

ATTACHMENT "A"

Market & Fiscal Analysis Report

AGENDA ITEM
2

**Oakcreek Project - Market Assessment and Fiscal Impact Analysis
San Marcos, California**

Prepared for:

City of San Marcos

Prepared by:

Keyser Marston Associates, Inc.

January 2014

AGENDA ITEM
2

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KEYSER MARSTON ASSOCIATES.

I. INTRODUCTION

A. Objective

Keyser Marston Associates, Inc. (KMA) prepared a market assessment and fiscal impact analysis for the Oakcreek Project site (Site). The Site is comprised of approximately 14 acres at the northwest corner of Las Flores and S. Santa Fe Avenue and is currently zoned for light industrial and commercial uses. It is the KMA understanding that Integral Communities (Developer) has submitted a request to the City of San Marcos (City) to amend the City of San Marcos General Plan to allow for the development of residential uses (known as the Oakcreek Project) on the Site.

The market assessment and fiscal impact analysis prepared by KMA assumed development of the Site under two alternative development scenarios described as follows:

Exhibit 1: Development Scenarios			
<u>Scenario 1</u>		<u>Scenario 2</u>	
Existing Land Use Designations		Proposed Land Plan	
Light Industrial	192,300 SF	Residential	232 Units
Commercial	10,000 SF *	Commercial	9,500 SF

* Assumes existing liquor store remains. Additional commercial area can be accommodated on Site if existing liquor store is removed.

B. Methodology

In completing this assignment, KMA undertook the following principal work tasks:

- Reviewed relevant background materials, resource documents, and maps.
- Compiled data on regional and local industrial and residential market conditions.
- Review and analyzed demographic and statistical data provided by third-party sources such as the United States Census Bureau, The Nielsen Company, the State of California Department of Finance, and San Diego Association of Governments (SANDAG).
- Conducted interviews with real estate brokers.
- Reviewed proposed developments planned or under construction.
- Identified the key strengths and weaknesses affecting the Site's development potential.

- Reviewed and analyzed the City of San Marcos Fiscal Year 2014-2015 General Fund budget.
- Prepared a fiscal impact analysis to measure the annual fiscal impact of developing the Site under the two alternative development scenarios.

C. Report Organization

This report has been organized as follows:

- Section II presents the KMA market assessment of the potential development of the Site under the two alternative development scenarios.
- Section III provides an estimate of the fiscal impact on the City of San Marcos General Fund assuming build-out/stabilization of the two development scenarios.
- Section IV details limiting conditions pertaining to this report.
- Appendices A through F contain KMA's supporting detailed technical analyses.

II. MARKET ASSESSMENT

A. Demographic Overview

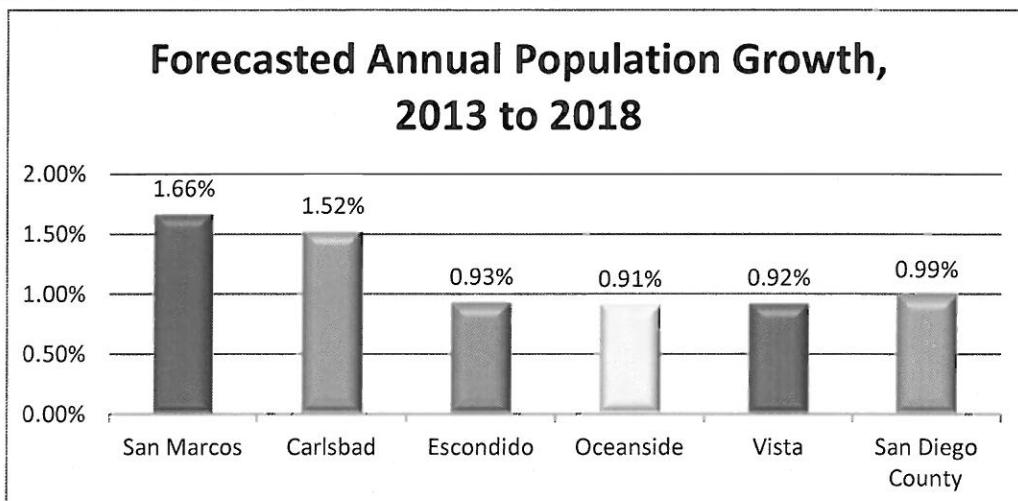
This section reviews the demographic factors obtained through The Nielsen Company, the U.S. Census Bureau, and the California Department of Finance. The demographic tables can be found within Appendix A, attached.

Identifying the socio-economic character of the market area residents is necessary for the evaluation of potential market opportunities. KMA reviewed salient socio-characteristics in the City of San Marcos and the County of San Diego (County) to provide a benchmark against which market area residents can be measured.

Key socio-economic characteristics are summarized below:

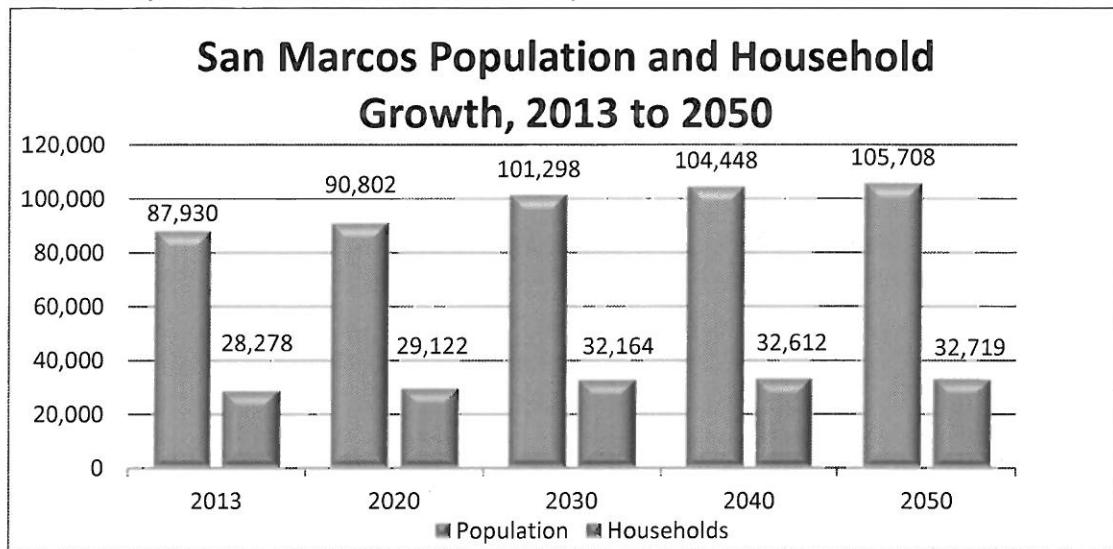
- According to the Nielsen Company, the City of San Marcos experienced substantial growth between 2000 and 2013, increasing from 58,900 persons in 2000 to 88,000 by 2013, an average annual growth rate of 3.1%. By comparison, the growth rate for the County during this same period was 1.0% per year.
- The City of San Marcos has a current population of approximately 88,000. Over the next five years, population in the City of San Marcos is expected to increase at a rate of 1.7% per year, the highest growth rate compared to the other North County cities, as well as the County as a whole.

Exhibit 1: Forecasted Annual Population Growth



- Over the long term, population and the number of households in the City of San Marcos are projected to increase by an annual rate of 0.5% and 0.4%, respectfully.

Exhibit 2: Population and Household Growth, City of San Marcos 2013-2050



- The City of San Marcos contains a young population, with a median age of 34.1, similar to the County's median age of 35.3 years.
- The average household size in the City of San Marcos is 3.08 persons per household, higher than the County average of 2.76 persons per household.
- Median household income and per capita income in the City of San Marcos and trade area are comparable to those of the County.

Exhibit 3: Income Characteristics, 2013

Estimated Income Characteristics, 2013	5-Mile Radius	10-Mile Radius	City of San Marcos	County
Median Household Income	\$58,600	\$61,900	\$57,400	\$60,700
Per Capita Income	\$21,600	\$23,800	\$20,500	\$22,900
Aggregate Personal Income	\$4.8 Billion	\$16.8 Billion	\$1.8 Billion	\$73.2 Billion

B. Industrial Market Overview

The national residential market downturn contributed to decreased industrial space demand from related users, e.g., homebuilders, textile industry, and home furnishings. While the residential downturn was likely the initial cause of the decreased demand for industrial space, the recession that followed was a major contributing factor for increased vacancies. The industrial sector, however, is anticipated to recover, as consumer demand rebounds, unemployment rates decrease, and economic stability continues, thereby leading to increased manufacturing output and growth in the shipment of

goods. Industrial vacancies are also projected to decrease as demand rises and little new construction of industrial space has occurred.

Appendix B, attached, presents market tables for industrial use. The following presents a summary of key market factors for industrial space in the City of San Marcos, North County, and the County as a whole.

- According to Voit Real Estate Services, as of third quarter 2013, the City of San Marcos contains an estimated 8.5 million square feet (SF) of industrial space (includes both heavy and light industrial space. Note, the KMA study focused only on the market potential for light industrial uses).
- Industrial uses are located in various areas of the City of San Marcos, primarily concentrated along Highway 78.
- Industrial buildings in the City of San Marcos are primarily smaller and older consisting of 20,000-30,000 SF.
- Industrial space in the City of San Marcos has experienced increases in lease rates over the past four years, which are currently averaging \$0.91 per SF per month. Vacancy is also at its lowest rate since 2011, averaging at 8.5%.
- The Inland North County submarket contains a total of 27.9 million SF of industrial space, of which 30% is located in the City of San Marcos.
- As indicated above, the average asking lease rate for industrial space in the City of San Marcos is \$0.91 per SF. By comparison, the average asking lease rates for industrial space in Inland North County and in the County are \$0.83 and \$0.65 per SF, respectively.
- A survey of asking lease rates for industrial space immediately adjacent to the Site (i.e., buildings on Norman Strasse Road, Bosstick Boulevard, and S. Santa Fe Avenue), indicate an average lease rate of \$0.70 per SF.
- Since 2011, ten industrial land sales occurred in the North County, including six sales within the City of San Marcos and four sales in the cities of Carlsbad, Oceanside, and Vista. During this period, the median sales price for industrial land in the City of San Marcos was \$10 per SF. By comparison, the median sales price for industrial land in the other Inland North County cities was \$14 per SF.
- The City of San Marcos has 83.84 acres of vacant/available light industrial land remaining.
- Only one industrial development is currently in the City of San Marcos' pipeline, Pacific Industrial No. 1 (Pacific Street, north of Grand Avenue), a 22,160-SF industrial building.

Based on the above market conditions, KMA finds the principal strengths and weaknesses affecting development of the Site with industrial uses, to be the following:

Exhibit 4: Development of the Site as Industrial

Strengths	Weaknesses
<ul style="list-style-type: none"> • Site is easily accessible and ready to build. • Site is one of the few remaining large and contiguous light industrial sites in the City. • The Site is immediately adjacent to an existing business park. • The train buffer limits impact on adjacent residential community. • The Site represents 15% of the remaining light industrial land in the City of San Marcos. • Development of the remaining light industrial land in the City of San Marcos will be challenging due to accessibility, topography, and environmental constraints. • Allows the City of San Marcos to maintain the Site for future employment opportunities. 	<ul style="list-style-type: none"> • The Site has been unable to attract potential industrial users. • Little to no industrial construction is occurring in the City of San Marcos. • Average asking rent for industrial space on Norman Strauss Road, Bosstick Boulevard, and S. Santa Fe Avenue averages \$0.70/SF/month, lower than the average lease rates for industrial space within the City of San Marcos (\$0.91/SF). • Current rents for industrial space adjacent to the Site do not support the cost of new construction.

C. Residential Market Overview

The economy and the residential market for 2013 and beyond continue to show improvement. Unemployment, foreclosures, and inventory have dropped while prices for homes have started to increase. As the economy begins to slowly improve and mortgage interest rates remain at historically low levels, the for-sale housing market should continue to experience increases in home sales. The biggest negative has been the low level of inventory in certain segments and areas of the market.

The improving demand and lower inventory of housing affecting the rest of the U.S. is also evident in the San Diego region. Demand from first-time home buyers and investors has driven inventory especially on lower-priced properties below \$500,000 to all time lows where multiple offers and aggressive bidding are now commonplace in certain areas. If interest rates remain low and unemployment continues to decrease, this trend could continue for the foreseeable future.

Appendix C, attached, presents market tables for residential use. The following presents a summary of KMA's key market factors for residential in the City of San Marcos, North County, and the County as a whole.

- The City of San Marcos contains about 28,500 residential units. About half of the housing units in the City of San Marcos are single-family (detached) comprising 50.3% of the housing inventory.
- A survey by MarketPointe Realty Advisors indicates that there are currently five active attached for-sale residential developments in the City of San Marcos. The median sales price for a new home in the City of San Marcos is \$503,000, or \$219 per SF.
- Data on home values for resales in San Marcos and cities in North County is available from DataQuick. In terms of condominium resales, during the third quarter of 2013 the median home price in the north portion of the City of San Marcos was \$228,000, while the median home price in the southern portion of the City of San Marcos was \$355,000. By comparison, the median condominium home value for Inland North County during this period was \$310,000.
- Between 2009 and third quarter 2013, the median home prices in the City of San Marcos as well as in other Inland North County cities have remained relatively flat through 2012, with increases in home values occurring in 2013.
- Data provided by the Developer indicates that in 2013 new homes in San Marcos and Vista sold at a rate of 38 homes per month and only 230 homes remain unsold. This rate of homes sold is an increase from 2012 where new homes in San Marcos and Vista sold at a rate of 22 homes per month.
- The Site is located across the railroad tracks from the master planned community, Rancho Santalina. Home prices for single-family homes at Rancho Santalina are reported to range between the high \$400,000's and the low \$600,000's, or approximately \$165 and \$200 per SF.
- According to SANDAG, the City of San Marcos' housing inventory is projected to increase by approximately 4,500 over the next 18 years for a total of 33,000 units by 2030.
- According to the City of San Marcos, up to 5,500 units zoned Medium Density Residential 2 (MDR2) are planned for the City of San Marcos and over 100 acres of land is planned for mixed-use development (excludes mixed-use areas within the University District Specific Plan and San Marcos Creek District, which will include additional residential units).

Based on the above market conditions, KMA finds the principal strengths and weaknesses affecting development of the Site with residential uses, are the following:

Exhibit 5: Development of the Site as Residential

Strengths	Weaknesses
<ul style="list-style-type: none"> Over the next five years, population growth in the City of San Marcos is projected to outpace population growth in the County as a whole. The City of San Marcos, like many areas of the U.S. is experiencing improving demand for housing amidst a lower housing inventory. Demand from first-time home buyers and investors has driven inventory especially on lower price properties. If interest rates remain low and unemployment continues to decrease, this trend could continue for the foreseeable future. The Site is adjacent to the new residential community of Rancho Santalina, with home prices for single-family detached homes ranging between the high \$400,000's and low \$600,000's. There is a growing demand for multi-family housing resulting from scarcity of land, and increase in non-family households. 	<ul style="list-style-type: none"> The Site is located immediately adjacent to existing industrial uses, which may increase the potential for nuisance complaints from residents. The Site is subject to heavy traffic volume and lack of pedestrian-friendly infrastructure. Unsightly land uses adjacent to property are potentially incompatible with new residential development. Accessibility to residential community will require residents to drive through an existing industrial area. Residential uses may cause need for additional off-street parking. The City of San Marcos has a substantial amount of residential development planned within MDR2 and mixed-use zoned areas of the City of San Marcos. Residential uses on the Site may hinder the development of light industrial on the 4.47 acre "not a part" area adjacent to the Site. Development of the Site as Residential would eliminate remaining light industrial land in the City of San Marcos, thereby reducing the City's ability to increase its employment base.

III. FISCAL IMPACT ANALYSIS

This section provides an estimate of the probable fiscal impact to the City of San Marcos' General Fund resulting from the build-out of the two development scenarios described above.

KMA's technical analysis related to the Fiscal Impact Analysis is provided in Appendices D through F, as follows:

A. Demographic Overview / City of San Marcos General Fund Budget

Demographic Overview

Appendix D presents the findings of the KMA review of demographics for the City of San Marcos. The data consist of population, number of households, number of housing units, and total jobs, as summarized below:

Exhibit 6: Demographic Overview	
	2013 Estimate
Population	87,930
Households	28,278
Jobs	32,640
Housing Units	29,392

Overview of the City of San Marcos Budget

Exhibit 7 provides an overview of the City of San Marcos General Fund Budget for the Fiscal Year 2014-2015, as follows:

Exhibit 7: 2014 – 2015 General Fund Budget	
General Fund Revenues	\$63,343,000
General Fund Expenditures	\$63,310,000
Net Surplus/(Deficit)	\$33,000

Departmental revenues and expenditures were used to calculate the per capita impacts to the General Fund under the two development scenarios. The revenues shown are strictly departmental revenues and exclude such revenues as property and sales taxes, which are not computed on a per capita basis.

The expenditures reflect the gross General Fund expense less the associated General Fund departmental revenue. By isolating the net expense, the actual impact to the General Fund can be calculated.

B. Key Fiscal Impact Assumptions

Assumptions used in the fiscal impact analysis are based upon an assessment of future circumstances regarding population, employment, property valuation, and taxable sales.

The key assumptions used in the fiscal impact analysis are as follows:

Exhibit 8: Key Assumptions

Population	3.08	persons per unit
Employment	1.0 – 2.0	Persons per 1,000 SF GBA (varies by land use)
Resident Equivalents	0.33	employees per resident
Non-Residential Value	\$150 - \$200	per SF (2013 \$)
Residential Value *	\$321,000	per unit (2013 \$)
Taxable Sales	\$25 - \$250	per SF (2013 \$)

* Reflects KMA estimate of average market value for proposed residential project.

KMA's fiscal impact analysis also estimates other General Fund revenues and expenditures based on a modified per capita measure known as "resident equivalents". This approach combines residents and employees to form a single service population. As summarized below, the resident equivalent approach for each development scenario weights an employee as 0.33 residents, such that three employees are viewed as having the same impact as one resident.

Exhibit 9: Total Resident Equivalents

	Total Population	Total Employment	Total Population + Jobs	Total Resident Equivalents (1)
City of San Marcos	87,930	32,640	120,570	98,701
<u>Scenario 1:</u> Existing Land Use Designations	0	190	190	63
<u>Scenario 2:</u> Proposed Land Plan	679	19	698	685

(1) Assumes a resident equivalent factor of 0.33 (three employees have approximately the same impact as one resident).

C. Annual Recurring General Fund Revenues

This section discusses the recurring annual General Fund revenue assumptions utilized to estimate the impact of the alternative development scenarios. Annual recurring revenues from Property Tax and Sales and Use Tax were estimated based on assumed real estate market factors such as market values of the non-residential and residential uses.

Franchise Fees; Licenses and Permits; and Fines and Forfeitures were estimated by applying a per capita measure of "resident equivalents" to the number of new employees and new residents estimated under each development scenario.

Exhibit 10 summarizes the KMA estimate of recurring General Fund revenues at build-out. As shown, build-out of the Site under the Existing Land Use Designations (Scenario 1) is estimated to generate approximately \$163,000 annually in General Fund revenues. Alternatively, build-out of the Site under the Proposed Land Plan (Scenario 2) is estimated to generate approximately \$461,000 annually in General Fund revenues.

Exhibit 10: Recurring General Fund Revenue (2013 \$)

	<u>Scenario 1</u> Existing Land Use Designations	<u>Scenario 2</u> Proposed Land Plan
CFD Special Taxes	\$52,000	\$205,000
Sales Tax	\$51,000	\$39,000
Property Tax	\$30,000	\$73,000
Property Tax In-Lieu of Vehicle License Fees	\$20,000	\$48,000
Franchise Fees	\$4,000	\$42,000
Permits and Licenses	\$3,000	\$32,000
Fines and Forfeitures	\$2,000	\$18,000
Property Transfer Tax	\$1,000	\$4,000
Total Annual Revenues	\$163,000	\$461,000

Scenario 1: Existing Land Use Designations

For Scenario 1, CFD Special Taxes represents the largest component of General Fund revenues. As shown, development of the Site with Light Industrial and Commercial uses is anticipated to generate about \$52,000 in annual CFD revenue, or 31.9% of total revenues. Sales Tax represents the second largest component of General Fund revenues. This figure equates to 31.3% of total revenues generated

by Scenario 1. The other sources of revenue, including Property Tax, Property Tax in-lieu of Vehicle License Fees, Franchise Fees, Permits and Licenses, and Fines and Forfeitures, and Property Transfer Tax, are anticipated to account for \$60,000 in revenues, or 36.8% of General Fund revenues.

Scenario 2: Proposed Land Plan

CFD Special Taxes also represent the largest component of General Fund revenues for Scenario 2. As indicated above, CFD Special Taxes are projected to generate about \$205,000 in annual revenue or 44.5% of total revenues. Property Tax represents the second largest component of General Fund revenues, representing 15.8% of total revenues generated by Scenario 2. The other sources of revenue are anticipated to account for \$183,000 in revenues, or 39.7% of General Fund revenues.

It should be noted that estimates of Property Tax, Property Tax in-lieu of Vehicle License Fees, and Sales Tax from spending by new residents are based on the assumed average market price of \$318,000 per unit or \$200 per SF. This input is based on a detailed review of five (5) active for-sale developments currently selling new homes within the City, including both attached and detached homes. Two of these developments are located east of the Site in the Rancho Santalina community, and the remaining three developments are located in the southwest area of the City in the master planned communities of Old Creek Ranch and San Elijo Hills. KMA reviewed market activity in these developments and considered adjustments for factors such as location, product type, and unit size in comparison to the subject Site. Based on this review, KMA believes that the estimated market price assumed in the fiscal impact analysis is reasonable.

D. Annual Recurring General Fund Expenditures

This section discusses the recurring annual General Fund expense assumptions utilized to estimate the impact under the two development scenarios. Annual recurring expenditures for each scenario were estimated by applying a per capita or “per resident equivalent” cost estimate to the number of new employees and residents anticipated for each scenario.

As shown in Exhibit 11, the total annual costs assuming build-out under the Existing Land Use Designations (Scenario 1) are estimated at \$34,000. By comparison, total annual costs to the General Fund assuming build-out of the Proposed Land Plan (Scenario 2) is estimated at \$385,000. All expenditures were estimated based on projections from current service levels.

Exhibit 11: Recurring General Fund Expenditures (2013 \$)

	<u>Scenario 1</u> Existing Land Use Designations	<u>Scenario 2</u> Proposed Land Plan
Public Safety	\$18,000	\$199,000
General Government	\$8,000	\$82,000
Public Works	\$7,000	\$80,000
Development Services	\$1,000	\$15,000
Other Financing Uses	\$0	\$5,000
Culture and Recreation	\$0	\$4,000
Total Annual Expenditures	\$34,000	\$385,000

Scenario 1: Existing Land Use Designations

Police and Fire are the largest projected expense item for Scenario 1, representing \$18,000 per year (52.9% of the total), followed by General Government at \$8,000 per year and Public Works at \$7,000 per year (a combined 44.1% of the total). The remaining expenditures for Development Services total \$1,000 (2.9% of total expenditures).

Scenario 2: Proposed Land Plan

Police and Fire are also the largest projected expense item for Scenario 2, estimated at \$199,000 per year (51.7% of the total), followed by General Government at \$82,000 per year (21.3% of total) and Public Works at \$80,000 per year (20.8% of the total). The remaining expenditures for Development Services, Other Financing Uses, and Culture and Recreation total \$24,000 (6.2% of total expenditures).

E. Annual Recurring Fiscal Impact

As shown in Exhibit 12, based on the foregoing, both Scenarios are estimated to have a fiscally positive impact on the City of San Marcos' General Fund, with Scenario 1 generating a net fiscal impact to the City of San Marcos' General Fund of \$129,000 annually, and Scenario 2 generating a net fiscal annual impact of \$76,000.

Exhibit 12: Recurring Annual Impact (2013 \$)

	<u>Scenario 1</u> Existing Land Use Designations	<u>Scenario 2</u> Proposed Land Plan
General Fund Revenues	\$163,000	\$461,000
General Fund Expenditures	<u>(\$34,000)</u>	<u>(\$385,000)</u>
Net Fiscal Impact	\$129,000	\$76,000
Revenue to Expense Ratio	4.8	1.2

(1) Figures are expressed in 2013 dollars. No allowance has been made for escalation or absorption.

It should be noted that Scenario 1 assumes that the existing liquor store remains in place. If the existing liquor store is removed, additional commercial area can be accommodated on the Site which would potentially increase the net fiscal benefit to the City.

It should also be noted that the proposed land plan provided by the Developer (Scenario 2) assumes that 0.49 acres of Norman Strauss Road will be vacated to allow for development of the proposed Project. If the Developer is unable to acquire half of the 0.49 acres from the adjacent property owner, the Project could potentially lose approximately 10 units, which would reduce the net fiscal benefit to the City.

F. Comparison with Other Studies

At the outset of the KMA fiscal impact analysis, the City of San Marcos and the Developer provided KMA with the Oakcreek Market Economic & Fiscal Analysis prepared by the London Group Realty Advisors (LGRA) dated March 8, 2013. KMA identified a number of areas where LGRA and KMA differed in approach and methodology in preparation of the fiscal impact analysis. These included the following:

- The LGRA study reflected only the revenues associated with the development of the Site. The KMA study estimated both General Fund revenues and expenditures, to determine the net fiscal impact on the City of San Marcos General Fund.
- Both the LGRA and the KMA studies included an estimate of property tax revenues assuming build-out of the Site. The LGRA study's estimate of property tax revenue reflects tax revenues generated to all taxing jurisdictions, while the KMA estimate of property tax revenue reflects only those revenues allocated to the City of San Marcos General Fund.
- The LGRA study included one-time revenues to the City of San Marcos from development fees paid by the Developer for development of the Site. The KMA analysis reflects only recurring annual

revenues and expenditures. As such, no one-time revenues or expenditures were included in the KMA analysis.

IV. LIMITING CONDITIONS

1. The KMA analysis is based, in part, on data provided by secondary sources such as state and local governments, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
2. A projection of economic impacts is inherently based on judgment. The projections contained herein are based on the best information available at the time that this document was prepared. However, the actual impacts may vary.
3. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project-specific data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
4. Any estimates of revenue or cost projections are based on the best project-specific and fiscal data available at this time as well as experience with comparable projects. They are not intended to be projections of actual future performance of any specific project. Any changes to costs, development program, or project performance may render the conclusions contained herein invalid.
5. Revenue estimates are based on the assumption that sufficient market support exists for the proposed uses and that the project will achieve industry standard productivity levels.
6. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, i.e., if any tax rates change, the analysis would need to be revised.
7. It has been assumed that the property valuation will not be impacted by the presence of any soils, toxic, or hazardous conditions that require remediation to allow development.
8. Value estimates assume that any necessary entitlements or zoning changes for development can be obtained in a reasonable time frame.
9. Value estimates assume that property titles are good and marketable; no title search has been made, nor has KMA attempted to determine property ownership. The value estimates are given without regard to any questions of boundaries, encumbrances, liens or encroachments.

10. Property tax projections reflect KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.
11. No assurances are provided by KMA as to the certainty of the projected tax revenues shown in this document. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due.

APPENDIX A

OAKCREEK MARKET ASSESSMENT

Demographic Overview

TABLE A-1
COMPARATIVE OVERVIEW OF POPULATION AND HOUSEHOLDS, 2013 TO 2018
OAKCREEK PROJECT
CITY OF SAN MARCOS

		5-Mile Ring (1)	10-Mile Ring (1)	City of San Marcos	San Diego County
I. Population					
A. 2013 Population (Estimate)					
Historical Average Annual Growth, 2000-2013	221,345 1.99%	707,162 1.29%	87,930 3.13%	3,192,594 0.98%	
B. 2018 Population (Forecast)					
Average Annual Growth, 2013-2018	236,563 1.34%	747,605 1.12%	95,486 1.66%	3,353,296 0.99%	
C. Median Age, 2013 (Years)					
	35.3	36.6	34.1	35.3	
II. Households					
A. 2013 Households (Estimate)					
Historical Average Annual Growth, 2000-2013	73,835 1.76%	244,140 1.17%	28,278 2.87%	1,120,442 0.92%	
B. 2018 Households (Forecast)					
Average Annual Growth, 2013-2018	78,503 1.23%	257,545 1.07%	30,423 1.47%	1,178,709 1.02%	
C. Average Household Size, 2013					
	2.96	2.87	3.08	2.76	

(1) From the intersection of S. Santa Fe Avenue and Las Flores Drive.

Source: The Nielsen Company

Prepared by: Keyser Marston Associates, Inc.

Filename:San Marcos_Oakcreek_Market Assessment_v4\1\16\2014;ib|

TABLE A-2

COMPARATIVE OVERVIEW OF INCOME CHARACTERISTICS, 2013
OAKCREEK PROJECT
CITY OF SAN MARCOS

	5-Mile Ring (1)	10-Mile Ring (1)	City of San Marcos	San Diego County
Median Household Income	\$58,619	\$61,923	\$57,444	\$60,651
Per Capita Income (PCI) (2)	\$21,579	\$23,808	\$20,535	\$22,926
Aggregate Personal Income	\$4.78 Billion	\$16.84 Billion	\$1.81 Billion	\$73.19 Billion

(1) From the intersection of S. Santa Fe Avenue and Las Flores Drive.

(2) Reflects Per Capita Income from 2000.

Source: The Nielsen Company

Prepared by: Keyser Marston Associates, Inc.

Filename: San Marcos_Oakcreek_Market Assessment_v4\1\16\2014;ibi

APPENDIX B

OAKCREEK MARKET ASSESSMENT

Industrial Market Overview

TABLE B-1

INDUSTRIAL MARKET PROFILE, NORTH SAN DIEGO SUBMARKETS, 3RD QUARTER 2013
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

<u>Submarket</u>	<u>Net Rentable SF</u>	<u>As % of County</u>	<u>As % of North County Submarket</u>	<u>Direct Vacancy Rate</u>	<u>Under Construction</u>	<u>Average Asking Lease Rate</u>
Carlsbad	8,012,169	5.6%	14.2%	9.8%	0	\$0.79
Escondido	7,104,962	4.9%	12.6%	4.9%	0	\$0.73
Oceanside	7,982,185	5.5%	14.2%	13.8%	0	\$0.64
<i>San Marcos</i>	8,542,060	5.9%	15.2%	8.5%	0	\$0.91
Vista (1)	12,029,662	8.3%	21.4%	6.3%	156,421	\$0.70
Subtotal, North County Submarket (2)	56,275,463	30.3%	77.6%	-	156,421	-
Total, San Diego County	144,114,924	-	-	7.5%	156,421	\$0.65

(1) Comprised of Northern Vista and Southern Vista data.

(2) Includes North Coastal and North Inland regions.

TABLE B-2

INDUSTRIAL SPACE MARKET FACTORS, SAN MARCOS/SAN DIEGO COUNTY, 2008-2013 (1)
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

						Change, 2008-2013		
	2008	2009	2010	2011	2012	2013 (2)	Absolute	Average Annual
I. San Marcos								
Rentable Area (SF)	8,046,396	9,590,712	9,325,441	9,409,268	9,372,415	8,542,060	495,664	1.2%
Vacancy Rate	7.90%	8.38%	7.92%	9.03%	9.20%	8.46%	-	1.4%
Average Asking Lease Rate (3)	\$0.72	\$0.70	\$0.67	\$0.77	\$0.81	\$0.91	\$0.19	4.8%
Net Absorption YTD	(149,605)	(47,532)	97,174	(65,871)	(36,336)	107,233	-	-
II. San Diego County								
Rentable Area (SF)	148,544,950	165,110,048	165,736,730	163,262,631	160,676,123	144,114,924	(4,430,026)	-0.6%
Vacancy Rate	6.76%	8.69%	8.34%	7.99%	7.09%	7.53%	-	2.2%
Average Asking Lease Rate (3)	\$0.76	\$0.66	\$0.66	\$0.67	\$0.66	\$0.65	(\$0.11)	-3.1%
Net Absorption YTD	(1,138,442)	(2,981,280)	944,625	829,459	1,386,352	520,430	-	-

(1) Survey consists of 4th quarter data from each year, except 2013.

(2) Based on 3rd quarter data.

(3) Per SF/month triple-net (NNN).

Source: Voit Real Estate Services

Prepared by: Keyser Marston Associates, Inc.

Filename: \San Marcos_Oakcreek_Market Assessment_v4\1\16\2014\ibi

TABLE B-3

INDUSTRIAL BUILDING RENTS, SAN MARCOS
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>Address</u>	<u>Rental Rate (1)</u>	<u>Rentable Building SF</u>	<u>Space Count</u>	<u>Property Sub-type</u>
2930 Norman Strasse Road	\$0.85	2,340	3	Warehouse
2910-2920 Norman Strasse Road	\$0.69	8,750	4	Manufacturing
110 Bosstick Boulevard	\$0.72	14,207	1	Manufacturing
2870 S. Santa Fe Avenue	\$0.48	24,400	1	R&D
170 Bosstick Boulevard	\$0.72	12,816	1	Warehouse
175 Bosstick Boulevard	\$0.69	4,704	4	Warehouse
2740 S. Santa Fe Avenue	\$0.69	4,814	2	Office Showroom
2890-2892 South Santa Fe Avenue	\$0.76	3,013	1	Flex Space
<hr/>				
Minimum	\$0.48	2,340	1	
Maximum	\$0.85	24,400	4	
Median	\$0.71	6,782	2	
Average	\$0.70	9,381	2	

(1) Rental rates are per SF/Month.

Source: LoopNet.

TABLE B-4

INDUSTRIAL LAND SALES, NORTH SAN DIEGO COUNTY, 2011 TO PRESENT
OAKCREEK PROJECT
CITY OF SAN MARCOS

Sale Date	Address	City	Sale Price	Acres	Land SF	\$/SF	Land Improvements	Land	Proposed Use
04/28/11	443 E Mission Rd	San Marcos	\$1,455,000	3.58	155,945	\$9.33	5,400 SF warehouse	Commercial, industrial	
11/10/11	Gateway Rd	Carlsbad	\$1,983,000	2.79	121,351	\$16.34	Raw land	Industrial	
05/07/12	N Twin Oaks Valley	San Marcos	\$555,000	2.14	93,218	\$5.74	None	Industrial	
02/07/13	4096 Calle Platino	Oceanside	\$1,953,666	3.63	158,123	\$12.36	None	Industrial, office, hold for development, industrial park, office park, R	
02/22/13	800-999 Armolite Dr	San Marcos	\$1,750,000	3.71	161,607	\$10.83	Raw land	Hold for development	
04/20/13	Mulberry Dr	San Marcos	\$100,000	0.44	19,000	\$5.26	Vacant land	Commercial, industrial, retail	
04/30/13	Mulberry Dr	San Marcos	\$210,000	0.44	19,000	\$11.05	Vacant land	Commercial, industrial, retail	
07/16/13	Melrose Ave N	Vista	\$10,000,000	16.75	729,629	\$13.71	None	-	
08/16/13	Avenida Del Oro	Oceanside	\$2,709,000	3.31	144,183	\$18.79	Vacant land	Industrial	
08/21/13	1380 Armolite Dr	San Marcos	\$700,000	0.76	33,106	\$21.14	Vacant land	Industrial, contractor storage yard, distribution, warehouse	
		Minimum	\$100,000	0.44	19,000	\$5.26			

Source: CoStar Comps.

Prepared by: Keyser Marston Associates, Inc.
filename: \San Marcos Oakcreek Market Assessment v4\1\16\2014\as

TABLE B-5

REMAINING LIGHT INDUSTRIAL LAND, CITY OF SAN MARCOS
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>Area</u>	<u>Site Area</u>	<u>Description</u>	<u>% of Total Acres</u>
#1	1.24 Acres	vacant, under-utilized, temporarily used for storage	1.5%
#2a	4.47 Acres	vacant, graded - "not a part" area adjacent to subject site	5.3%
#2b	0.31 Acres	vacant, graded - "not a part" area adjacent to subject site - will be rezoned residential under proposed land plan	0.4%
#3	12.61 Acres	vacant, graded - proposed to be rezoned residential under proposed land plan	15.0%
#4	3.92 Acres	graded, anticipated for use by St. Augustine College	4.7%
#5	2.97 Acres	significant grading / retaining wall required	3.5%
#6	0.42 Acres	small irregularly shaped, adjacent to Commerce Square commercial center	0.5%
#7	14.09 Acres	habitat constraints, entitlement process will be challenging	16.8%
#8	10.71 Acres	single access via long road, vacant, adjacent to existing mobile home park	12.8%
#9	4.00 Acres	difficult to access, steep terrain	4.8%
#10	2.62 Acres	vacant, pad available	3.1%
#11	23.13 Acres	vacant, naturally sloped terrain, no graded pads, environmental and habitat challenges	27.6%
#12	3.35 Acres	occupied by vacated grain mill, relative flat	4.0%
Total	83.84 Acres		100.0%

 Subject site

Source: City of San Marcos (based on GIS data).

APPENDIX C

OAKCREEK MARKET ASSESSMENT

Residential Market Overview

TABLE C-1

HOUSING INVENTORY BY UNIT TYPE AND AREA, 2012 ESTIMATE
OAKCREEK PROJECT
CITY OF SAN MARCOS

	Single-Family (detached)	Single-Family (multiple-unit)	Multi-Family	Other (includes mobile homes)		Total
				Units	Percent	
San Marcos <i>Percent of Total</i>	14,367 Units 50.3%	810 Units 2.8%	9,722 Units 34.1%	3,640 Units 12.8%		28,539 Units 100.0%
Carlsbad <i>Percent of Total</i>	23,283 Units 51.5%	6,948 Units 15.4%	13,626 Units 30.2%	1,314 Units 2.9%		45,171 Units 100.0%
Escondido <i>Percent of Total</i>	23,213 Units 48.0%	4,525 Units 9.4%	16,856 Units 34.9%	3,739 Units 7.7%		48,333 Units 100.0%
Oceanside <i>Percent of Total</i>	33,818 Units 48.7%	8,433 Units 12.1%	7,536 Units 10.8%	19,706 Units 28.4%		69,493 Units 100.0%
Vista <i>Percent of Total</i>	14,886 Units 48.2%	2,530 Units 8.2%	11,446 Units 37.1%	1,998 Units 6.5%		30,860 Units 100.0%
San Diego Region <i>Percent of Total</i>	566,103 Units 48.6%	136,247 Units 11.7%	420,898 Units 36.1%	42,570 Units 3.7%		1,165,818 Units 100.0%

Source: SANDAG, Demographic and Socio Economic Estimates, Current Estimates
 Prepared by: Keyser Marston Associates, Inc.
 Filename: San Marcos_Oakcreek_Market Assessment_v4;1/16/2014;ibl

TABLE C-2

ACTIVE FOR-SALE RESIDENTIAL DEVELOPMENTS
OAKCREEK PROJECT
CITY OF SAN MARCOS

Development Name	City	AVERAGES (1)						
		Sales Price	Unit SF	Price/SF	# of Units	HOA Fees	Other Fees	Product Type
Haciendas @ Rancho Santalina	San Marcos	\$522,306	2,504	\$209	71	\$92	\$308	Detached
Laurel @ Old Creek Ranch	San Marcos	\$430,990	1,712	\$252	98	\$303	\$0	Duplex
Magnolia @ Old Creek Ranch	San Marcos	\$302,621	1,382	\$219	193	\$280	\$0	Townhome over Garage
Vistas @ Rancho Santalina	San Marcos	\$547,944	3,091	\$177	49	\$95	\$330	Detached
Belmont II @ San Elijo Hills	San Marcos	\$503,451	1,818	\$277	110	\$203	\$0	Detached
Minimum	\$302,621	1,382	\$177	49	\$92	\$0		
Maximum	\$547,944	3,091	\$277	193	\$303	\$330		
Median	\$503,451	1,818	\$219	98	\$203	\$0		
Average	\$461,462	2,101	\$227	104	\$195	\$128		

(1) Averages as of 3rd quarter, 2013.

Source: MarketPointe Realty Advisors

Prepared by: Keyser Marston Associates, Inc.
Filename: i:\San Marcos_Oakcreek_Market Assessment_v4\1\16\2014\ib1

TABLE C-3

COMPARATIVE OVERVIEW OF MEDIAN HOME PRICES - CONDOMINIUM RESALES, 2013 (1)
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>Community</u>	<u>Zip Code</u>	<u>Median Home Price Condominium</u>
San Marcos N	92069	\$228,000
San Marcos S	92078	\$355,000
Carlsbad NW	92008	\$533,000
Carlsbad SE	92009	\$355,000
Carlsbad NE	92010	\$330,000
Carlsbad SW	92011	\$579,000
Escondido S	92025	\$180,000
Escondido N	92026	\$159,000
Escondido E	92027	\$152,000
Escondido W	92029	\$368,000
Oceanside S	92054	\$422,000
Oceanside E	92056	\$210,000
Oceanside N	92057	\$245,000
Oceanside (Central)	92058	- (2)
Vista S	92081	\$243,000
Vista W	92083	\$223,000
Vista E	92084	\$170,000
North County Inland	N/A	\$310,000 (3)

(1) Reflects data from third quarter 2013 only.

(2) Data for this zip code is not given in 2013.

(3) Reflects data for entire San Diego County in 2013.

TABLE C-4

HISTORICAL MEDIAN HOME PRICES, 2009 TO 2013
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

	2009	2010	2011	2012	2013 (1)	Change, 2009 to 2013	
						Absolute	Average Annual
Single-Family Homes							
San Marcos N	\$335,000	\$350,000	\$337,000	\$350,000	\$444,000	\$109,000	7.3%
San Marcos S	\$495,000	\$468,000	\$450,000	\$480,500	\$600,000	\$105,000	4.9%
Carlsbad NW	\$581,500	\$600,250	\$533,750	\$545,000	\$655,000	\$73,500	3.0%
Carlsbad SE	\$664,000	\$690,000	\$683,500	\$689,000	\$800,000	\$136,000	4.8%
Carlsbad NE	\$510,000	\$499,500	\$465,000	\$462,500	\$535,000	\$25,000	1.2%
Carlsbad SW	\$675,000	\$712,000	\$685,000	\$705,000	\$769,000	\$94,000	3.3%
Escondido S	\$257,500	\$300,000	\$295,000	\$342,000	\$404,000	\$146,500	11.9%
Escondido N	\$286,000	\$320,000	\$301,250	\$310,000	\$395,000	\$109,000	8.4%
Escondido E	\$235,000	\$274,000	\$265,000	\$275,000	\$357,000	\$122,000	11.0%
Escondido W	\$471,000	\$461,000	\$406,500	\$500,000	\$543,000	\$72,000	3.6%
Oceanside S	\$347,500	\$355,500	\$371,000	\$358,750	\$490,000	\$142,500	9.0%
Oceanside E	\$313,750	\$326,000	\$320,000	\$322,250	\$390,000	\$76,250	5.6%
Oceanside N	\$250,000	\$279,500	\$275,500	\$318,750	\$375,000	\$125,000	10.7%
Oceanside (Central)	\$288,250	\$325,000	\$300,000	\$285,500	- (2)	(\$2,750)	-0.3% (4)
Vista S	\$370,000	\$365,000	\$350,000	\$347,750	\$425,000	\$55,000	3.5%
Vista W	\$235,000	\$250,000	\$253,000	\$260,000	\$332,000	\$97,000	9.0%
Vista E	\$286,000	\$320,000	\$295,000	\$326,000	\$404,000	\$118,000	9.0%
North County Inland	\$355,000	\$385,000	\$360,000	\$380,000	\$456,000 (3)	\$101,000	6.5%
Condominiums							
San Marcos N	\$143,750	\$128,500	\$128,500	\$142,500	\$228,000	\$84,250	12.2%
San Marcos S	\$280,000	\$281,500	\$255,000	\$262,500	\$355,000	\$75,000	6.1%
Carlsbad NW	\$362,500	\$377,500	\$345,750	\$365,000	\$533,000	\$170,500	10.1%
Carlsbad SE	\$305,000	\$300,000	\$278,000	\$295,000	\$355,000	\$50,000	3.9%
Carlsbad NE	\$324,500	\$358,000	\$295,000	\$294,500	\$330,000	\$5,500	0.4%
Carlsbad SW	\$515,000	\$545,000	\$500,000	\$512,500	\$579,000	\$64,000	3.0%
Escondido S	\$114,250	\$134,000	\$136,500	\$138,750	\$180,000	\$65,750	12.0%
Escondido N	\$99,500	\$106,750	\$111,750	\$120,000	\$159,000	\$59,500	12.4%
Escondido E	\$90,000	\$107,000	\$108,000	\$105,000	\$152,000	\$62,000	14.0%
Escondido W	\$148,750	\$159,250	\$181,000	\$130,000	\$368,000	\$219,250	25.4%
Oceanside S	\$190,000	\$300,000	\$283,750	\$318,500	\$422,000	\$232,000	22.1%
Oceanside E	\$141,000	\$160,000	\$147,750	\$156,000	\$210,000	\$69,000	10.5%
Oceanside N	\$128,000	\$127,000	\$146,750	\$138,250	\$245,000	\$117,000	17.6%
Oceanside (Central)	\$170,000	\$160,000	\$149,500	\$160,000	- (2)	(\$10,000)	-2.0% (4)
Vista S	\$204,500	\$185,000	\$214,000	\$179,500	\$243,000	\$38,500	4.4%
Vista W	\$133,250	\$170,000	\$160,000	\$143,000	\$223,000	\$89,750	13.7%
Vista E	\$135,750	\$144,250	\$152,000	\$143,000	\$170,000	\$34,250	5.8%
North County Inland	\$200,000	\$212,500	\$208,000	\$218,000	\$310,000 (3)	\$110,000	11.6%

(1) Numbers for 2013 represent data from 3rd quarter, 2013 only.

(2) Data for this zip code is not given in 2013.

(3) Reflects data for entire San Diego County in 2013.

(4) Excludes 2013 data from Change calculations.

Source: DataQuick via DQ News.com

Prepared by: Keyser Marston Associates, Inc.

Filename: San Marcos_Oakcreek_Market Assessment_v4;1/16/2014;tbl

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TABLE C-5

HOUSING UNIT GROWTH FORECAST BY AREA THROUGH 2030
OAKCREEK PROJECT
CITY OF SAN MARCOS

	2012	2020	2030	Change, 2012 to 2030	
				Total	Percent
San Marcos	28,539	30,068	33,095	4,556	16.0%
Carlsbad	45,171	48,100	49,851	4,680	10.4%
Escondido	48,333	50,287	52,778	4,445	9.2%
Oceanside	69,493	69,565	73,425	3,932	5.7%
Vista	30,860	31,602	32,508	1,648	5.3%
San Diego Region	1,165,818	1,262,488	1,369,807	203,989	17.5%

Source: SANDAG, Demographic and Socio Economic Estimates, Current Estimates and 2050 Regional Growth Forecast

Prepared by: Keyser Marston Associates, Inc.

Filename: San Marcos_Oakcreek_Market Assessment_v4;1/16/2014;rks

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TABLE C-6

ESTIMATE OF POTENTIAL NUMBER OF UNITS - MEDIUM DENSITY RESIDENTIAL 2 (MDR2) LAND, CITY OF SAN MARCOS
OAKCREEK PROJECT
CITY OF SAN MARCOS

MDR2 15.1 - 20.0 units/acre			Potential Units	
<u>Area</u>	<u>Site Area</u>	<u>Description</u>		
#1	8.38 Acres	vacant, transition land between single family and industrial	120 -	160 Units
#2	3.30 Acres	part of the Fitzpatrick Development	40 -	60 Units
#3	15.23 Acres	significant slope	220 -	300 Units
#4	0.86 Acres	vacant property owned by City	10 -	10 Units
#5	----	within University District Specific Plan Area	2,600 -	2,600 Units
#6	----	within San Marcos Creek Specific Plan Area	2,300 -	2,300 Units
#7	4.93 Acres	occupied by vacant building	70 -	90 Units
Total	32.70 Acres		5,400 -	5,500 Units

Source: City of San Marcos

Prepared by: Keyser Marston Associates, Inc.

Filename i:\San Marcos_Oakcreek_Market Assessment_v4;1/16/2014;lag

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TABLE C-7**MIXED-USE AREAS, CITY OF SAN MARCOS****OAKCREEK PROJECT****CITY OF SAN MARCOS**

<u>Area</u>	<u>Site Area</u>	<u>Description</u>	<u>% of Total Acres</u>
#1	1.73 Acres	currently developed with gas station and McDonald's, site to be redeveloped with mixed-use	1.5%
#2	7.62 Acres	existing uses included limited retail, office, residential, and vacant land to be redeveloped as mixed-use	6.7%
#2a	0.76 Acres	currently being processed by City for 23 units and 6,000 SF of retail (Shane Park Plaza development)	0.7%
#3	26.82 Acres	existing retail / commercial to be redeveloped as mixed-use	23.7%
#4	13.49 Acres	existing retail / commercial to be redeveloped as mixed-use	11.9%
#5	2.28 Acres	existing residential to be redeveloped as mixed-use	2.0%
#6	11.86 Acres	currently being processed by City for 417 units and 15,000 SF of retail (Davia development)	10.5%
#7	5.07 Acres	existing Union-Tribue & parking lot to be redeveloped as mixed-use	4.5%
#8	38.25 Acres	existing office and retail to be redeveloped as mixed-use	33.8%
#9	----	within University District Specific Plan consisting of 2,600 residential units, and 700,000 SF of mixed-use	
#10	----	within San Marcos Creek District consisting of 2,300 residential units, and 1,265,000 SF of retail	
#11	5.33 Acres	vacant land and small occupied building to be redeveloped as mixed-use	4.7%
Total	113.21 Acres	(1)	100.0%

(1) Excludes Mixed-Use Areas within University District Specific Plan and San Marcos Creek District.

Source: City of San Marcos

APPENDIX D

OAKCREEK FISCAL IMPACT ANALYSIS

Demographic Profile and City of San Marcos General Fund Budget

TABLE D-1

DEMOGRAPHIC PROFILE - CITY OF SAN MARCOS, 2013 ESTIMATES
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>2013 Estimate</u>	
I. Population and Households (1)	
Population	87,930
Households	28,278
Average Household Size	3.08
Jobs	32,640 (2)
II. Housing Units (3)	
Single-Family	17,764
Multi-Family	8,300
Mobile Homes	<u>3,328</u>
Total	29,392
III. Occupied Units (3)	27,916
IV. Percent Vacant (3)	5.0%

(1) Source: The Nielsen Company, 2013

(2) Reflects the number of jobs within the City of San Marcos. Source: U.S. Census Bureau, OnTheMap Application, 2011.

(3) Source: California Department of Finance, January 1, 2013.

TABLE D-2

SUMMARY OF CITY OF SAN MARCOS GENERAL FUND BUDGET - FISCAL YEAR 2014-2015
OAKCREEK PROJECT
CITY OF SAN MARCOS

I. Revenues

Property Tax	\$17,452,276	27.6%
Sales Tax	\$16,040,895	25.3%
Charges for Services	\$7,772,634	12.3%
Use of Money & Property	\$6,063,977	9.6%
Special Assessments	\$4,776,752	7.5%
Other Financing Sources	\$4,553,000	7.2%
Franchise Fees	\$2,661,436	4.2%
Licenses & Permits	\$1,871,418	3.0%
Intergovernmental Revenues	\$894,143	1.4%
Transient Occupancy Tax	\$760,293	1.2%
Miscellaneous Revenues	\$274,000	0.4%
Fines and Foreitures	<u>\$222,750</u>	<u>0.4%</u>
Total Revenues	\$63,343,574	100.0%

II. Expenses

Public Safety	\$31,488,193	49.7%
General Government	\$13,256,013	20.9%
Public Works	\$12,582,786	19.9%
Development Services	\$2,753,569	4.3%
Culture and Recreation	\$2,657,444	4.2%
Transfers Out	<u>\$572,135</u>	<u>0.9%</u>
Total Expenses	\$63,310,140	100.0%

III. Net Surplus/(Deficit)	\$33,434
Revenues to Expenses Ratio	1.00

Source: City of San Marcos, Operations and Maintenance Budget Fiscal Year 2014-15.

TABLE D-3

SUMMARY OF GENERAL FUND REVENUES
OAKCREEK PROJECT
CITY OF SAN MARCOS

	General Fund Revenues FY 2014-2015	Comments
I. Revenues Included in Analysis		
Sales Tax	\$16,040,895	projected based on taxable sales within development and expenditure potential of residents and/or workers captured within the City
Property Tax	\$17,452,276	projected based on increase in gross AV
Special Assessments	\$4,776,752	projected based on development program
Franchise Fees	\$2,661,436	projected based on population and employment
Licenses & Permits	\$1,871,418	projected based on population and employment
Fines and Forfeitures	<u>\$222,750</u>	projected based on population and employment
Total Included Items	\$43,025,527	
II. Charges for Services		
Deducted from General Government		
General Government Charges	\$1,378,628	
Deducted from Public Works	\$1,081,056	
Deducted from Development Services	\$552,900	
Deducted from Public Safety		
Building Regulation chargers	\$2,770,000	
Deducted from Culture and Recreation	<u>\$1,990,050</u>	
Charges for Services	\$7,772,634	
III. Excluded Items		
Transient Occupancy Tax	\$760,293	based on City TOT tax rate and estimated room rate and occupancy excluded from analysis as hotel development is not contemplated for subject development
Use of Money & Property	\$6,063,977	independent of subject development
Miscellaneous Revenues	\$274,000	independent of subject development
Other Financing Sources	\$4,553,000	independent of subject development
Intergovernmental Revenues	<u>\$894,143</u>	independent of subject development
Total Excluded Items	\$12,545,413	
IV. Total Revenues	\$63,343,574	

Source: City of San Marcos, Operations and Maintenance Budget Fiscal Year 2014-15.

TABLE D-4

SUMMARY OF GENERAL FUND EXPENDITURES
OAKCREEK PROJECT
CITY OF SAN MARCOS

	<u>General Fund Expenditures FY 2014-2015</u>	<u>Net After Deduction of Program Revenues (Table D-3)</u>	<u>Comments</u>
I. Expenditures Included in Analysis			
General Government			
City Council	\$278,353		
Administration	\$2,448,337		
City Attorney	\$704,600		
City Clerk	\$454,742		
Human Resources/Risk Management	\$3,030,395		
Finance/Information Systems	\$2,531,708		
Real Property Services	<u>\$3,807,878</u>		
Total General Government	<u>\$13,256,013</u>	<u>(\$1,378,628)</u>	
		\$11,877,000	projected based on population and employment
Public Works			
Operations	\$8,785,881		
Engineering	\$2,937,679		
Storm Water Program Management	<u>\$859,226</u>		
Total Public Works	<u>\$12,582,786</u>	<u>(\$1,081,056)</u>	
		\$11,502,000	projected based on population projected based on population projected based on population projected based on population
Development Services			
Planning	\$1,498,941		
Building	<u>\$1,254,628</u>		
Total Development Services	<u>\$2,753,569</u>	<u>(\$552,900)</u>	
		\$2,201,000	projected based on population and employment
Public Safety			
Fire Department	\$14,907,860		
Law Enforcement	<u>\$16,580,333</u>		
Total Public Safety	<u>\$31,488,193</u>	<u>(\$2,770,000)</u>	
		\$28,718,193	projected based on population and employment
Culture and Recreation			
Community Services	<u>\$2,657,444</u>		
Total Culture and Recreation	<u>\$2,657,444</u>	<u>(\$1,990,050)</u>	
		\$667,000	projected based on population and employment
Other Financing Uses			
Transfers Out	<u>\$572,135</u>		
Total Other Financing Sources	<u>\$572,135</u>	<u>\$0</u>	
		\$572,000	projected based on population and employment
Total Included Items	\$63,310,140	\$55,537,193	
II. Excluded Items			
	\$0	\$0	
III. Total Expenditures	\$63,310,000	\$55,537,000	

Source: City of San Marcos, Operations and Maintenance Budget Fiscal Year 2014-15.

EXISTING LAND USE DESIGNATIONS

TABLE E-1

PROJECT DESCRIPTION
OAKCREEK PROJECT
CITY OF SAN MARCOS

I. Site Area

Light Industrial (not a part)	4.78 Acres (1)
Light Industrial	12.61 Acres (1)
Commercial	<u>1.45</u> Acres
Total	18.84 Acres

II. Zoning (2)

General Plan
Light Industrial (L-I)
Commercial (C)

III. FAR

Light Industrial	0.35 FAR
Commercial	0.16 FAR

IV. Gross Building Area (GBA)

Light Industrial	192,300 SF (3)
Commercial	<u>10,000</u> SF (4)
Total GBA	202,300 SF

(1) Excludes cul-de-sac. Source: City of San Marcos, January 7, 2013 (based on GIS data).

(2) Source: City of San Marcos General Plan.

(3) Assumes 35% coverage of 12.61 Light Industrial site.

(4) Assumes existing liquor store remains in place. Additional commercial SF can be accommodated on Site if existing liquor store is removed.

TABLE E-2

ESTIMATE OF ASSESSED VALUE
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

	<u>Gross Building Area</u>	<u>Assumed Assessed Value/SF</u>	<u>Total Assessed Value</u>
I. Non-Residential			
Light Industrial	192,300 SF	\$150	\$28,845,000
Commercial	10,000 SF	\$200	\$2,000,000
II. Total Assessed Valuation			\$30,845,000

EXISTING LAND USE DESIGNATIONS

TABLE E-3

ESTIMATE OF TOTAL EMPLOYEES AND POPULATION AT BUILD-OUT
OAKCREEK PROJECT
CITY OF SAN MARCOS

		<u>Building Efficiency⁽¹⁾</u>	<u>Occupancy⁽²⁾</u>	<u>Occupied SF</u>	<u>Employment Factor⁽³⁾</u>	<u>Total Employees</u>
I.	Non-Residential	<u>SF</u>				
	Light Industrial	192,300	100%	90%	1.0 per 1,000 SF	173
	Commercial	10,000	95%	90%	2.0 per 1,000 SF	17
II. Total Employees and Population						190

(1) KMA assumption based on typical difference between net rentable vs. gross building area

(2) KMA assumption reflecting average vacancy rate, based on typical lender underwriting criteria for industrial/commercial use

(3) KMA assumption based on industry standard employment factors for light industrial and commercial uses.

TABLE E-4

EXISTING LAND USE DESIGNATIONS

SUMMARY OF ANNUAL RECURRING REVENUES AT BUILD-OUT⁽¹⁾
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>General Fund</u>	<u>Total</u>	<u>Percent</u>
I. Sales Tax	\$51,000	31.3%
II. CFD Special Taxes	\$52,000	31.9%
III. Property Tax	\$30,000	18.4%
IV. Property Tax In-Lieu of Vehicle License Fees	\$20,000	12.3%
V. Franchise Fees	\$4,000	2.5%
VI. Permits and Licenses	\$3,000	1.8%
VII. Fines and Forfeitures	\$2,000	1.2%
VIII. Property Transfer Tax	\$1,000	<u>0.6%</u>
IX. Total Annual Recurring Revenues to General Fund	\$163,000	100.0%

(1) Reflects stabilized annual revenue in constant 2013 dollars at build-out.

Prepared by: Keyser Marston Associates, Inc.

Filename: i:\San_Marcos_Fiscal Impact Analysis_v5;1\16/2014\lag

TABLE E-5

EXISTING LAND USE DESIGNATIONS

ESTIMATE OF ANNUAL RECURRING REVENUES - PROPERTY TAXES AND PROPERTY TRANSFER TAX AT BUILD-OUT
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>Annual Recurring Revenues</u>	
I.	Property Tax
Estimated Value	\$30,845,000
Property Tax Levy	1.00%
City Portion	9.59%
	\$30,000
	Total Property Tax to City
	\$30,000
II.	Property Tax in-lieu of VLF
Estimated Value	\$30,845,000
License Fee (per \$1,000 in AV growth)	\$0.6335 (1)
	\$20,000
	Total Property Tax in-lieu of VLF
	\$20,000
III.	Property Transfer Tax
A.	Non-Residential Property Valuation (FMV)
	Transfer Tax (per \$500)
	Total Transfer Tax
	City Share of Transfer Tax
	Turnover Rate (Residential)
	Net Transfer Tax - Residential
	\$0
	\$0.55
	\$0
	\$0
	5.0%
	\$1,000
B.	Residential Property Valuation (FMV)
	Transfer Tax (per \$500)
	Total Transfer Tax
	City Share of Transfer Tax
	Turnover Rate (Residential)
	Net Transfer Tax - Residential
	\$0
	\$0.55
	\$0
	\$0
	10.0%
	\$0
C.	Total Property Transfer Tax
	\$1,000

(1) Source: California State Controller's Office.

EXISTING LAND USE DESIGNATIONS

TABLE E-6

**ESTIMATE OF CITY COMMUNITY FACILITIES DISTRICT (CFD) SPECIAL TAXES
OAKCREEK PROJECT
CITY OF SAN MARCOS**

		<u>Acres / SF</u>	<u>Rate</u>	<u>Total</u>
I. Light Industrial				
98-01 IA#1	Police	12.61	\$864.28	\$11,000
2001-01	Fire	12.61	\$798.94	\$10,000
98-02	Lighting & Landscaping	12.61	\$678.63	\$9,000
2011-01	Construction Management	192,300	\$0.07	<u>\$14,000</u>
Total				<u>\$44,000</u>
II. Commercial				
98-01 IA#1	Police	1.45	\$1,141.50	\$2,000
2001-01	Fire	1.45	\$1,055.21	\$2,000
98-02	Lighting & Landscaping	1.45	\$979.07	\$1,000
2011-01	Construction Management	10,000	\$0.33	<u>\$3,000</u>
Total				<u>\$8,000</u>
III. Total CFD Special Taxes				<u>\$52,000</u>

Source: City of San Marcos

EXISTING LAND USE DESIGNATIONS

TABLE E-7

ESTIMATE OF ANNUAL RECURRING REVENUES - SALES AND USE TAX

OAKCREEK PROJECT

CITY OF SAN MARCOS

I. Light Industrial

Light Industrial SF		192,300
Vacancy	10.0%	173,000
Taxable Sales/SF		\$25
Total Taxable Sales		\$4,325,000
City Portion of Sales Tax	0.75% (1)	\$32,000

II. Commercial

Commercial		10,000
Vacancy	10.0%	9,000
Taxable Sales/SF		\$250
Total Taxable Sales		\$2,250,000
City Portion of Sales Tax	0.75% (1)	\$17,000

III. Employees

Total Employees		190
Employee Spending		\$10 /Day
Work Days Per Year (2)		250
Average Taxable Expenditures		\$475,000
Taxable Sales Captured in City		50%
City Portion of Sales Tax	0.75% (1)	\$2,000

IV. Total Sales Tax		\$51,000
---------------------	--	----------

(1) Source: City of San Marcos.

(2) Assumes 260 work days per year less 10 legal bank holidays.

TABLE E-8

ESTIMATE OF ANNUAL RECURRING REVENUES - OTHER REVENUES
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

Demographic Profile:	Total Population	Total Employment	Total Population/ Jobs	Total Resident Equivalents ⁽²⁾
City of San Marcos (1)	87,930	32,640	120,570	98,701
Proposed Project	0	190	190	63
	City FY 2014-2015 Budget ⁽³⁾	Service Population	Amount Per Resident or Resident Equivalent	New Residents/ Resident Equivalents
I. Franchise Fees	\$6,063,977	RE	\$61.44	63
II. Licenses & Permits	\$4,553,000	RE	\$46.13	63
III. Fines and Forfeitures	\$2,661,436	RE	\$26.96	63
V. Total Other Revenues			\$9,000	

Legend:
 RE - Resident Equivalent
 P - Population

(1) Source: The Nielsen Company.
 (2) KMA assumption. Assumes that approximately three employees have the same impact as one resident.
 (3) Source: City of San Marcos, Adopted Budget, Fiscal Year 2014/15.

EXISTING LAND USE DESIGNATIONS

TABLE E-9

SUMMARY OF ANNUAL RECURRING EXPENSES (1) (2)
OAKCREEK PROJECT
CITY OF SAN MARCOS

	<u>Total</u>	<u>Per Unit</u>	<u>Percent</u>
I. Public Safety	\$18,000	\$78	52.9%
II. General Government	\$8,000	\$34	23.5%
III. Public Works	\$7,000	\$30	20.6%
IV. Development Services	\$1,000	\$4	2.9%
V. Other Financing Uses	\$0	\$0	0.0%
VI. Culture and Recreation	\$0	\$0	0.0%
VII. Grand Total Annual Recurring Expenses	\$34,000	\$147	100.0%

(1) Reflects stabilized annual expenses in constant 2013 dollars at build-out.

(2) Excludes capital improvement costs.

EXISTING LAND USE DESIGNATIONS

TABLE E-10
ESTIMATE OF ANNUAL RECURRING EXPENSES
OAKCREEK PROJECT
CITY OF SAN MARCOS

Demographic Profile:		Total Population	Total Employment	Total Population/ Jobs	Total Resident Equivalents ⁽²⁾	
City of San Marcos		87,930 (1)	32,640 (1)	120,570	98,701	
Proposed Project		0	190	190	63	
					Amount Per Resident or Resident Equivalent	
		City FY 2014-2015 Budget ⁽³⁾	Service Population	Population Type	New Residents/ Resident Equivalent	Total Expenses
I.	General Government	\$11,877,000	RE	98,701	\$120.33	\$8,000
II.	Public Works	\$11,502,000	RE	98,701	\$116.53	\$7,000
III.	Development Services	\$2,201,000	RE	98,701	\$22.30	\$1,000
IV.	Public Safety	\$28,718,193	RE	98,701	\$290.96	\$18,000
V.	Culture and Recreation	\$667,000	P	87,930	\$7.59	\$0
VI.	Other Financing Uses	\$572,000	RE	98,701	\$5.80	\$0
VII. Total Annual Expenses					\$34,000	

Legend:
RE - Resident Equivalent
P - Population

(1) Source: The Nielsen Company
 (2) KMA assumption. Assume that approximately three employees have the same impact as one resident.
 (3) Source: City of San Marcos, Adopted Budget, Fiscal Year 2014/15.

EXISTING LAND USE DESIGNATIONS

TABLE E-11

ESTIMATE OF STABILIZED FISCAL IMPACT (1)(2)
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>City of San Marcos - General Fund</u>	<u>Totals</u>	<u>Percent</u>
I. Annual Recurring Revenues		
CFD Special Taxes	\$52,000	31.9%
Sales Tax	\$51,000	31.3%
Property Tax	\$30,000	18.4%
Property Tax In-Lieu of Vehicle License Fees	\$20,000	12.3%
Franchise Fees	\$4,000	2.5%
Permits and Licenses	\$3,000	1.8%
Fines and Forfeitures	\$2,000	1.2%
Property Transfer Tax	<u>\$1,000</u>	<u>0.6%</u>
Total Annual Revenues	\$163,000	68.1%
II. Annual Recurring Expenses		
Public Safety	\$18,000	52.9%
General Government	\$8,000	23.5%
Public Works	\$7,000	20.6%
Development Services	\$1,000	2.9%
Other Financing Uses	\$0	0.0%
Culture and Recreation	<u>\$0</u>	<u>0.0%</u>
Total Annual Expenses	\$34,000	100.0%
III. Annual Recurring Surplus/(Deficit)	\$129,000	

(1) Reflects stabilized annual revenues and expenses in constant 2013 dollars at build-out.

(2) Excludes capital improvement costs.

APPENDIX F

OAKCREEK FISCAL IMPACT ANALYSIS

Proposed Land Plan

PROPOSED LAND PLAN

TABLE F-1

PROJECT DESCRIPTION (1)
OAKCREEK PROJECT
CITY OF SAN MARCOS

I. Site Area (2)

Light Industrial (not a part)	4.47 Acres
Residential (3)	13.75 Acres
Commercial	<u>1.11</u> Acres
Total	19.33 Acres

II. Zoning

Specific Plan (4)

III. Unit Mix

2 Bedroom	32 Units	1,665 SF
3 Bedroom	158 Units	1,583 SF
4 Bedroom	42 Units	1,555 SF
Total	232 Units	1,589 SF

IV. FAR / Density

Residential	0.62 FAR
	16.87 Units/Acre
Commercial	0.20 FAR

V. Gross Building Area (GBA)

Residential	368,704	SF
Existing Commercial	2,250	SF
New Commercial	<u>7,250</u>	SF
Total Commercial	9,500	SF
 Total GBA	378,204	SF

- (1) The proposed land plan provided to the City of San Marcos assumes that 0.49 acres of Norman Strauss Road will be vacated to allow for development of the proposed Project. If the Developer is unable to acquire half of the 0.49 acres from the adjacent property owner, the Project could potentially lose approximately 10 units. A revised site plan excluding the Norman Strauss Road vacation was not provided by the Developer.
- (2) Source: City of San Marcos, January 7, 2013 (based on GIS data).
- (3) Includes 12.61 acres of light industrial to be rezoned residential, 0.34 acres of commercial to be rezoned residential, 0.31 acres of light industrial formerly "not a part" to be rezoned residential, and 0.49 acres of Norman Strauss Road to be vacated.
- (4) Development of the proposed Project would require a General Plan amendment, re-zone, boundary adjustment and Specific Plan approval.

TABLE F-2

DEVELOPMENT PROGRAM AT BUILD-OUT AND ESTIMATE OF ASSESSED VALUE
OAKCREEK PROJECT
CITY OF SAN MARCOS

		<u>Gross Building Area</u>	<u>Assumed Assessed Value/SF</u>	<u>Total Assessed Value</u>
I.	Non-Residential			
	Commercial	9,500 SF	\$200	\$1,900,000
II.	Residential			
	Product 1 - 3 stories	32 Units	1,665 SF	\$200 /SF
	Product 2 - 2 stories	158 Units	1,583 SF	\$200 /SF
	Product 3 - 2 stories	<u>42 Units</u>	<u>1,555 SF</u>	<u>\$200 /SF</u>
	Total	232 Units	1,589 SF	\$200 /SF
				\$318,000
III.	Total Assessed Valuation			\$75,641,000

TABLE F-3

PROPOSED LAND PLAN

SUMMARY OF ANNUAL RECURRING REVENUES AT BUILD-OUT⁽¹⁾
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>General Fund</u>	<u>Total</u>	<u>Percent</u>
I. CFD Special Taxes	\$205,000	44.5%
II. Property Tax	\$73,000	15.8%
III. Property Tax In-Lieu of Vehicle License Fees	\$48,000	10.4%
IV. Sales Tax	\$39,000	8.5%
V. Franchise Fees	\$42,000	9.1%
VI. Permits and Licenses	\$32,000	6.9%
VII. Fines and Forfeitures	\$18,000	3.9%
VIII. Property Transfer Tax	\$4,000	0.9%
IX. Total Annual Recurring Revenues to General Fund	\$461,000	100.0%

(1) Reflects stabilized annual revenue in constant 2013 dollars at build-out.

Prepared by: Keyser Marston Associates, Inc.

Filename i:\San_Marcos_Fiscal Impact Analysis_v5;1\16/2014\lag

TABLE F-4

ESTIMATE OF TOTAL EMPLOYEES AND POPULATION AT BUILD-OUT
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

		Employment Factor (1)		Total Employees	
		SF	SF	2.0 per 1,000 SF	19
		Dwelling Units		Vacancy Factor (2)	
		Product 1 - 3 stories	32 Units	5.0%	3.08
II.	Residential	Product 2 - 2 stories	158 Units	5.0%	3.08
		Product 3 - 2 stories	42 Units	5.0%	<u>3.08</u>
		Total/Average	232 Units	5.0%	3.08
		Persons/Unit (3)		Total Resident Population	
		Product 1 - 3 stories	32 Units	5.0%	94
		Product 2 - 2 stories	158 Units	5.0%	462
		Product 3 - 2 stories	42 Units	5.0%	<u>123</u>
		Total/Average	232 Units	5.0%	679
		III. Total Employees and Population		698	

(1) KMA assumption based on industry standard employment factors for Industrial uses.

(2) Reflects City of San Marcos Citywide vacancy rate as of January 1, 2013, California Department of Finance.

(3) Reflects City of San Marcos average household size in 2013, The Nielsen Company.

ESTIMATE OF ANNUAL RECURRING REVENUES - PROPERTY TAXES AND PROPERTY TRANSFER TAX AT BUILD-OUT
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

<u>Annual Recurring Revenues</u>	
I.	Property Tax
Estimated Value	\$75,641,000
Property Tax Levy	\$756,410
City Portion	\$73,000
Total Property Tax to City	\$73,000
II.	Property Tax in-lieu of VLF
Estimated Value	\$75,641,000
License Fee (per \$1,000 in AV growth)	\$0.6357 (1)
Total Property Tax in-lieu of VLF	\$48,000
III.	Property Transfer Tax
A. Non-Residential Property Valuation (FMV) - Commercial	\$1,900,000
Transfer Tax (per \$500)	\$0.55
Total Transfer Tax	\$2,090
City Share of Transfer Tax	\$1,045
Turnover Rate (Residential)	5.0%
Net Transfer Tax - Residential	\$100
B. Residential Property Valuation (FMV) - Residential	\$73,741,000
Transfer Tax (per \$500)	\$0.55
Total Transfer Tax	\$81,115
City Share of Transfer Tax	\$40,558
Turnover Rate (Residential)	10.0%
Net Transfer Tax - Residential	\$4,000
C. Total Property Transfer Tax	\$4,000

(1) Source: California State Controller's Office.

TABLE F-6

ESTIMATE OF CITY COMMUNITY FACILITIES DISTRICT (CFD) SPECIAL TAXES
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

		<u>Acres / SF / Units</u>	<u>Rate</u>	<u>Total</u>
I. Commercial				
98-01 IA#1	Police	1.11	\$1,141.50	\$1,000
2001-01	Fire	1.11	\$1,055.21	\$1,000
98-02	Lighting & Landscaping	1.11	\$979.07	\$1,000
2011-01	Construction Management	9,500	\$0.33	\$3,000
Total				\$6,000
II. Residential				
98-01 IA#1	Police	232	\$163.07	\$38,000
2001-01	Fire	232	\$150.74	\$35,000
98-02	Lighting & Landscaping	232	\$228.31	\$53,000
2011-01	Construction Management	232	\$313.66	\$73,000
Total				\$199,000
III. Total CFD Special Taxes				\$205,000

Source: City of San Marcos

TABLE F-7

ESTIMATE OF ANNUAL RECURRING REVENUES - SALES AND USE TAX

OAKCREEK PROJECT

CITY OF SAN MARCOS

I. Commercial

Commercial		9,500
Vacancy	10.0%	8,550
Taxable Sales/SF		\$250
Total Taxable Sales		\$2,137,500
City Portion of Sales Tax	0.75% (1)	\$16,000

II. Employees

Total Employees		19
Employee Spending		\$10 /Day
Work Days Per Year (2)		250
Average Taxable Expenditure		\$48,000
Taxable Sales Captured in City		50%
City Portion of Sales Tax	0.75% (1)	\$200

III.

Total Sales Tax	\$16,000
------------------------	-----------------

(1) Source: City of San Marcos.

(2) Assumes 260 work days per year less 10 legal bank holidays.

PROPOSED LAND PLAN

TABLE F-8

ESTIMATE OF ANNUAL RECURRING REVENUES - INDIRECT SALES AND USE TAX
OAKCREEK PROJECT
CITY OF SAN MARCOS

I. Number of Households			
Total Number of Residential Units	232	Occupancy Rate	95.0%
Total Number of Full-Time Equivalent Households		220 Households	
II. Required Annual Income			
Average Value		\$318,000	
Minimum Annual Income Required (Rounded) (2)		\$105,000	
III. Aggregate Annual Household Income		\$23,100,000	
IV. Annual Spending by Households		Allocation of Household Income to Taxable Spending (3)	
A. General Merchandise		Estimated Annual Taxable Spending	
Other Comparison Goods (4)		\$1,155,000	
Eating and Drinking		\$1,386,000	
Convenience Goods (5)		\$1,155,000	
Auto Dealers and Supplies		\$924,000	
Home Improvement		\$924,000	
B. Total Spending		\$6,237,000	
C. Spending Captured Inside of City		\$3,118,500	
City Portion of Sales Tax @ (6)		\$23,000	
D. Total Sales Tax - Indirect - Household Spending		\$23,000	

(1) Reflects average value (weighted) for all units.

(2) Reflects income required to afford a home priced at \$318,000. Assumes 10.0% down payment and maximum income allocation of 35.0% toward housing costs, i.e., mortgage, principal, and interest (\$1,716 loan for 30 years at 6.0% interest); taxes (1.0% of value); CFD assessments (\$884 per unit).

(3) KMA assumption, based on review of spending ratios in Southern California counties.

(4) Reflects apparel stores, home furnishings and appliances, and specialty goods.

(5) Reflects grocery and drug stores.

(6) Source: City of San Marcos.

TABLE F-9

ESTIMATE OF ANNUAL RECURRING REVENUES - OTHER REVENUES
 OAKCREEK PROJECT
 CITY OF SAN MARCOS

Demographic Profile:	Total Population	Total Employment	Total Population/ Jobs	Total Resident Equivalents (2)
City of San Marcos (1)	87,930	32,640	120,570	98,701
Proposed Project	679	19	698	685
				Amount Per Resident or Resident Equivalent
				New Residents/ Resident Equivalents
	City FY 2012-2013 Budget (3)	Service Population		Total Revenues
I. Franchise Fees	\$6,063,977	RE	\$61.44	685 \$42,000
II. Licenses & Permits	\$4,553,000	RE	\$46.13	685 \$32,000
III. Fines and Forfeitures	\$2,661,436	RE	\$26.96	685 \$18,000
IV. Total Other Revenues				\$92,000

Legend:

RE - Resident Equivalent
 P - Population

(1) Source: The Nielsen Company.
 (2) KMA assumption. Assumes that approximately three employees have the same impact as one resident.
 (3) Source: City of San Marcos, Adopted Budget, Fiscal Year 2014/15.

TABLE F-10

SUMMARY OF ANNUAL RECURRING EXPENSES (1) (2)
OAKCREEK PROJECT
CITY OF SAN MARCOS

	<u>Total</u>	<u>Per Unit</u>	<u>Percent</u>
I. Public Safety	\$199,000	\$858	51.7%
II. General Government	\$82,000	\$353	21.3%
III. Public Works	\$80,000	\$345	20.8%
IV. Development Services	\$15,000	\$65	3.9%
V. Culture and Recreation	\$5,000	\$22	1.3%
VI. Other Financing Uses	\$4,000	<u>\$17</u>	<u>1.0%</u>
VII. Grand Total Annual Recurring Expenses	\$385,000	\$1,659	100.0%

(1) Reflects stabilized annual expenses in constant 2013 dollars at build-out.

(2) Excludes capital improvement costs.

TABLE F-11

ESTIMATE OF ANNUAL RECURRING EXPENSES
OAKCREEK PROJECT
CITY OF SAN MARCOS

Demographic Profile:	Total Population	Total Employment	Total Population/ Jobs	Total Resident Equivalents (2)
City of San Marcos	87,930 (1)	32,640 (1)	120,570	98,701
Proposed Project	679	19	698	685

	City FY 2014-2015 Budget (3)	Service Population	Population Type	Amount Per Resident or Resident Equivalent	New Residents/ Resident Equivalent	Total Expenses
I. General Government	\$11,877,000	RE	98,701	\$120.33	685	\$82,000
II. Public Works	\$11,502,000	RE	98,701	\$116.53	685	\$80,000
III. Development Services	\$2,201,000	RE	98,701	\$22.30	685	\$15,000
IV. Public Safety	\$28,718,193	RE	98,701	\$290.96	685	\$199,000
V. Culture and Recreation	\$667,000	P	87,930	\$7.59	679	\$5,000
VI. Other Financing Uses	\$572,000	RE	98,701	\$5.80	685	\$4,000
VII. Total Annual Expenses						\$385,000

Legend:
RE - Resident Equivalent
P - Population

(1) Source: The Nielsen Company.
 (2) KMA assumption. Assumes that approximately three employees have the same impact as one resident.
 (3) Source: City of San Marcos, Adopted Budget, Fiscal Year 2014/15.

TABLE F-12

ESTIMATE OF STABILIZED FISCAL IMPACT (1)(2)
OAKCREEK PROJECT
CITY OF SAN MARCOS

<u>City of San Marcos - General Fund</u>	<u>Totals</u>	<u>Percent</u>
I. Annual Recurring Revenues		
CFD Special Taxes	\$205,000	44.5%
Property Tax	\$73,000	15.8%
Property Tax In-Lieu of Vehicle License Fees	\$48,000	10.4%
Sales Tax	\$39,000	8.5%
Franchise Fees	\$42,000	9.1%
Permits and Licenses	\$32,000	6.9%
Fines and Forfeitures	\$18,000	3.9%
Property Transfer Tax	<u>\$4,000</u>	<u>0.9%</u>
Total Annual Revenues	\$461,000	100.0%
II. Annual Recurring Expenses		
Public Safety	\$199,000	51.7%
General Government	\$82,000	21.3%
Public Works	\$80,000	20.8%
Development Services	\$15,000	3.9%
Culture and Recreation	\$5,000	1.3%
Other Financing Uses	<u>\$4,000</u>	<u>1.0%</u>
Total Annual Expenses	\$385,000	100.0%
III. Annual Recurring Surplus/(Deficit)	\$76,000	

(1) Reflects stabilized annual revenues and expenses in constant 2013 dollars at build-out.

(2) Excludes capital improvement costs.