

FISCAL IMPACT STUDY

**RANCHO CORONADO MU4
SAN MARCOS, CALIFORNIA**

OCTOBER 23, 2017

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FISCAL IMPACT STUDY

RANCHO CORONADO MU4 SAN MARCOS, CALIFORNIA

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EXECUTIVE SUMMARY

I. PURPOSE OF STUDY

The objective of this Fiscal Impact Study (the “Study”) is to analyze the fiscal impacts to the City of San Marcos (the “City”) of proposed zoning and land use change to the Rancho Coronado MU4 project (the “Project”). The Project site is currently zoned for Mixed Use (“MU”) and would be comprised of 240,000 square feet of Business Park and Retail land uses (the “Existing Zoning”). The Applicant is seeking a Specific Plan Amendment, General Plan Amendment, Revised Tentative Subdivision Map, and Site Development Plan and Zone Change, that would amend the zoning to Low Medium Density Residential (8-12 du/ac) and facilitate the development of 220 attached for-sale homes on the Project site (the “Proposed Plan”). Consequently, the Study estimates the fiscal impacts of the Existing Zoning and the Proposed Plan (collectively, the “Scenarios”), and provides a side-by-side comparison of both scenarios.

II. TYPES OF FISCAL IMPACTS EVALUATED IN THE STUDY

The fiscal impacts identified in this Study include recurring municipal revenues and costs to the City General Fund that result from the Existing Zoning and the Proposed Plan. City General Fund revenues are generated from a variety of sources, including property taxes, sales taxes, fees, and fines. Costs to the City General Fund are associated with a variety of services, such as police protection, fire protection, public works maintenance, and general government services.

III. DESCRIPTION OF RANCHO CORONADO MU4

The Project is located on the southwest corner of Village Road and Twin Oaks Valley Road, less than one (1) mile south of SR-78. The Project site encompasses approximately 23 acres in the south portion of the City of San Marcos and is currently entitled with Tract Map TSM 15-006 approved at the San Marcos City Council on December 08, 2015.

IV. FISCAL IMPACT CONCLUSIONS

The Existing Zoning results in a projected fiscal surplus to the City General Fund, while the Proposed Plan results in a slight projected fiscal deficit. As expected, the residential land uses under the proposed plan result in an increased demand for public services (i.e., larger recurring General Fund expenditures), which is partially offset by projected Community Facilities District revenues. The fiscal impacts are summarized in **Table A** on the following page.

TABLE A
RANCHO CORONADO MU4
NET FISCAL IMPACT (CITY GENERAL FUND)

IMPACTS	EXISTING ZONING	PROPOSED PLAN
Total Recurring General Fund Revenues	\$245,004	\$381,089
Total Recurring General Fund Expenditures	(\$134,177)	(\$385,595)
Net Fiscal Impact	\$110,827	(\$4,506)
Revenue to Expense Ratio	1.83	0.99

V. MARKET CONSIDERATIONS

Importantly, the results summarized in **Table A** assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected fiscal surplus/deficit would likely be realized. Notably, based on the Price Point Study prepared by Meyers Research, the Existing Zoning Scenario is unlikely to be marketable at the Project site given the scale of retail and office development located north of the site. This conclusion suggests that buildout and full occupancy may never be achieved under the Existing Zoning and consequently, the fiscal surplus projected for this Scenario may not be realized.

SECTION 1 INTRODUCTION

The objective of this Fiscal Impact Study (the “Study”) is to analyze the fiscal impacts to the City of San Marcos (the “City”) of proposed zoning and land use change to the Rancho Coronado MU4 project (the “Project”). The Project site is currently zoned for Mixed Use (“MU”) and would be comprised of 240,000 square feet of Business Park and Retail land uses (the “Existing Zoning”). The Applicant is seeking a Specific Plan Amendment, General Plan Amendment, Revised Tentative Subdivision Map, and Site Development Plan and Zone Change, that would amend the zoning to Low Medium Density Residential (8-12 du/ac) and facilitate the development of 220 attached for-sale homes on the Project site (the “Proposed Plan”). Consequently, the Study estimates the fiscal impacts of the Existing Zoning and the Proposed Plan (collectively, the “Scenarios”), and provides a side-by-side comparison of both scenarios.

I. SCOPE AND METHODOLOGY

Fiscal impacts arising from a land development plan can be broadly categorized as one of two types: one-time impacts or recurring impacts. Each of these broad types may, in turn, be divided into a revenue component and a cost component. This Study assumes that one-time revenues would directly offset one-time costs; thus, the fiscal impacts considered in this Study focus on ongoing, or recurring, fiscal impacts of the Project on the City’s General Fund.

The fiscal impacts projected for the Study are based generally on a *Multiplier Methodology*. The primary *Multiplier Methodology* used to project the fiscal impacts in this Study is the *Per Capita-Employee (“Persons Served”) Methodology*. The *Persons Served Methodology* considers the fact that the exact relationship of service demands and revenue-generating potential between residents and employees is difficult to measure. Thus, utilizing a service population, or Persons Served population, comprised of all residents and fifty percent (50%) of employees is common fiscal practice, and suggests that a resident generally has twice the fiscal impact of an employee. This methodology involves calculating the average City-wide revenues and costs per Persons Served, utilizing the fiscal year (“FY”) 2017-2018 City budget, and applying these revenue and cost factors to the specific number of Persons Served projected for the Project.

A *Per Employee Methodology* is used to project recurring fiscal factors based on employment only, such as business receipts and business license tax revenues. Similar to the *Persons Served Methodology* discussed above, the *Per Employee Methodology* involves calculating the average City-wide revenues and costs per employee, utilizing the FY 2017-2018 City budget, and applying these factors to the specific number of employees projected under the given scenario.

While most recurring revenues analyzed in the Study are projected using the *Multiplier Methodology*, some major revenue sources, including property taxes and sales taxes, are calculated using a *Case Study Methodology* that involves calculating the marginal revenues to be specifically generated by the projected land uses, instead of applying an average City-wide revenue factor. For purposes of the Study, all recurring revenues and costs are stated in constant (un-inflated) 2017 dollars, based on the assumption that the relative impacts of inflation in future years will be the same for both of these fiscal impact categories.

II. LIMITATIONS

The fiscal model in the Study contains an analysis of revenues, costs, and impacts to the City General Fund resulting from the Project. This model is based on (i) information provided to David Taussig & Associates, Inc. (“DTA”) by City staff, (ii) the Price Point Study prepared by Meyers Research, and (iii) certain third-party sources of data including, but not limited to, the following:

- _) U.S. Bureau of Labor Statistics, Consumer Price Index.
- _) U.S. Department of Energy, “Commercial Buildings Energy Consumption Survey;”
- _) California State Board of Equalization *Consumer Expenditure Survey* (2015);
- _) State of California Employment Development Department, “Quarterly Census of Employment and Wages;”
- _) California Department of Finance, “E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2011-2017, with 2010 Benchmark;”
- _) State of California Treasurer’s Office, Local Agency Investment Fund;
- _) County of San Diego Auditor-Controller’s Office;
- _) California Local Government Finance Almanac, “City and County Assessed Values;”
- _) International Council of Shopping Centers *Office-Worker Retail Spending in a Digital Age* (2012); and
- _) Urban Land Institute *Dollars and Cents of Shopping Centers* (2008).

While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of fiscal impacts contained in this Study is not considered to be a “financial forecast” or a “financial projection” as technically defined by the American Institute of Certified Public Accountants. The word “projection” used within the Study relates to broad expectations of future events or market conditions. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from the projections stated throughout the Study.

SECTION 2 DESCRIPTION OF RECURRING FISCAL REVENUES/COSTS

The following section presents the recurring revenue and cost impacts to the City's General Fund and the methodology and assumptions utilized in the Study to project these impacts. Detailed numerical analyses of the revenue and cost impacts discussed in this section are contained in **Appendix A**.

I. ANALYSIS OF RECURRING REVENUES

CASE STUDY METHOD:

A. PROPERTY TAXES – SECURED AND UNSECURED

Property tax revenues are projected based on the City's estimated share of the general one percent (1%) property tax levy. Total projected secured property tax revenues to the City from the Project are estimated at 15.811% of the basic 1% property tax levy based on an average for Tax Rate Areas ("TRAs") 013263 and 013065. Please refer to **Table 2A** below and **Exhibit 5 of Appendix A** for details regarding the secured and unsecured property tax assumptions utilized in the fiscal impact analysis.

Unsecured property taxes are levied on tangible personal property that is not secured by real estate. Examples of unsecured property includes trade fixtures (e.g., manufacturing equipment and computers), as well as airplanes, boats, and mobile homes on leased land. In generating the fiscal impact models for this Study, DTA has assumed that unsecured property values average 2.75% of the secured value for residential land uses, and 10.00% of the secured value for non-residential land uses.

B. PROPERTY TRANSFER TAX

Per California Revenue & Taxation Code §11901 *et seq.* and the San Marcos Municipal Code §3.12.020, sales of real property are taxed by the County of San Diego (the "County") at a rate of \$1.10 per \$1,000 of property value. For property located in the City, the property transfer tax is divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property sale or resale value, excluding assumed liens or encumbrances. Per typical baseline assumptions, DTA assumes that residential development changes ownership at an average rate of 10% per year. DTA also assumes that non-residential development changes ownership at an average rate of 5% per year, and that continuing liens and encumbrances are insignificant.

C. PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE

The passage of Proposition 1A in California in 2004 enacted a constitutional amendment that introduced a new methodology to calculate property taxes in-lieu of Vehicle License Fees (“VLF”). Per California Revenue and Taxation Code §97.70, the property tax in-lieu of VLF amount now grows in proportion to the growth rate of gross assessed valuation in a city or county. Property tax in-lieu of VLF revenues are projected to grow with the change in the City-wide gross assessed valuation of taxable property from the prior fiscal year. These revenues constitute an addition to other property tax apportionments and are calculated for purposes of this Study at \$0.68 per \$1,000 increase in assessed valuation on a City-wide basis. Please refer to **Table 2A** below and **Exhibit 5 of Appendix A** for details regarding the property tax assumptions utilized in the fiscal impact analysis.

TABLE 2A RANCHO CORONADO MU4 PROPERTY TAX ASSUMPTIONS		
	EXISTING ZONING	PROPOSED LAND USES
PROPERTY TAX		
Valuation	\$51,000,000	\$101,633,328
Secured Property Tax – Net Apportionment Factor to the City	15.811%	15.811%
Unsecured Property Tax – As a % of Secured Property Taxes		
Residential	2.75%	2.75%
Non-Residential	10.00%	10.00%
PROPERTY TRANSFER TAX		
Residential Property Turnover Rate	10.00%	10.00%
Non-Residential Property Turnover Rate	5.00%	5.00%
Transfer Tax as a % of Price	0.11%	0.11%
Property Transfer Tax Passed Through to City	50.00%	50.00%
PROPERTY TAX IN-LIEU OF VLF		
FY 2016-17 Total City Assessed Value	\$10,965,900,432	\$10,965,900,432
FY 2017-18 Total City Property Tax In-Lieu of VLF	\$7,473,848	\$7,473,848
Property Tax In-Lieu of VLF / \$1,000 of Assessed Value	\$0.68	\$0.68

D. VEHICLE LICENSE FEES

1. BACKGROUND

Prior to June 1, 2004, the Vehicle License Fee (“VLF”) tax rate was equal to 2.00% of the value of a vehicle, with 0.65% paid by the vehicle owner and an additional 1.35% supplemented with a backfill from the State General Fund. A large portion

of those funds was allocated to cities (42.50%) and counties (42.50%) based on population, while newly incorporated cities received an additional population subvention based on three (3) times the number of registered voters for the first seven (7) years after incorporation.

As discussed in **Section 2.I.C** above, in 2004 the VLF allocation was altered. The California Legislature implemented the “VLF Swap” in which the VLF was lowered to 0.65%. The resultant loss of city revenue was swapped with an augmentation of property tax, termed property tax in-lieu of VLF. These amounts grow annually based on the increase in assessed value within each respective jurisdiction (again, see above).

2. SUPPLEMENTAL LAW ENFORCEMENT FUNDING (“SLESF”) AND OTHER STATE LAW ENFORCEMENT GRANTS

As part of the 2009 state budget agreement, a number of law enforcement grant programs previously funded by the state general fund were instead funded in FY 2009-10 and FY 2010-11 by a temporary 0.15% state VLF increase, which ended on June 30, 2011. The additional 0.15% VLF rate was intended to generate around \$500 million annually – the tax generated \$414 million in FY 2009-10 and \$442 million in FY 2010-11.

3. SENATE BILL (SB) 89 - FEES SHIFTED TO FUND STATE LAW ENFORCEMENT GRANTS

SB89, signed in 2010 by Governor Brown, effectively eliminated the 0.65% VLF revenue that was being allocated as a general fund revenue source to California cities. Provisions in SB89 shifted hundreds of millions of VLF revenues to fund the state law enforcement grants beginning in FY 2011-12. The SB89 plan operated as follows:

-]) The “Vehicle License Registration Fee” was increased by \$12 to produce approximately \$300 million in FY 2011-12. This fee funded state DMV vehicle license registration operations, thereby “freeing up” \$300 million of VLF revenue that had been used to fund DMV operations. This money was transferred to a new Local Law Enforcement Services Account (“LLESA”) to fund the law enforcement grants.
-]) In addition, beginning July 1, 2011, SB89 transferred the remaining VLF revenue (after the Local Revenue Fund allocation for county health and welfare programs) previously allocated to cities and counties to the LLESA.

SB89 took \$130 million of city general revenue and shifted it to save state law enforcement grant programs. Less than \$100 million of these grant funds have or will come back to cities, earmarked for police services. Instead, these funds will likely continue to be offset by the loss of city VLF. Therefore, VLF (as opposed to property tax in-lieu of VLF) revenue was not analyzed as a Project revenue source in this Study.

E. SALES AND USE TAXES

Direct sales tax revenues are generated by retail sales from businesses within City limits, with 1.00% of taxable sales receipts passed through to the City. **Exhibit 6 of Appendix A** reflects estimated taxable sales per square foot for each on-site, non-residential land use type, based on data from the Urban Land Institute's *Dollars & Cents of Shopping Projects* (2008) publication and total estimated taxable sales for the Project, based on development assumptions provided by the City.

Indirect sales tax revenues, as also summarized in **Exhibit 6 of Appendix A**, are projected based on estimated purchases made by residents and employees of the Project within the City. Based on studies outlined in the *International Council of Shopping Centers' Office-Worker Retail Spending in a Digital Age* (2012), DTA assumed that each on-site employee spends nearly \$5,308 annually within the City under both Scenarios. Sales tax assumptions are summarized in **Table 2B** below.

TABLE 2B RANCHO CORONADO MU4 SALES TAX ASSUMPTIONS	
% Sales Tax Passed Through to City	1.00%
Local Employee Spending (Annual)	\$5,308
<i>Capture Rate of Resident/Employee Spending (within City)</i>	50%
<i>Displacement Rate (of existing taxable sales within City)</i>	20%
Taxable Sales per Square Foot – Retail	\$273

F. COMMUNITY FACILITIES DISTRICT SPECIAL TAX REVENUES

The Project is currently located in five (5) separate Community Facilities Districts (collectively, the “CFDs”) and will be subject to the applicable special tax for each CFD based on the land uses projected under each Scenario. Notably, revenues generated from CFD No. 98-02 and CFD No. 2011-01 are not deposited in the City’s General Fund and have therefore been excluded from this analysis. **Table 2C** below and **Exhibit 7** of **Appendix A** summarize the CFD assumptions utilized for the Existing Zoning and the Proposed Plan.

TABLE 2C
RANCHO CORONADO MU4
COMMUNITY FACILITIES DISTRICT (CFD) ASSUMPTIONS

	EXISTING ZONING	PROPOSED LAND USES	FUND DESIGNATION
CFD 98-01 IA 1 <i>Retail</i> <i>Office</i> <i>Industrial Business Park</i> <i>Residential</i>	\$1,187.62 Per Acre \$2,375.24 Per Acre \$899.20 Per Acre	\$169.66 Per Unit	General Fund
CFD 98-02 (Zones A - E) <i>Retail/Office/Industrial Business Park</i> <i>Residential</i>	\$1,033.07 Per Acre	\$240.86 Per Unit	Non-General Fund
CFD 98-02 (Zone F) <i>Retail/Office/Industrial Business Park</i> <i>Residential</i>	\$3,056.70 Per Acre	\$817.03 Per Unit	Non-General Fund
CFD 2001-01 <i>Retail</i> <i>Office</i> <i>Industrial Business Park</i> <i>Residential</i>	\$1,097.84 Per Acre \$2,195.68 Per Acre \$831.22 Per Acre	\$156.83 Per Unit	General Fund
CFD 2011-01 <i>Retail/Office</i> <i>Industrial Business Park</i> <i>Residential</i>	\$0.3410 Per Sq. Ft. \$0.0770 Per Sq. Ft.	\$324.41 Per Unit	Non-General Fund

G. INVESTMENT INCOME REVENUES

Investment Income revenues are generated by the increase in General Fund Revenues resulting from the Project. This increase reflects growth in the following revenue categories: property taxes, sales taxes, and multiplier revenues (as discussed below).

Revenues from this source are estimated by multiplying the projected recurring General Fund revenues available for investment of \$201,897 assuming the Existing Zoning and \$303,523 under the Proposed Plan by the estimated Local Agency Investment Fund (“LAIF”) investment fund rate of return of approximately 1.90%. The investment revenue figures are then adjusted by the LAIF Percentage of Earnings Cost factor of 0.50%. This calculation results in estimated Investment Income (net of Earnings Cost) of \$3,817 under the Existing Zoning and \$5,738 under the Proposed Plan. LAIF factors are determined quarterly by the California State Treasurer, whose office governs the investment of revenues by municipalities.

Please refer to **Table 2D** below and **Exhibit 8 of Appendix A** for details regarding the investment income assumptions utilized in the fiscal impact analysis.

TABLE 2D RANCHO CORONADO MU4 INVESTMENT INCOME ASSUMPTIONS		
	EXISTING ZONING	PROPOSED LAND USES
Investment Period	12 Months	12 Months
Estimated LAIF Rate of Return	1.90%	1.90%
LAIF Percentage of Earnings	0.50%	0.50%
Projected Recurring General Fund Revenues Available for Investment	\$201,897	\$303,523

MULTIPLIER METHOD:

H. FRANCHISE FEES

Franchise fees are forecasted at \$36.88 per Persons Served using the *Per Capita-Employee Multiplier Method*.

I. LICENSES AND PERMITS

Licenses and Permits are based on the City’s collection of fees for various types of permits and community programs. Revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of \$11.17 per Persons Served.

J. FINES AND FORFEITURES

Fines and Forfeitures are forecasted at \$4.50 per Persons Served using the *Per Capita-Employee Multiplier Method*.

II. ANALYSIS OF RECURRING COSTS

CASE STUDY METHOD:

A. GENERAL GOVERNMENT COSTS

General government costs are projected at a marginal rate of 20.5% of the City General Fund recurring costs, based on the assumption that the current ratio of general government expenditures to non-general government expenditures will remain the same in the future.

FY 2017-2018 general government expenditures are budgeted at approximately \$10.8 million while FY 2017-2018 non-general government expenditures are budgeted at approximately \$52.7 million, resulting in a general government overhead percentage of approximately 20.5%. Under the Existing Zoning, this approach results in annual General Government costs of \$22,806. Under the Proposed Plan, this approach results in annual General Government costs of \$65,540.

MULTIPLIER METHOD:

B. PUBLIC SAFETY

Public safety services include those costs associated with fire protection and law enforcement. Public Safety costs are forecasted at \$277.39 per Persons Served using the *Per Capita-Employee-Multiplier Method*.

C. PUBLIC WORKS

The Engineering Division of the Public Works Department administers all aspects of engineering and activities relating to development permits and reviews, traffic operations and management, stormwater regulations and permit compliance, and all capital improvement programs (“CIPs”). The Operations Division of Public Works oversees CIP construction, inspection, and maintenance of City parks, landscape, streets, drainage, traffic signals, the City vehicle/equipment fleet, and outdoor lighting. Public Works services are forecasted at \$101.61 per Persons Served using the *Per Capita-Employee-Multiplier Method*.

D. DEVELOPMENT SERVICES

The Development Services Department consists of an administrative section and three divisions: Building and Safety, Planning, and Engineering. The department coordinates development activity within the City to ensure planned, orderly growth. Additional responsibilities include program management of code enforcement, affordable housing, the City’s lighting and landscape districts and community facility districts, and assistance to the city manager’s office in the area of economic development. Development Services are forecasted at \$39.18 per Persons Served based on the *Per Capita-Employee Multiplier Method*.

E. CULTURE AND RECREATION

The Community Services Department provides recreational and cultural activities. Programs include preschoolers and youth day camps, sports, senior services, enrichment classes, special events, cultural and performing arts, aquatics, hikes, and nature center activities. Culture and Recreation costs are forecasted at \$14.66 per Persons Served based on the *Per Capita-Employee Multiplier Method*.

F. OTHER FINANCING USES

Other Financing Uses were projected at \$31.21 per Persons Served utilizing the *Per Capita-Employee Multiplier Method*.

SECTION 3 FISCAL IMPACTS

I. TOTAL RECURRING REVENUES

Total recurring revenues to the City equal approximately \$245,004 per year under the Existing Zoning and \$381,089 under the Proposed Plan. As illustrated in **Table 3A** below, the largest revenue line items, assuming the Existing Zoning, are secured property taxes (32.9%) and direct and indirect sales taxes (26.5%). Under the Proposed Plan, the largest revenues included secured property (41.6%) and CFD taxes (18.8%). **Exhibits 5-8 and 10 of Appendix A** provide additional details about all recurring revenues and the assumptions used in their derivation.

TABLE 3A
RANCHO CORONADO MU4
RECURRING FISCAL REVENUES
CITY GENERAL FUND

CATEGORY	EXISTING ZONING		PROPOSED LAND USES	
	AMOUNT	PERCENT*	AMOUNT	PERCENT*
SECURED PROPERTY TAXES	\$80,636	32.9%	\$158,501	41.6%
UNSECURED PROPERTY TAXES	\$8,064	3.3%	\$4,359	1.1%
PROPERTY TRANSFER TAXES	\$1,403	0.6%	\$5,590	1.5%
PROPERTY TAX IN-LIEU OF VLF	\$34,158	13.9%	\$68,634	18.0%
DIRECT AND INDIRECT SALES TAXES	\$65,025	26.5%	\$30,195	7.9%
FRANCHISE FEES	\$8,851	3.6%	\$25,436	6.7%
LICENSES AND PERMITS	\$2,681	1.1%	\$7,704	2.0%
FINES AND FORFEITURES	\$1,080	0.4%	\$3,104	0.8%
INVESTMENT INCOME	\$3,817	1.6%	\$5,738	1.5%
CFD REVENUE	\$39,290	16.0%	\$71,828	18.8%
TOTAL RECURRING REVENUES	\$245,004	100.0%	\$381,089	100.0%

**Numbers may not sum due to rounding.*

II. TOTAL RECURRING SERVICES COSTS

As illustrated in **Table 3B** below, total annual recurring costs to the City are estimated at **\$134,177** per year under the Existing Zoning and **\$385,595** per year under the Proposed Plan. **Exhibits 9** and **11** of **Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.

TABLE 3B RANCHO CORONADO MU4 RECURRING FISCAL COSTS CITY GENERAL FUND				
CATEGORY	EXISTING ZONING		PROPOSED LAND USES	
	AMOUNT	PERCENT*	AMOUNT	PERCENT*
PUBLIC WORKS	\$24,386	18.2%	\$70,080	18.2%
DEVELOPMENT SERVICES	\$9,403	7.0%	\$27,022	7.0%
PUBLIC SAFETY	\$66,574	49.6%	\$191,316	49.6%
CULTURE AND RECREATION	\$3,518	2.6%	\$10,111	2.6%
OTHER FINANCING USES	\$7,490	5.6%	\$21,526	5.6%
GENERAL GOVERNMENT	\$22,806	17.0%	\$65,540	17.0%
TOTAL RECURRING COSTS	\$134,177	100.0%	\$385,595	100.0%

**Numbers may not sum due to rounding.*

III. OVERALL NET FISCAL IMPACT

As shown in **Table 3C** below, the overall fiscal impact to the City as a result of revenues projected to be generated by the Project is a recurring annual fiscal surplus of **\$110,827** assuming the Existing Zoning and a deficit of **\$4,506** under the Proposed Plan. The fiscal surplus projected to be generated under the Existing Zoning is based on the generation of **\$245,004** in recurring annual revenues and **\$134,177** in recurring annual costs. The fiscal deficit projected to be generated under the Proposed Plan is based on the generation of **\$381,089** in recurring annual revenues and **\$385,595** in recurring annual costs. Under the Existing Zoning, the annual revenues are projected to equal **1.83** times the associated City General Fund costs. Under the Proposed Plan, the annual revenues are projected to equal **0.99** times the associated City General Fund costs. A summary of the overall fiscal impacts to the City is provided in **Exhibit 1 of Appendix A**.

TABLE 3C
RANCHO CORONADO MU4
NET FISCAL IMPACT
CITY GENERAL FUND

IMPACT	EXISTING ZONING	PROPOSED LAND USE
TOTAL RECURRING REVENUES	\$245,004	\$381,089
TOTAL RECURRING EXPENDITURES	(\$134,177)	(\$385,595)
NET FISCAL IMPACT	\$110,827	(\$4,506)
REVENUE TO EXPENSE RATIO	1.83	0.99

IV. MARKET CONSIDERATIONS

Importantly, the results summarized in **Table 3C** assume full buildout and occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected fiscal surplus/deficit would likely be realized. Notably, based on the Price Point Study prepared by Meyers Research, the Existing Zoning Scenario is unlikely to be marketable at the Project site given the scale of retail and office development located north of the site. This conclusion suggests that buildout and full occupancy may never be achieved under the Existing Zoning and consequently, the fiscal surplus projected for this Scenario may not be realized.

APPENDIX A

FISCAL IMPACT MODEL

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
FISCAL IMPACT ANALYSIS - DRAFT**

FISCAL IMPACT SUMMARY

EXHIBIT 1

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
FISCAL IMPACT SUMMARY**

RECURRING GENERAL FUND REVENUES ¹	EXISTING ZONING		PROPOSED PLAN	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL

SECURED PROPERTY TAX	\$80,636	32.9%	\$158,501	41.6%
UNSECURED PROPERTY TAX	\$8,064	3.3%	\$4,359	1.1%
PROPERTY TRANSFER TAX	\$1,403	0.6%	\$5,590	1.5%
PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE	\$34,158	13.9%	\$68,634	18.0%
DIRECT AND INDIRECT SALES TAX	\$65,025	26.5%	\$30,195	7.9%
LODGERS TAXES	\$0	0.0%	\$0	0.0%
FRANCHISE FEES	\$8,851	3.6%	\$25,436	6.7%
LICENSES AND PERMITS	\$2,681	1.1%	\$7,704	2.0%
FINES AND FORFEITURES	\$1,080	0.4%	\$3,104	0.8%
INVESTMENT INCOME	\$3,817	1.6%	\$5,738	1.5%
CFD REVENUE	\$39,290	16.0%	\$71,828	18.8%
TOTAL RECURRING GENERAL FUND REVENUES	\$245,004	100.0%	\$381,089	100.0%

RECURRING GENERAL FUND EXPENDITURES ²	EXISTING ZONING		PROPOSED PLAN	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL

PUBLIC WORKS	\$24,386	18.2%	\$70,080	18.2%
DEVELOPMENT SERVICES	\$9,403	7.0%	\$27,022	7.0%
PUBLIC SAFETY	\$66,574	49.6%	\$191,316	49.6%
CULTURE AND RECREATION	\$3,518	2.6%	\$10,111	2.6%
OTHER FINANCING USES	\$7,490	5.6%	\$21,526	5.6%
GENERAL GOVERNMENT	\$22,806	17.0%	\$65,540	17.0%
TOTAL RECURRING GENERAL FUND EXPENDITURES	\$134,177	100.0%	\$385,595	100.0%

NET FISCAL IMPACT	EXISTING ZONING	PROPOSED PLAN
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TOTAL ANNUAL RECURRING GENERAL FUND SURPLUS/(DEFICIT)	\$110,827	(\$4,506)
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TOTAL ANNUAL REVENUE/EXPENDITURE RATIO	1.83	0.99
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NOTES:

¹ Please see Exhibits 5-7, 8, 10 for the derivation of these calculations.

² Please see Exhibits 9, 11 for the derivation of these calculations.

**All figures subject to rounding*

PROJECT SUMMARY

EXHIBIT 2

CITY OF SAN MARCOS
RANCHO CORONADO MU4
PROJECT SUMMARY

LAND USE TYPE	EXISTING ZONING				PROPOSED PLAN					
	ACRES ¹	BSF ¹	ESTIMATED VALUE/BSF ²	TOTAL ESTIMATED VALUE	ACRES ¹	BSF ¹	UNITS ¹	ESTIMATED VALUE/BSF	ESTIMATED AVERAGE SALE PRICE ²	TOTAL ESTIMATED VALUE
GRAND TOTAL	22.00	240,000		51,000,000	23.22	0.00	220			101,633,328.00
NON-RESIDENTIAL										
RETAIL	2.20	24,000	\$325	\$7,800,000						\$0
BUSINESS PARK	19.80	216,000	\$200	\$43,200,000						\$0
NON-RESIDENTIAL SUBTOTAL	22.00	240,000		\$51,000,000	0.00	0				\$0
RESIDENTIAL										
SINGLE FAMILY DETACHED										
TOWNHOMES/CONDOS					23.22		220		\$461,970	\$101,633,328
APARTMENTS										\$0
RESIDENTIAL SUBTOTAL	0	0			23.22		220			\$101,633,328

NOTES

¹Source: City of San Marcos. Breakdown by Land Use Type is estimated by proportion of building square footage.

²Source: Meyers Research

**All figures subject to rounding*

DEMOGRAPHICS

EXHIBIT 3

CITY OF SAN MARCOS
RANCHO CORONADO MU4
CITY DEMOGRAPHICS

POPULATION, HOUSEHOLDS, AND EMPLOYMENT (2017)

POPULATION ¹	94,042
EMPLOYMENT ²	39,200
TOTAL PERSONS SERVED ³	113,642
HOUSEHOLDS	29,458
AVERAGE HOUSEHOLD SIZE ¹	3.14

NOTES

¹ California Department of Finance, Housing and Population Information, January 1, 2017.

² Source: State of California Employment Development Department (March 2017)

³ Assumes City population plus 50% of employees.

EXHIBIT 4

CITY OF SAN MARCOS
RANCHO CORONADO MU4
PROJECT DEMOGRAPHICS

LAND USE TYPE	EXISTING ZONING				PROPOSED PLAN						
	SF PER EMPLOYEE	DIRECT EMPLOYEES	PERSONS SERVED	BSF	UNITS	SF PER EMPLOYEE	PERSONS PER HOUSEHOLD ¹	RESIDENTS	DIRECT EMPLOYEES	PERSONS SERVED	
GRAND TOTAL	240,000	478	240	0	220			690	0	690	
NON-RESIDENTIAL											
RETAIL ²	24,000	949	25	13	0	949			0	0	
BUSINESS PARK ²	216,000	477	453	227	0	477			0	0	
NON-RESIDENTIAL SUBTOTAL	240,000	478	240	0	0			0	0	0	
RESIDENTIAL											
SINGLE FAMILY DETACHED					0	3.14	0			0	
TOWNHOMES/CONDOS					220	3.14	690			690	
APARTMENTS					0	3.14	0			0	
RESIDENTIAL SUBTOTAL					220		9	690		690	

NOTES

¹ California Department of Finance, Housing and Population Information, January 1, 2017.

² Source: Commercial Buildings Energy Consumption Survey (CBECS), 2012. Data was revised in December 2016.

**All figures subject to rounding*

CASE STUDY REVENUES

EXHIBIT 5

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

PROPERTY TAX SUMMARY		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN

ALL PROPERTY TAXES		
SECURED PROPERTY TAXES	\$80,636	\$158,501
UNSECURED PROPERTY TAXES	\$8,064	\$4,359
PROPERTY TRANSFER TAXES	\$1,403	\$5,590
PROPERTY TAX IN-LIEU OF VLF	\$34,158	\$68,634
GRAND TOTAL ALL PROPERTY TAXES	\$124,260	\$237,084
RESIDENTIAL PROPERTY TAXES		
SECURED PROPERTY TAXES	\$158,501	
UNSECURED PROPERTY TAXES	\$4,359	
PROPERTY TRANSFER TAXES	\$5,590	
PROPERTY TAX IN-LIEU OF VLF	\$68,634	
TOTAL RESIDENTIAL PROPERTY TAXES		\$237,084
NON-RESIDENTIAL PROPERTY TAXES		
SECURED PROPERTY TAXES	\$80,636	\$0
UNSECURED PROPERTY TAXES	\$8,064	\$0
PROPERTY TRANSFER TAXES	\$1,403	\$0
PROPERTY TAX IN-LIEU OF VLF	\$34,158	\$0
TOTAL NON-RESIDENTIAL PROPERTY TAXES	\$124,260	\$0

SECURED PROPERTY TAX CALCULATION		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN
GRAND TOTAL		
ESTIMATED BUILDOUT VALUE	\$51,000,000	\$101,633,328
ESTIMATED EXEMPTIONS	\$0	(\$1,386,000)
ESTIMATED ASSESSED VALUE	\$51,000,000	\$100,247,328
ESTIMATED SECURED PROPERTY TAXES	\$80,636	\$158,501
RESIDENTIAL		
ESTIMATED BUILDOUT VALUE		\$101,633,328
ESTIMATED EXEMPTIONS		(\$1,386,000)
HOMEOWNER'S EXEMPTION (ANNUALLY)	\$7,000	
PERCENT OF SALE UNITS TAKING HOMEOWNER'S EXEMPTION ¹	90%	
ESTIMATED ASSESSED VALUE		\$100,247,328
ESTIMATED SECURED PROPERTY TAXES		\$158,501
NON-RESIDENTIAL		
ESTIMATED BUILDOUT VALUE	\$51,000,000	\$0
ESTIMATED EXEMPTIONS	\$0	\$0
ESTIMATED ASSESSED VALUE	\$51,000,000	\$0
ESTIMATED SECURED PROPERTY TAXES	\$80,636	\$0

EXHIBIT 5

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

UNSECURED PROPERTY TAX CALCULATION		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN

GRAND TOTAL	\$8,064	\$4,359
RESIDENTIAL		
ESTIMATED UNSECURED PROPERTY TAXES	\$0	\$4,359
UNSECURED TAXES AS A % OF SECURED ²	2.75%	
NON-RESIDENTIAL		
ESTIMATED UNSECURED PROPERTY TAXES	\$8,064	\$0
UNSECURED TAXES AS A % OF SECURED ²	10.00%	

PROPERTY TRANSFER TAX CALCULATION		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN

GRAND TOTAL	\$1,403	\$5,590
RESIDENTIAL		
ESTIMATED PROPERTY TRANSFER TAXES	\$5,590	
ESTIMATED BUILDOUT VALUE	\$101,633,328	
TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%	
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%	
RESIDENTIAL PROPERTY TURNOVER RATE	10.00%	
NON-RESIDENTIAL		
ESTIMATED PROPERTY TRANSFER TAXES	\$1,403	\$0
ESTIMATED BUILDOUT VALUE	\$51,000,000	\$0
TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%	
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%	
NON-RESIDENTIAL PROPERTY TURNOVER RATE	5.00%	

PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE CALCULATION		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN

GRAND TOTAL	\$34,158	\$68,634
RESIDENTIAL		
ESTIMATED PROPERTY TAX IN-LIEU OF VLF	\$0	\$68,634
ESTIMATED BUILDOUT VALUE	\$0	\$101,633,328
ESTIMATED EXISTING ASSESSED VALUE	\$0	\$931,297
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.68	
NON-RESIDENTIAL		
ESTIMATED PROPERTY TAX IN-LIEU OF VLF	\$34,158	\$0
ESTIMATED BUILDOUT VALUE	\$51,000,000	\$0
ESTIMATED EXISTING ASSESSED VALUE	\$882,366	\$0
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.68	

EXHIBIT 5

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED PROPERTY TAX REVENUES (CASE STUDY)**

PROPERTY TAX AND PROPERTY TRANSFER TAX RATES AND ASSUMPTIONS

PROPERTY TAX ALLOCATION (AS A PORTION OF THE 1% GENERAL PROPERTY TAX LEVY)

CITY OF SAN MARCOS ^{3,4}	9.109%
FIRE DISTRICT ^{3,4}	6.702%

TOTAL	15.811%
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PROPERTY TRANSFER TAX RATE AND ALLOCATION⁵

TRANSFER TAX AS A % OF ASSESSED VALUE	0.11%
PROPERTY TRANSFER TAX PASSED THROUGH TO CITY OF SAN MARCOS	50.00%

PROPERTY TAX IN-LIEU OF VLF ASSUMPTIONS

TOTAL CITY OF SAN MARCOS GROSS ASSESSED VALUE ⁶	\$10,965,900,432
TOTAL CITY PROPERTY TAX IN-LIEU VLF REVENUES ⁷	\$7,473,848
PROPERTY TAX IN-LIEU OF VLF INCREASE PER \$1,000 OF AV	\$0.68

NOTES

¹ Estimate, subject to change.

² Based on typical DTA baseline assumptions.

³ Based on "General Fund" levy for Tax Rate Areas (TRA) 013263 and 013065. Data provided by the County of San Diego Auditor-Controller's Office.

⁴ Based on the average of the rates for TRAs 013263 and 013065.

⁵ Source: California Revenue & Taxation Code §11901, et seq.; San Marcos Municipal Code §3.12.020.

⁶ Source: San Diego County A-C; Fiscal Year 2016-17.

⁷ Source: FY 2017-18 Budget.

***All figures subject to rounding**

EXHIBIT 6

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED SALES TAX REVENUES (CASE STUDY)

SALES TAX SUMMARY		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN
GRAND TOTAL	\$65,025	\$30,195
RESIDENTIAL SALES TAXES		
DIRECT SALES TAX		NA
INDIRECT SALES TAX - TAXABLE RESIDENT PURCHASES		
SINGLE FAMILY DETACHED		NA
TOWNHOMES		\$30,195
APARTMENTS/CONDOS		NA
TOTAL RESIDENTIAL SALES TAXES		\$30,195
NON-RESIDENTIAL SALES TAXES		
DIRECT SALES TAX ¹		
RETAIL	\$52,339	\$0
OFFICE	\$0	\$0
INDUSTRIAL BUSINESS PARK	\$0	\$0
INDIRECT SALES TAX - TAXABLE EMPLOYEE PURCHASES	\$12,686	\$0
TOTAL NON-RESIDENTIAL SALES TAXES		\$65,025

EXHIBIT 6

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED SALES TAX REVENUES (CASE STUDY)

PROPOSED PLAN DIRECT SALES TAX ASSUMPTIONS

TAXABLE SALES PER SF¹

RETAIL	\$273
OFFICE	\$0
INDUSTRIAL BUSINESS PARK	\$0

DISPLACED TAXABLE SALES²

20%

RESIDENTIAL INDIRECT SALES TAX ASSUMPTIONS

DISPOSABLE INCOME PER HOUSEHOLD

ESTIMATED AVERAGE HOUSEHOLD INCOME (ASSUMES 35% HOUSING COST/INCOME RATIO)³

SINGLE FAMILY DETACHED	NA
TOWNHOMES	\$112,238
APARTMENTS/CONDOS	NA

MORTGAGE ASSUMPTIONS

SINGLE FAMILY DETACHED	NA
TOWNHOMES/CONDOS	
AVERAGE PROJECTED SALES PRICE PER UNIT	\$461,970
AVERAGE MORTGAGE (15% DOWN PAYMENT) ³	\$392,674
ANNUAL MORTGAGE PAYMENT (6% FOR 30 YEARS) ⁴	\$28,251
ADDITIONAL ANNUAL PROPERTY TAXES & HOA	\$11,032
APARTMENTS	NA

RETAIL TAXABLE EXPENDITURES (AS A % OF DISPOSABLE INCOME)⁵

24.46%

NON-RESIDENTIAL INDIRECT SALES TAX ASSUMPTIONS

EMPLOYEES (ANNUAL SPENDING PER EMPLOYEE)⁶

\$5,308

CITY INDIRECT SALES TAX ASSUMPTIONS

SALES TAX % TO CITY⁷

1.00%

CITY RETAIL TAXABLE PURCHASE CAPTURE RATE²

50%

EXHIBIT 6

CITY OF SAN MARCOS RANCHO CORONADO MU4 ESTIMATED SALES TAX REVENUES (CASE STUDY)

SAMPLE PROPERTY TAX BILL

FY 2016-17 AD VALOREM PROPERTY TAX RATE (13263)	1.11749%
PROPOSED SCHOOL CFD	0.17900%
CITY CFD SPECIAL TAXES	\$1,708.79
OTHER DIRECT ASSESSMENTS	
VECTOR CONTROL	\$10.00
CWA WATER AVAILABILITY	\$10.00
MOSQUITO SURVEILLANCE	\$2.28
MWD WATER STANDBY CHARGE	\$11.50
TOTAL ETR	1.67369%

NOTES

¹ Based on the median sales per sq. ft. figure for retail centers as outlined in "Dollars and Cents of Shopping Centers" (2008) published by the Urban Land Institute.

² Estimate, subject to change.

³ DTA estimates. Subject to change.

⁴ DTA estimate. Annual payment includes principal, interest, property taxes, and homeowner's insurance.

⁵ Source: BOE Consumer Expenditure Survey (2015).

⁶ Source: "Office-Worker Retail Spending in a Digital Age," ICSC (2012). Adjusted for inflation using the change in CPI for San Diego.

⁷ Source: San Marcos Municipal Code §3.20.090.

*** All figures subject to rounding**

EXHIBIT 7

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED CFD SPECIAL TAX REVENUES (CASE STUDY)

LAND USE TYPE	CFD SPECIAL TAX SUMMARY				SF	UNITS	EXISTING	PROPOSED		
	ACRES						ZONING	PLAN		
	RETAIL	OFFICE	BUSINESS PARK	RESTAURANT						
TOTAL CFD SPECIAL TAXES							\$39,290	\$71,828		
RESIDENTIAL CFD SPECIAL TAXES										
CFD 98-01 IA 1 (POLICE)							220	\$37,325		
CFD 98-02 CITYWIDE (ZONES A - E) ¹							220	\$0		
CFD 98-02 F ZONE ¹							220	\$0		
CFD 2001-01 (FIRE)							220	\$34,503		
CFD 2011-01 (CONGESTION MANAGEMENT) ¹							220	\$0		
TOTAL RESIDENTIAL CFD SPECIAL TAXES								\$71,828		
NON-RESIDENTIAL CFD SPECIAL TAXES										
CFD 98-01 IA 1 (POLICE)	2.20	0.00	19.80	0.00				\$20,417		
CFD 98-02 CITYWIDE (ZONES A - E) ¹	2.20	0.00	19.80	0.00				\$0		
CFD 98-02 F ZONE ¹	2.20	0.00	19.80	0.00				\$0		
CFD 2001-01 (FIRE)	2.20	0.00	19.80	0.00				\$18,873		
CFD 2011-01 (CONGESTION MANAGEMENT) ¹						240,000		\$0		
TOTAL NON-RESIDENTIAL CFD SPECIAL TAXES								\$39,290		

EXHIBIT 7

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED CFD SPECIAL TAX REVENUES (CASE STUDY)

LAND USE	CFD SPECIAL TAX RATE ASSUMPTIONS	FY 2017-18 SPECIAL TAX RATE		
		PER ACRE	PER SF	PER UNIT
RESIDENTIAL²				
CFD 98-01 IA 1				\$169.66
CFD 98-02 CITYWIDE (ZONES A - E)				\$240.86
CFD 98-02 F ZONE				\$817.03
CFD 2001-01				\$156.83
CFD 2011-01 ³				\$324.41
NON-RESIDENTIAL²				
RETAIL				
CFD 98-01 IA 1				\$1,187.62
CFD 98-02 CITYWIDE (ZONES A - E)				\$1,033.07
CFD 98-02 F ZONE				\$3,056.70
CFD 2001-01				\$1,097.84
CFD 2011-01				\$0.3410
OFFICE				
CFD 98-01 IA 1				\$2,375.24
CFD 98-02 CITYWIDE (ZONES A - E)				\$1,033.07
CFD 98-02 F ZONE				\$3,056.70
CFD 2001-01				\$2,195.68
CFD 2011-01				\$0.3410
INDUSTRIAL BUSINESS PARK				
CFD 98-01 IA 1				\$899.20
CFD 98-02 CITYWIDE (ZONES A - E)				\$1,033.07
CFD 98-02 F ZONE				\$3,056.70
CFD 2001-01				\$831.22
CFD 2011-01				\$0.0770

NOTES

¹Special assessments collected from the CFD are deposited into Special Funds

² Source: City of San Marcos. Rate is per acre.

³ Condominium rate.

**All figures subject to rounding*

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED INVESTMENT INCOME (CASE STUDY)**

INVESTMENT INCOME CALCULATION		
LAND USE TYPE	EXISTING ZONING	PROPOSED PLAN
INVESTMENT INCOME (LESS EARNINGS COST)	\$3,817	\$5,738
TOTAL ESTIMATED RECURRING GENERAL FUND REVENUES AVAILABLE FOR INVESTMENT	\$201,897	\$303,523
TOTAL PROPERTY TAX REVENUES (EXHIBIT 5)	\$124,260	\$237,084
TOTAL SALES TAX REVENUES (EXHIBIT 6A)	\$65,025	\$30,195
TOTAL MULTIPLIER REVENUES (EXHIBIT 10)	\$12,612	\$36,244

INVESTMENT INCOME ASSUMPTIONS

INVESTMENT PERIOD FOR RECURRING NON-INTEREST GENERAL FUND REVENUES	12 Months
LOCAL AGENCY INVESTMENT FUND (LAIF) RATE OF RETURN ¹	1.90%
LOCAL AGENCY INVESTMENT FUND (LAIF) PERCENTAGE OF EARNINGS COST ²	0.50%

NOTES

¹ LAIF Apportionment Rates as provided by the California State Treasurer. 65-Quarter Average (March Beginning 2001 to June Ending 2017) is 1.90%.

² Assumed LAIF Administrative Earnings Costs based on quarter ending March 2017.

** All figures subject to rounding*

CASE STUDY EXPENDITURES

EXHIBIT 9

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED GENERAL GOVERNMENT EXPENDITURES (CASE STUDY)

GENERAL GOVERNMENT EXPENDITURES CALCULATION

	EXISTING ZONING	PROPOSED PLAN
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ESTIMATED RECURRING GENERAL GOVERNMENT OVERHEAD EXPENDITURES¹ \$22,806 \$65,540

GENERAL GOVERNMENT ASSUMPTIONS

TOTAL RECURRING CITY GENERAL FUND EXPENDITURES (EXCLUDING GENERAL GOVERNMENT OVERHEAD) ²	\$52,738,453
TOTAL RECURRING CITY GENERAL GOVERNMENT OVERHEAD ³	\$10,799,575
TOTAL RECURRING GENERAL FUND EXPENDITURES	\$63,538,028
RECURRING CITY GENERAL GOVERNMENT OVERHEAD (% OF TOTAL RECURRING GENERAL FUND EXPENDITURES) ³	20.5%
MARGINAL INCREASE IN GENERAL GOVERNMENT COSTS	100%

NOTES

¹ Based on total recurring project general fund expenditures (excluding general government overhead) from Exhibit 11.

² Based on City of San Marcos Operating Budget, Fiscal Year 2017-18.

³ General Government Overhead Expenditures defined as costs for City Council, Administration, Housing and Neighborhood Services, City Attorney, City Clerk, Human Resources/Risk Management, Finance/Information Systems, and Real Property Services.

**All figures subject to rounding*

MULTIPLIER REVENUES

EXHIBIT 10

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED MULTIPLIER BASED GENERAL FUND REVENUES

MULTIPLIER BASED GENERAL FUND REVENUE SUMMARY		
REVENUE CATEGORY	EXISTING ZONING	PROPOSED PLAN
FRANCHISE FEES	\$8,851	\$25,436
LICENSES AND PERMITS	\$2,681	\$7,704
FINES AND FORFEITURES	\$1,080	\$3,104
TOTAL ESTIMATED MULTIPLIER REVENUES	\$12,612	\$36,244

MULTIPLIER BASED REVENUE ASSUMPTIONS		
REVENUE CATEGORY	MULTIPLIER ¹	BASIS
SALES TAX	-	CASE STUDY
LODGERS TAX	-	CASE STUDY
PROPERTY TAX	-	CASE STUDY
FRANCHISE FEES	\$36.88	PERSONS SERVED
LICENSES AND PERMITS	\$11.17	PERSONS SERVED
FINES AND FORFEITURES	\$4.50	PERSONS SERVED

NOTES

¹ Based on City of San Marcos Operating Budget, Fiscal Year 2017-18.

**All figures subject to rounding*

MULTIPLIER EXPENDITURES

EXHIBIT 11

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ESTIMATED MULTIPLIER BASED GENERAL FUND EXPENDITURES

MULTIPLIER BASED GENERAL FUND EXPENDITURE SUMMARY		
EXPENDITURE CATEGORY	EXISTING ZONING	PROPOSED PLAN
PUBLIC WORKS	\$24,386	\$70,080
DEVELOPMENT SERVICES	\$9,403	\$27,022
PUBLIC SAFETY	\$66,574	\$191,316
CULTURE AND RECREATION	\$3,518	\$10,111
OTHER FINANCING USES	\$7,490	\$21,526
 TOTAL MULTIPLIER EXPENDITURES	 \$111,371	 \$320,055

MULTIPLIER BASED EXPENDITURE ASSUMPTIONS		
EXPENDITURE CATEGORY	MULTIPLIER ¹	BASIS
PUBLIC WORKS	\$101.61	PERSONS SERVED
DEVELOPMENT SERVICES	\$39.18	PERSONS SERVED
PUBLIC SAFETY	\$277.39	PERSONS SERVED
CULTURE AND RECREATION	\$14.66	PERSONS SERVED
OTHER FINANCING USES	\$31.21	PERSONS SERVED

NOTES

¹ Based on City of San Marcos Operating Budget, Fiscal Year 2017-18.

**All figures subject to rounding*

CITY BUDGET SUMMARY

EXHIBIT 12

CITY OF SAN MARCOS
FY 2017-18 GENERAL FUND REVENUE SUMMARY

REVENUE CATEGORY	TOTAL REVENUES	REVENUE TYPE	PROJECTION METHOD	DISCOUNT ¹	MULTIPLIER
REVENUES INCLUDED IN FISCAL IMPACT ANALYSIS					
SALES TAX	\$16,697,500	RECURRING	CASE STUDY	NA	NA
PROPERTY TAX	\$13,485,800	RECURRING	CASE STUDY	NA	NA
VLF/PROPERTY TAX COMPENSATION ²	\$7,473,848	RECURRING	CASE STUDY	0%	NA
SPECIAL TAXES/ASSESSMENTS	\$5,713,277	RECURRING	CASE STUDY	NA	NA
TRANSIENT OCCUPANCY TAX	\$1,401,969	RECURRING	CASE STUDY	0%	NA
FRANCHISE FEES	\$4,191,355	RECURRING	PERSONS SERVED	0%	\$36.88
LICENSES AND PERMITS	\$1,269,809	RECURRING	PERSONS SERVED	0%	\$11.17
FINES AND FORFEITURES	\$511,500	RECURRING	PERSONS SERVED	0%	\$4.50
TOTAL INCLUDED GENERAL FUND REVENUES	\$50,745,058				\$52.55
CHARGES FOR SERVICES³					
DEDUCTED FROM GENERAL GOVT CHARGES	\$1,264,314	NA	NA	NA	NA
DEDUCTED FROM PUBLIC WORKS	\$1,093,821	NA	NA	NA	NA
DEDUCTED FROM DEVELOPMENT SERVICES	\$739,300	NA	NA	NA	NA
DEDUCTED FROM PUBLIC SAFETY: BUILDING REGULATION CHARGES	\$4,608,080	NA	NA	NA	NA
DEDUCTED FROM CULTURE AND RECREATION	\$2,217,850	NA	NA	NA	NA
TOTAL CHARGES FOR SERVICES	\$9,923,365				
REVENUES EXCLUDED FROM FISCAL IMPACT ANALYSIS					
USE OF MONEY AND PROPERTY ⁴	\$5,944,083	NA	NA	NA	NA
MISCELLANEOUS REVENUES	\$216,414	NA	NA	NA	NA
OTHER FINANCING SOURCES	\$5,737,500	NA	NA	NA	NA
INTERGOVERNMENTAL REVENUES	\$917,720	NA	NA	NA	NA
DEVELOPER FEES	\$10,000	NA	NA	NA	NA
TOTAL EXCLUDED GENERAL FUND REVENUES	\$12,825,717				
TOTAL GENERAL FUND REVENUES + CHARGES FOR SERVICES	\$73,494,140				
TOTAL RECURRING GENERAL FUND REVENUES	\$50,745,058				

NOTES

¹ Certain revenues may not be expected to increase one-to-one with the new development.

² Source: FY 2017-18 Budget.

³ All Charges for Services are deducted from expenditures on Exhibit 13.

⁴ Interest income is modeled on a case study basis on Exhibit 8.

**All figures subject to rounding*

EXHIBIT 13

**CITY OF SAN MARCOS
FY 2017-18 GENERAL FUND EXPENDITURE SUMMARY**

EXPENDITURE CATEGORY	TOTAL EXPENDITURES	CHARGES FOR SERVICES ADJUSTMENT	EXPENDITURE TYPE	PROJECTION METHOD ¹	DISCOUNT ²	MULTIPLIER
EXPENDITURES INCLUDED IN FISCAL IMPACT ANALYSIS						
GENERAL GOVERNMENT EXPENDITURES						
CITY COUNCIL	\$274,487		RECURRING	CASE STUDY	NA	NA
ADMINISTRATION	\$2,014,326		RECURRING	CASE STUDY	NA	NA
HOUSING AND NEIGHBORHOOD SERVICES	\$0		RECURRING	CASE STUDY	NA	NA
ECONOMIC DEVELOPMENT	\$266,619		RECURRING	CASE STUDY	NA	NA
CITY ATTORNEY	\$815,500		RECURRING	CASE STUDY	NA	NA
CITY CLERK	\$583,785		RECURRING	CASE STUDY	NA	NA
HUMAN RESOURCES/ RISK MANAGEMENT	\$3,616,144		RECURRING	CASE STUDY	NA	NA
FINANCE/ INFORMATION SYSTEMS	\$3,366,512		RECURRING	CASE STUDY	NA	NA
REAL PROPERTY SERVICES	\$1,126,516		RECURRING	CASE STUDY	NA	NA
TOTAL GENERAL GOVERNMENT EXPENDITURES	<u>\$12,063,889</u>	<u>(\$1,264,314)</u>				<u>\$0.00</u>
PUBLIC WORKS						
OPERATIONS	\$10,633,525	(\$920,095)	RECURRING	PERSONS SERVED	0%	\$85.47
ENGINEERING	\$2,007,744	(\$173,726)	RECURRING	PERSONS SERVED	0%	\$16.14
TOTAL PUBLIC WORKS	<u>\$12,641,269</u>	<u>(\$1,093,821)</u>		PERSONS SERVED		\$101.61
DEVELOPMENT SERVICES						
ADMINISTRATION	\$562,061	(\$80,016)	RECURRING	PERSONS SERVED	0%	\$4.24
PLANNING	\$1,537,034	(\$218,814)	RECURRING	PERSONS SERVED	0%	\$11.60
BUILDING	\$1,402,407	(\$199,648)	RECURRING	PERSONS SERVED	0%	\$10.58
ENGINEERING	\$853,989	(\$121,575)	RECURRING	PERSONS SERVED	0%	\$6.44
STORMWATER PROGRAM MANAGEMENT	\$837,643	(\$119,248)	RECURRING	PERSONS SERVED	0%	\$6.32
TOTAL DEVELOPMENT SERVICES	<u>\$5,193,134</u>	<u>(\$739,300)</u>		PERSONS SERVED		\$39.18
PUBLIC SAFETY						
FIRE DEPARTMENT	\$17,698,929	(\$2,257,254)	RECURRING	PERSONS SERVED	0%	\$135.88
LAW ENFORCEMENT	\$18,432,623	(\$2,350,826)	RECURRING	PERSONS SERVED	0%	\$141.51
TOTAL PUBLIC SAFETY	<u>\$36,131,552</u>	<u>(\$4,608,080)</u>		PERSONS SERVED		\$277.39
CULTURE AND RECREATION						
COMMUNITY SERVICES	\$3,884,316	(\$2,217,850)	RECURRING	PERSONS SERVED	0%	\$14.66
TOTAL CULTURE AND RECREATION	<u>\$3,884,316</u>	<u>(\$2,217,850)</u>		PERSONS SERVED		\$14.66
OTHER FINANCING USES						
TRANSFERS OUT	\$1,125,000		RECURRING	PERSONS SERVED	0%	\$9.90
ANNUAL REPLACEMENT/REHAB TRANSFERS	\$2,422,233		RECURRING	PERSONS SERVED	0%	\$21.31
TOTAL OTHER FINANCING USES	<u>\$3,547,233</u>	<u>\$0</u>		PERSONS SERVED		\$31.21
TOTAL INCLUDED EXPENDITURES	\$73,461,393	\$63,538,028				
EXPENDITURES EXCLUDED FROM FISCAL IMPACT ANALYSIS		\$0				
TOTAL GENERAL FUND EXPENDITURES	\$73,461,393	\$63,538,028				

NOTES

¹ Persons Served method assumes City population plus 50% of employees.

² Certain expenditures may not be expected to increase one-to-one with the new development.

**All figures subject to rounding*



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