax Levy	1.512931%
BS01 GA01	Superintendent of Schools - General Tax Levy	0.536098%
BS01 GA05	Superintendent of Schools - General Tax Levy - Dev Center	0.055272%
BS01 GA03	Superintendent of Schools - General Tax Levy - Phys Hand	0.210865%
CC28 GA01	City of Rialto - General Tax Levy	14.321336%
SC54 GA01	San Bernardino Community College - General Tax Levy	5.490785%
SU20 GA01	Colton Joint Unified School Dist - General Tax Levy	32.595586%
WR04 GL01	Inland Empire JT Resource Cons Dist - General Tax Levy	0.202072%
WU23 GA01	San Bernardino Valley Muni Water - General Tax Levy	2.825609%
Total		100.0000%
Project Acres (b)		19.97
City of Rialto Total		14.3213%
Total Assessed Value		\$ 56,627,150
Base 1% Ad-Valorem Tax		1.00%
Base Ad-Valorem Revenue		\$ 566,272
City of Rialto Allocation		\$ 81,098

Footnotes:

Source: Fiscal Year 2020 Share of the Basic Tax per San Bernardino County Auditor-Controller's Office.

(a) Shares of the basic tax that are received by the County for each TRA are highlighted in bold print.

(b) TRA and acreage data per LandVision, 1/12/2021.

Table 5
Property Taxes In Lieu of MVLF
Birtcher

FY 2020/21 In Lieu MVLF Allocation to City	\$	14,695,250	(a)
FY 2020/21 City of Rialto Assessed value		10,760,927,922	(b)
Total Project Assessed Value from Table 2		56,627,150	
Less: Existing Assessed Value		1,399,302	
Net (New) Assessed Value	\$	58,026,452	
AV Growth from Project		0.539%	
Annual County Property Taxes In Lieu of MVLF	\$	79,242	

Footnotes:

(a) Per City of Rialto Annual Budget for FY 2020-2021; General Fund - Revenue Summary by Category (Page 17).

(b) Per County of San Bernardino Assessor-Recorder-Clerk Office 2020 Assessment Roll.

Table 6
Full Time Equivalent Employment
Birtcher

Business and Warehouse				
Tenant Type	Bldg. SF	Estimated SF per Employee (a)	Anticipated Shifts Per Use	Estimated Employees
Office	10,000	250	1.50	60
Warehouse	482,410	3,000	3.00	482
Subtotal Business and Warehouse	492,410			542
Total Estimated Employees				542

Footnotes:

(a) Estimated employees per square foot per the United States Green Building Council default occupancy count and DPGF estimates based on industry knowledge and review of various data sources.

Table 7
Construction Period Impacts
Birtcher

Average Annual Jobs Created During Construction Period (a)

Employment Impact	Jobs	Description
Direct Effect	177	Represents direct onsite construction-related jobs.
Indirect Effect	27	Represents jobs created as a result of new business to business spending in the local economy.
Induced Effect	42	Represents jobs created as a result of spending by new direct and indirect employees in the local economy.
Total	246	

Average Annual Labor Income Generated During Construction Period (a)

Labor Income Impact	Labor Income	Description
Direct Effect	\$ 11,584,000	Represents direct onsite construction labor income.
Indirect Effect	1,602,000	Represents labor income generated as a result of new business to business spending in the local economy.
Induced Effect	1,902,000	Represents labor income generated as a result of spending by new direct and indirect employees in the local economy.
Total	\$ 15,088,000	

Cumulative Labor Income Generated During Construction Period (a)

Labor Income Impact	Labor Income	Description
Direct Effect	\$ 17,376,000	Represents direct onsite construction labor income.
Indirect Effect	2,404,000	Represents labor income generated as a result of new business to business spending in the local economy.
Induced Effect	2,853,000	Represents labor income generated as a result of spending by new direct and indirect employees in the local economy.
Total	\$ 22,633,000	

Footnotes:

(a) Calculated using IMPLAN, a nationally recognized economic modeling system. San Bernardino is the study area. Jobs are reported as all jobs (full-time, part-time, and seasonal).

Table 8
Ongoing Annual Impacts
Birtcher

Total Ongoing Annual Number of Jobs Created (a)

Employment Impact	Total Jobs	Description
Direct Effect (b)	639	Represents direct onsite jobs created by the operations of the new facilities.
Indirect Effect	211	Represents jobs created as a result of new business to business spending in the local economy.
Induced Effect	125	Represents jobs created as a result of spending by new direct and indirect employees in the local economy.
Total	974	

Total Ongoing Annual Labor Income Generated (a)

Labor Income Impact	Total Labor Income	Description
Direct Effect	\$ 32,133,000	Represents labor income generated by the operations of the new facilities
Indirect Effect	9,384,000	Represents labor income generated from new business to business spending in the local economy.
Induced Effect	5,673,000	Represents labor income generated by spending of new direct and indirect employees in the local economy.
Total	\$ 47,190,000	

Footnotes:

(a) Calculated using IMPLAN, a nationally recognized economic modeling system. San Bernardino is the study area. Jobs are reported as all jobs (full-time, part-time, and seasonal).

Table 9
Top 10 Industries Affected during Construction Period
Birtcher

Top 10 Industries Affected during Construction Period Annually (a) (b)

Rank	Industry	Jobs
1	Construction of new single-family residential structures	176
2	Limited Service Restaurants	3
3	Other Real Estate	3
4	Employment Services	3
5	Truck Transportation	4
6	Full-Service Restaurants	2
7	Hospitals	2
8	Landscape and Horticultural Services	2
9	Wholesale - Machinery, equipment, and supplies	1
10	Individual and Family Services	1

Footnotes:

- (a) Calculated using IMPLAN, a nationally recognized economic modeling system. San Bernardino is the study area. Jobs are reported as all jobs (full-time, part-time, and seasonal).
- (b) Jobs by Top Ten industries affected annually by the new construction and local spending during the construction period of 1.25 years.