

FISCAL AND ECONOMIC
IMPACT STUDY

MILLCREEK PROMENADE
MENIFEE, CALIFORNIA

NOVEMBER 23, 2016

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach
Riverside
San Francisco
San Jose
Dallas
Houston

FISCAL AND ECONOMIC IMPACT STUDY

MILLCREEK PROMENADE MENIFEE, CALIFORNIA

Prepared For

Mike Naggar and Associates
445 S D St.
Perris, California 92570

Prepared By

David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, California 92660

TABLE OF CONTENTS

SECTION	PAGE
EXECUTIVE SUMMARY.....	I
SECTION 1. INTRODUCTION	1
SECTION 2. DESCRIPTION OF RECURRING FISCAL REVENUES AND COSTS	5
SECTION 3. FISCAL IMPACTS	15
SECTION 4. ECONOMIC IMPACTS	18

APPENDICES

Appendix A:	Fiscal Impact Model
Appendix B:	Economic Impact Model
Appendix C:	Site Plan – Millcreek Promenade

EXECUTIVE SUMMARY

I. PURPOSE OF STUDY

The objective of this Fiscal and Economic Impact Study (the “Study”) is to analyze the fiscal impacts of the proposed development of the Millcreek Promenade (the “Project”) on the City of Menifee (“City”), as well as the economic impacts of the Project on both the City of Menifee and the County of Riverside (“County”). The Study analyzes the recurring fiscal impacts of the Project’s development on the City General Fund, and also identifies the general economic impacts on the City in terms of employment, gross receipts, and earnings creation for City residents and workers. Furthermore, the study offers preliminary calculations for the Community Facilities District (“CFD”) that will be utilized to complement and fully offset the Project’s fiscal impacts on the City.

II. TYPES OF IMPACTS TO CITY OF MENIFEE EVALUATED IN THE STUDY

A. FISCAL IMPACTS ON CITY OF MENIFEE GENERAL FUND

The purpose of the fiscal analysis component of this Study is to estimate the net fiscal impacts of the Project’s proposed development and construction on the City General Fund. The fiscal impacts identified in this Study include recurring municipal revenues and costs to the City General Fund that result from the land use scenario analyzed. City General Fund revenues are generated from a variety of revenue 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, public works maintenance, and general government services.

B. ECONOMIC IMPACTS ON CITY OF MENIFEE

The Study also identifies the general economic impacts on the City that would occur and quantifies these impacts wherever possible. General economic impacts include additions to the City’s employment (number of average annual full & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries, and benefits). The Study also distinguishes between one-time impacts and recurring impacts. One-time impacts include benefits to the City that occur on a non-recurring basis as a result of construction activity, while recurring impacts refer to benefits that occur on a continuing basis, year after year. As economic impacts tend to be regional in scope, David Taussig and Associates, Inc. (“DTA”) has also included the economic impacts on the County as a whole in this analysis.

III. DESCRIPTION OF THE MILLCREEK PROMENADE PROJECT

The Millcreek Promenade (the “Project”) proposes a maximum of 1,304,318 square feet of mixed residential and commercial uses. The Project will include buildings that will range in size from approximately 5,000 square feet to approximately 35,000 square feet for a variety of tenants, including, but not limited to, residential, retail, industrial, office, restaurant, and similar tenant types. The Project site is located within the designated Economic Development Corridor (EDC) of

the City, approximately half a mile west of Interstate 215, approximately two miles southwest of the Menifee Countryside Marketplace, and approximately one mile southeast of Paloma Valley High School. Please refer to **Appendix C** for further information regarding the location of the Project.

IV. CONCLUSIONS OF ANALYSIS RELATED TO PROJECT

Following are the major conclusions related to the fiscal and economic impacts of the Project:

A. FISCAL IMPACTS

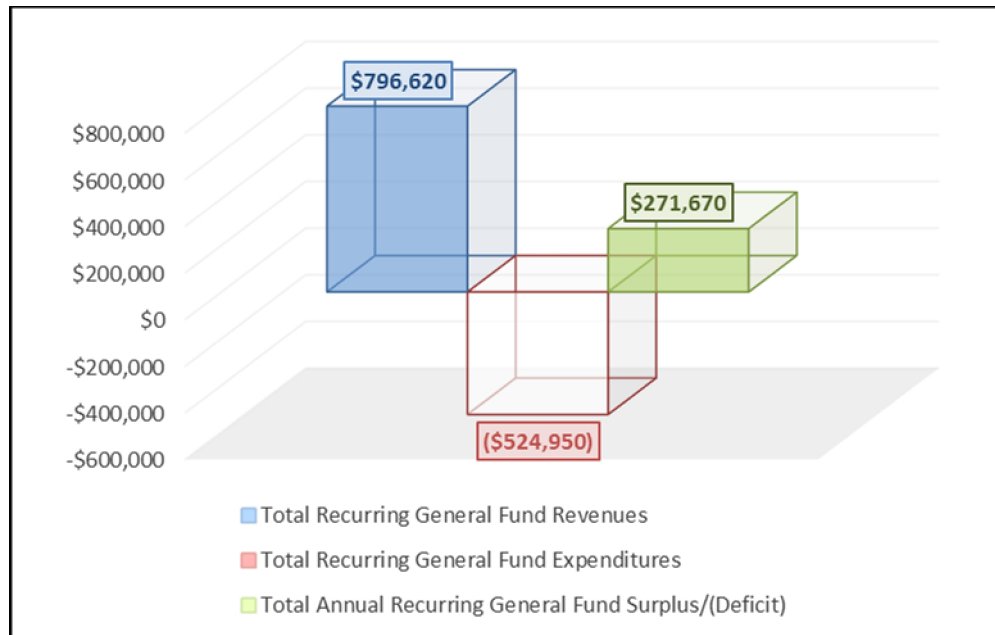
As reflected in **Table A** and **Figure A** below, the positive Net Fiscal Impact is estimated to be \$271,670 annually, based on \$796,620 in fiscal revenues and \$524,950 in fiscal costs. The fiscal surplus results primarily from a proposed services CFD (27.1%), direct sales tax (20.6%), and secured property tax (15.5%), respectively. Together, these constitute approximately 63.2% of total recurring revenues to the City General Fund.

The Annual Revenue/Cost Ratio of 1.52 is especially impressive, and demonstrates, inter alia, that the Project will have a very positive impact on the City's General Fund.

TABLE A
NET FISCAL IMPACT (CITY GENERAL FUND)

Category	Amount
Total Recurring General Fund Revenues	\$796,620
Total Recurring General Fund Expenditures	(\$524,950)
Total Annual Recurring General Fund Surplus/(Deficit)	\$271,670
<i>Total Annual Revenue/Expenditure Ratio</i>	1.52
<i>Total Fiscal Surplus/(Deficit) per Unit</i>	\$462.02

FIGURE A
NET FISCAL IMPACT (CITY GENERAL FUND)



B. ECONOMIC IMPACTS

As noted previously, the economic impacts of the Project that are analyzed within the Study are (1) Permanent Employment – direct-on-site and indirect/induced (which supplies or supports direct employment); (2) Permanent Output (Gross Receipts) – total direct output *plus* output produced by suppliers and employee spending; and (3) One-Time Construction Impacts. As reflected in **Tables B** and **C** below, the City's Permanent Employees and Permanent Gross Receipts, as well as its One-Time Construction Employees, Gross Receipts, and Gross Earnings are all substantially higher following Project development.

1. PERMANENT (RECURRING) EMPLOYMENT, WAGES, AND GROSS RECEIPTS

TABLE B
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impacts	Direct	Indirect/Induced	Total
<u>Job Creation</u>			
Countywide	310	121	431
Citywide	310	61	371
<u>Total Output</u>			
Countywide	\$18,152,869	\$10,558,318	\$28,711,188
Citywide	\$18,152,869	\$5,279,159	\$23,432,029

2. CONSTRUCTION (ONE-TIME) EMPLOYMENT, WAGES, AND GROSS RECEIPTS

TABLE C
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impacts	Direct	Indirect/Induced	Total
<u>Construction Jobs</u>			
Countywide	889	555	1,444
Citywide	889	277	1,167
<u>Construction Output</u>			
Countywide	\$118,549,625	\$57,654,529	\$176,204,154
Citywide	\$118,549,625	\$28,827,265	\$147,376,890

SECTION 1 INTRODUCTION

David Taussig and Associates, Inc. (“DTA”) has been engaged by Mike Naggar and Associates (“Project Proponent”) to prepare a Fiscal and Economic Impact Study (the “Study”) that evaluates the likely fiscal and economic impacts of the proposed development and construction of the Millcreek Promenade (the “Project”) on the City of Menifee (the “City”). The impact of the Project on the City’s General Fund was thoroughly analyzed, although City enterprise and special funds were not explicitly considered within the Study.

I. SCOPE AND METHODOLOGY

A. RECURRING FISCAL IMPACTS

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. For purposes of this Study, it has been assumed 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 General Fund.

As previously mentioned, the fiscal impacts projected for the Study are based generally on the *Multiplier Methodology*. The primary *Multiplier Methodology* used to project the fiscal impacts in this Study was 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 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/costs per Persons Served, utilizing the fiscal year 2015-2016 City budget, and applying these revenue/cost factors to the specific number of Persons Served projected for the Project.

DTA also used a *Per Employee Methodology* in the Study to project recurring fiscal factors based on employment only, such as business license tax revenues. Similar to the Persons Served Methodology discussed above, the Per Employee Methodology involves calculating the *average City-wide* revenues/costs per employee, utilizing the fiscal year 2015-2016 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 a particular land use, 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) 2016 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.

B. GENERAL ECONOMIC IMPACTS

The Study also identifies the general economic impacts on the City that would occur due to the Project, and quantifies these impacts wherever possible. General economic impacts include additions to the City's employment (number of average annual full- & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries, and benefits). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year.

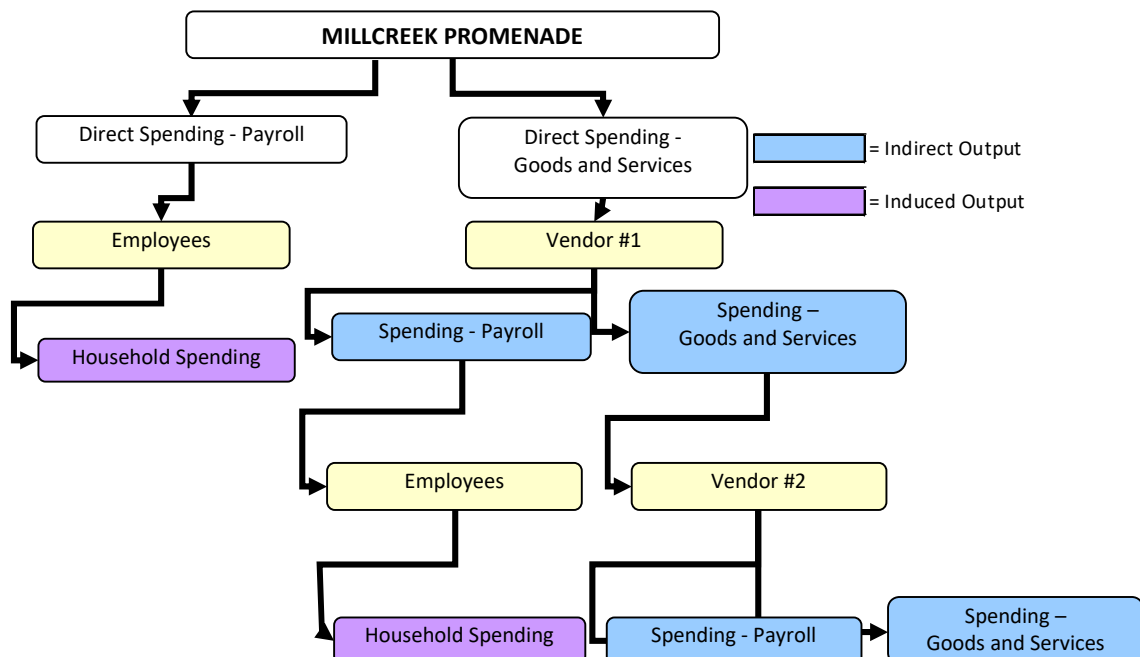
In evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs, earnings, and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts, and can occur elsewhere within the City. The **indirect** impacts represent the economic activity – buying and selling of goods and services – of suppliers to the land use types analyzed. In this Study, suppliers to the Project consist primarily of maintenance and repair professionals, utilities' providers, wholesale trade companies, and business support services. Furthermore, the suppliers representing the indirect one-time impacts are mainly heavy industrial and construction suppliers for the actual development of buildings and facilities. The **induced** impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in this Study. Indirect and induced impacts can occur throughout all industries of the economy, and have been categorized using the North American Industry Classification System ("NAICS"). Adopted by the Office of Management and Budget ("OMB") in 1997 to replace the Standard Industrial Classification System ("SIC"), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a six-digit coding system to classify all economic activity into twenty (20) broad sectors, five (5) of which are mainly goods-producing sectors and fifteen (15) of which are services-producing sectors. This six-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include Construction and Transportation/Warehousing, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under the analysis.

(i) **IMPLAN MULTIPLIER METHOD**

Although most economists agree that indirect and induced, or “multiplier” effects exist, most economists also agree that such effects are difficult to measure. Patterns on spending and employment among suppliers and employee households often vary over time and from one region to another. Nevertheless, there are certain input-output models that can be used to estimate indirect and induced effects.

In quantifying the indirect and induced economic impacts for the Study, DTA utilized the Impact Analysis for Planning (“IMPLAN”) Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the “multiplier effect” of a firm’s spending on payroll and the purchasing of goods and services. Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e. the Project) is allocated across the producing industries from which it buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation. Please refer to **Table 1** for a diagram of the multiplier effect.

TABLE 1
EXAMPLE OF THE MULTIPLIER EFFECT (INDIRECT AND INDUCED OUTPUT)



The multiplier factors available to determine indirect/induced impacts are intended to reflect impacts for entire areas within a county. Therefore, the indirect/induced impacts identified in this Study to occur within the City boundaries are based on assumptions established by DTA and are subject to change. Please refer to **Appendix B** for further information.

II. LIMITATIONS

A. ACCURACY OF INFORMATION

The fiscal and economic models in the Study contain an analysis of revenues, costs, and impacts to the City resulting from the Project. These models are based on both (i) information provided to DTA by Project Proponent staff and (ii) certain DTA assumptions taken from DTA's municipal cost database, as compiled by DTA from previous fiscal impact studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. 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 report 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 this report 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 these 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 General Fund and the methodology and assumptions utilized in the Study to project these impacts. Detailed numerical analyses of the revenue and cost impacts subsequently 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 conservatively projected based on the City’s estimated share of the general 1% property tax levy. Total secured property tax revenues received by the City from the land uses will equal approximately 6.29% of the basic 1% property tax levy from the Tax Rate Areas (“TRAs”) encompassing the Project. Please note that the gross tax increment, as calculated by the Riverside County (the “County”) Auditor-Controller, has been reduced to account for the projected Education Revenue Augmentation Fund (“ERAF”) property tax shifts. Please refer to **Table 2A** below and **Exhibit 4** of **Appendix A** for details regarding the secured and unsecured property tax assumptions utilized in the fiscal impact analysis. As the Project is currently within City limits, an annexation scenario has not been evaluated.

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% of the secured value for non-residential land uses.

B. PROPERTY TRANSFER TAX

Per California Revenue & Taxation Code §11901, et seq. and the Riverside Municipal Code §4.08.020, sales of real property are taxed by the County at a rate of \$0.55 per \$500 of property value, whereas 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, 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 FEES

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 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 taxes 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. Property tax in-lieu of VLF revenues constitute an addition to other property tax apportionments and were calculated for purposes of this Study at \$0.00 per \$1,000 increase in assessed valuation on a City-wide basis. Please refer to **Table 2A** below and **Exhibit 4** of **Appendix A** for details regarding the property tax assumptions utilized in the fiscal impact analysis.

D. MOTOR VEHICLE LICENSE FEES

(I). BACKGROUND

Prior to June 1, 2004, the Motor 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 earlier, 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 annual increase in assessed value within each respective jurisdiction (see above).

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

As a 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 fiscal year (“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.

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

SB89 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 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 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 the 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 came back to cities, earmarked for police services. But these funds were likely 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.

TABLE 2A – PROPERTY TAX ASSUMPTIONS

Property Tax Assumptions	
<u>Property Tax</u>	
Retail – Valuation per Square Foot	\$182.00
Office – Valuation per Square Foot	\$182.00
Industrial – Valuation per Square Foot	\$98.00
Secured Property Tax – Net Apportionment Factor to the City of Menifee as a Fraction of 1.0% Property Tax Rate (Net of ERAF)	6.29%
Unsecured Property Tax – Unsecured Taxes as a % of Secured Property Value	10.00%
<u>Property Transfer Tax</u>	
Residential Property Turnover Rate	10.00%
Non-Residential Property Turnover Rate	5.00%
Transfer Tax as a % of Price	0.11%
Property Transfer Tax Passed Through to City	50.00%
<u>Property Tax In-Lieu of VLF</u>	
City of Menifee – Total Assessed Value (FY 2015-2016)	\$7,781,658,577
City of Menifee – VLF Prop. Taxes In-Lieu (FY 2015-2016)	NA
VLF Property Tax In-Lieu per \$1,000 Assessed Value	NA

E. PROPOSED SERVICES CFD

A services-oriented CFD is an appropriate vehicle to provide park, landscape, street lighting, and other maintenance services for the Project; and, in turn, to complement or offset any fiscal shortfall arising from the development of the Project site. Under a CFD, the City would not be burdened with the legal onus of defending its apportionment of assessments based on levels of benefit, since a CFD levies a “special tax” that is not required to meet stringent nexus requirements. Furthermore, unlike an assessment financing program, a CFD also (i) can adapt its special taxes to changes in land uses as the Project builds out, (ii) can levy higher levels of special taxes on developed parcels versus undeveloped parcels, and (iii) is not required to assess public properties in cases where they receive special benefit. Please refer to **Table 2B** below for assumptions used in the proposed CFD services tax.

TABLE 2B – PROPOSED CFD SERVICES TAX ASSUMPTIONS

Residential Land Uses	CFD Service Tax Per Unit
Townhomes	\$500
Apartments	\$300
Total CFD Services Tax	\$215,600

F. SALES AND USE TAXES

Direct sales tax revenues are generated by retail sales from businesses within City limits, with 1% of taxable sales receipts passed through to the City. **Exhibit 5** of **Appendix A** reflects taxable sales receipts per square foot for each on-site non-residential land use type, based on data from the *International Council of Shopping Centers’ Office Worker Retail Spending in a Digital Age*.

Indirect sales tax revenues, as summarized in **Exhibit 5** of **Appendix A**, are generated by the purchases made by the Project’s employees within the City. Based on studies outlined in the *International Council of Shopping Centers’ Office Worker Retail Spending in a Digital Age*, DTA assumed that each on-site employee spends nearly \$5,459 annually within the City.

TABLE 2C – SALES TAX ASSUMPTIONS

Sales Tax Assumptions	
% Taxable Value Passed Through to City of Menifee	1.00%
Local Employee Spending (Annual)	\$5,459
Retail Taxable Sales per Sq. Ft.	\$225
<i>Capture Rate of Employee Spending (within City of Menifee)</i>	50%
<i>Displaced Existing Taxable Sales (within City of Menifee)</i>	25%

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 \$790,690 by the Local Agency Investment Fund (“LAIF”) investment fund rate of return of 1.50% by the LAIF Percentage of Earnings Cost factor of 50%. This calculation results in estimated Investment Income (less Earnings Cost) of \$5,930 (which when added to \$790,690 equals \$796,620). 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 6** of **Appendix A** for details regarding the investment income assumptions utilized in the fiscal impact analysis.

TABLE 2D – INVESTMENT INCOME ASSUMPTIONS

Investment Income Assumptions	
Investment Period for Recurring Non-Interest General Fund Revenues	12 Months
Local Agency Investment Fund (LAIF) Rate of Return	1.50%
Local Agency Investment Fund (LAIF) Percentage of Earnings	50%
Projected Recurring General Fund Revenues Available for Investment	\$790,690

MULTIPLIER METHOD:

H. TAX REVENUES

Tax Revenues primarily include transient occupancy taxes generated directly and indirectly by the Project through business operations. These revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of \$1.83 per Persons Served.

I. BUSINESS LICENSES

The City of Menifee requires a Business License to operate any business in the City. Importantly, Business License revenues to the City General Fund are anticipated to grow due to employment growth only. Therefore, Business Licenses revenues were projected at \$7.81 per Employee using the *Per Employee Multiplier Method*.

J. BUILDING, PLANNING, AND ENGINEERING FEES

Building, Planning, and Engineering Fees are based on the City's collection of fees for issuing various types of permits, e.g., building, issuance, transportation, etc. These revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of \$39.31 per Persons Served. Please note that this revenue multiplier has been reduced by 25% to account for only the portion of license and permit revenues that are expected to be variable with employee growth in the City.

K. FRANCHISES FEES

Franchise Taxes, including Cable TV, Sewer, etc., were forecasted at \$36.69 per Persons Served using the *Per Capita-Employee Multiplier Method*.

L. INTERGOVERNMENTAL REVENUES

Intergovernmental Revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of \$10.71 per Persons Served.

M. RECREATION PROGRAM FEES

The fees used to fund community recreation programs were projected at \$2.24 per Persons Served, based on the *Per Capita-Employee Multiplier Method*.

N. FINES AND FEES

This revenue category represents fines, forfeitures, and penalties collected by the City for various infractions, including Vehicle, Code, and certain Parking Fines. Fines and Fees were forecasted at \$5.74 per Persons Served using the *Per Capita-Employee Multiplier Method*.

O. TRANSFERS IN

Transfers-In were projected at \$3.84 per Persons Served utilizing the *Per Capita-Employee Multiplier Method*, and have been reduced by 25% to account for only the portion of such revenues that are expected to be variable with population and employee growth in the City.

P. OTHER/MISCELLANEOUS REVENUE

Other Revenues, including Miscellaneous Revenues, Donations, and Various Cost Reimbursements, were projected at \$9.84 per Persons Served utilizing the *Per Capita-Employee Multiplier Method*. Please note that this revenue multiplier has been reduced by 25% to account for only the portion of Other/Miscellaneous Revenues that are expected to be variable with employee growth in the City.

TABLE 2E – OTHER GENERAL FUND REVENUES (MULTIPLIER METHOD)

Category	Amount	Methodology
Tax Revenues	\$1.83	Persons Served
Business Licenses	\$7.81	Per Employee
Building/Planning/Engineering Fees	\$39.31	Persons Served plus 25% Discount
Franchise Fees	\$36.69	Persons Served
Intergovernmental	\$10.71	Persons Served
Recreation Program Fees	\$2.24	Persons Served
Fines and Fees	\$5.74	Persons Served
Transfers In	\$3.84	Persons Served plus 25% Discount
Other / Miscellaneous	\$9.84	Persons Served plus 25% Discount

Please refer to **Exhibit 8** of **Appendix A** for more details on the revenue multipliers utilized in the Study.

II. ANALYSIS OF RECURRING COSTS

CASE STUDY METHOD:

A. INFRASTRUCTURE AND PARKS MAINTENANCE

The Project will likely require the construction of new infrastructure to be ultimately owned by the City and maintained by the City's General Fund. Possible public infrastructure improvements include roadways, streetlights, signalized intersections, landscaped parkways and medians, trails, basins, and storm drains. Typically, a subset of public infrastructure improvements is maintained by other City Funds, i.e., Community Services District funding, Enterprise Funds, Special Funds, etc., but not the General Fund.

B. GENERAL GOVERNMENT COSTS

General Government costs are projected at a marginal rate of 5.54% of the City General Fund recurring costs, based on the assumption that the FY 2015-2016 General Government expenditures, equaling \$2.96 million, will remain at the same relative proportion of the FY 2015-2016 City General Fund non-governmental expenditures of approximately \$29.7 million in future years. The current percentage of General Government expenditures to City General Fund non-governmental expenditures is approximately 11.09%; however, these General Government costs are not expected to increase on a one-for-one basis as a result of the land use development depicted in this Study. Therefore, this Study assumes that General Government costs increase at an estimated marginal rate of 50%, or 5.54%, of the existing General Government cost overhead rate. This approach results in annual General Government costs of \$27,579.

MULTIPLIER METHOD:

C. COMMUNITY DEVELOPMENT

Community Development costs were forecasted at \$9.66 per Persons Served using the *Per Capita-Employee-Multiplier Method*. Please note that this cost multiplier has been reduced by 25% to account for only the portion of Community Development costs that are expected to be variable with employee growth in the City.

D. PUBLIC WORKS

Public Works costs were forecasted at \$21.47 per Persons Served using the *Per Capita-Employee-Multiplier Method*. Please note that this cost multiplier has been reduced by 25% to account for only the portion of Public Works costs that are expected to be variable with employee growth in the City.

E. POLICE PROTECTION

Police services include those costs associated with Law Enforcement and Patrol Operations, Administration, Support, and Code Enforcement. Police Services costs are forecasted at \$113.37 per Persons Served using the *Per Capita-Employee Multiplier Method*.

F. FIRE SERVICES

Fire services are forecasted at \$86.78 per Persons Served using the *Per Capita-Employee Multiplier Method*.

G. BUILDING AND SAFETY

Building and Safety costs are forecasted at \$10.38 per Persons Served using the *Per Capita-Employee Multiplier Method*.

H. CODE ENFORCEMENT

Code Enforcement costs are forecasted at \$5.79 per Persons Served using the *Per Capita-Employee Multiplier Method*.

I. ANIMAL CONTROL

Animal Control services are forecasted at \$4.73 per Persons Served using the *Per Capita-Employee Multiplier Method*.

J. NON-DEPARTMENTAL

Non-Departmental costs were forecasted at \$8.12 per Persons Served based on the Per Capita-Employee Multiplier Method. Please note that this cost multiplier has been reduced by 25% to account for only the portion of Non-Departmental costs that are expected to be variable with employee growth in the City.

K. COMMUNITY SERVICES

The main services provided by this department are cultural, sporting, and education events. Community Services costs are forecasted at \$5.62 per Persons Served using the *Per Capita-Employee Multiplier Method*. Please note that this cost multiplier has been reduced by 25% to account for only the portion of Community Services costs that are expected to be variable with employee growth in the City.

L. EMERGENCY SERVICES

Emergency services are forecasted at \$0.11 per Persons Served using the *Per Capita-Employee Multiplier Method*.

TABLE 2F – OTHER GENERAL FUND COSTS (MULTIPLIER METHOD)

Category	Amount	Methodology
Community Development	\$9.66	Persons Served plus 25% Discount
Public Works	\$21.47	Persons Served plus 25% Discount
Police	\$113.37	Persons Served
Fire	\$86.78	Persons Served
Building & Safety	\$10.38	Persons Served
Code Enforcement	\$5.79	Persons Served
Animal Control	\$4.73	Persons Served
Non Departmental	\$8.12	Persons Served plus 25% Discount
Community Services	\$5.62	Persons Served plus 25% Discount
Emergency Services	\$0.11	Persons Served

Please refer to **Exhibit 9** of **Appendix A** for more details on the expenditure multipliers utilized in the Study.

SECTION 3 FISCAL IMPACTS

I. TOTAL RECURRING REVENUES: CITY OF MENIFEE

Total recurring revenues to the City equal approximately \$796,620 per year. As illustrated in **Table 3A** below, the largest percentage of revenue is attributed to Proposed Services CFD special tax revenues (27.06%) and secured property tax revenues (15.51%), together constituting approximately 42.57% of total recurring revenues to the City General Fund. **Exhibits 1 and 4-8 of Appendix A** provide additional details about all recurring revenues and the assumptions used in their derivation.

TABLE 3A
RECURRING FISCAL REVENUES (CITY GENERAL FUND)

Recurring Fund Revenues	Amount	% of Total
Proposed Services CFD	\$215,600	27.06%
Direct Sales Tax	\$164,307	20.63%
Secured Property Tax	\$123,595	15.51%
Building/Planning/Engineering Fees	\$73,494	9.23%
Franchise Fees	\$68,596	8.61%
Indirect Sales Tax	\$64,122	8.05%
Intergovernmental	\$20,023	2.51%
Miscellaneous Fees	\$18,397	2.31%
Fines and Fees	\$10,732	1.35%
Property Transfer Tax	\$10,179	1.28%
Transfer In	\$7,179	0.90%
Investment Income	\$5,930	0.74%
Unsecured Property Tax	\$4,438	0.56%
Recreation Program Fees	\$4,188	0.53%
Indirect Sales Tax	\$3,421	0.43%
Tax Revenue	\$2,419	0.30%
Property Tax In-Lieu of Vehicle License Fee	\$0	0.00%
Motor Vehicle Licensing Fees	\$0	0.00%
Total Recurring General Fund Revenues	\$796,620	100.0%

*Numbers may not sum due to rounding

II. TOTAL RECURRING SERVICES COSTS: CITY OF MENIFEE

As illustrated in **Table 3B** below, total annual recurring costs to the City are estimated at \$524,950 per year. A majority of the costs are estimated to result from police and fire services. **Exhibits 2 and 9-10 of Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.

TABLE 3B
RECURRING FISCAL COSTS (CITY GENERAL FUND)

Recurring Fund Expenditures	Amount	% of Total
Police	\$211,957	40.38%
Fire	\$162,245	30.91%
Public Works	\$40,140	7.65%
General Government	\$27,579	5.25%
Building & Safety	\$19,407	3.70%
Community Development	\$18,060	3.44%
Non Departmental	\$15,181	2.89%
Code Enforcement	\$10,825	2.06%
Community Services	\$10,507	2.00%
Animal Control	\$8,843	1.68%
Emergency Services	\$206	0.04%
Infrastructure Maintenance	TBD	TBD
Total Recurring General Fund Expenditures	\$524,950	100.0%

**Numbers may not sum due to rounding*

III. OVERALL NET FISCAL IMPACT TO THE CITY OF MENIFEE

As shown in **Table 3C** below, the overall fiscal impact to the City as a result of revenues generated by the Project is a recurring annual fiscal surplus of \$271,670 annually, based on \$796,620 in fiscal revenues and \$524,950 in fiscal costs. Annual revenues are projected to equal 1.52 times the associated City General Fund costs. A summary of the overall fiscal impacts to the City is provided in **Exhibit 11** of **Appendix A**.

TABLE 3C
NET FISCAL IMPACT (CITY GENERAL FUND)

Category	Amount
Total Recurring General Fund Revenues	\$796,620
Total Recurring General Fund Expenditures	(\$524,950)
Total Annual Recurring General Fund Surplus/(Deficit)	\$271,670
Total Annual Revenue/Expenditure Ratio	1.52
Total Fiscal Surplus/(Deficit) per Unit	\$462.02

SECTION 4 ECONOMIC IMPACTS

The Study also identifies the general economic impacts on the City that would occur due to the Project, and quantifies these impacts wherever possible. General economic impacts include additions to the City's employment (number of average annual full- & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries, and benefits). The Study also distinguishes between one-time economic impacts and recurring economic impacts. One-time impacts include benefits to the community that occur on a non-recurring time basis as a result of construction and development activity, while recurring/permanent impacts refer to benefits that occur on a continuing basis, year after year.

I. RECURRING ECONOMIC IMPACTS

A. ASSUMPTIONS

In evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs, earnings, and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts, and can occur elsewhere within the City. The **indirect** impacts represent the economic activity – buying and selling of goods and services – of suppliers to the land use types analyzed. In this Study, suppliers to the Project consist primarily of maintenance and repair professionals, utilities' providers, wholesale trade companies, and business support services. Furthermore, the suppliers representing the indirect one-time impacts are mainly heavy industrial and construction suppliers for the actual development of buildings and facilities. The **induced** impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in this Study. Indirect and induced impacts can occur throughout all industries of the economy, and have been categorized using the North American Industry Classification System ("NAICS"). Adopted by the Office of Management and Budget ("OMB") in 1997 to replace the Standard Industrial Classification System ("SIC"), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a six-digit coding system to classify all economic activity into twenty (20) broad sectors, five (5) of which are mainly goods-producing sectors and fifteen (15) of which are services-producing sectors. This six-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include Construction and Transportation/Warehousing, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under the analysis.

Based on land use information provided by the Project Proponent and Pacific Coast Land Consultants, the Project includes a maximum of 1,304,318 square feet of mixed residential and commercial uses. The Project will include buildings that will range in size from approximately 5,000 square feet to approximately 35,000 square feet for a variety of

tenants, including, but not limited to, residential, retail, industrial, office, restaurant, and similar tenant types. Other assumptions used to analyze the economic impact of the Project are summarized in **Table 4A** below.

**TABLE 4A
ASSUMPTIONS**

Assumptions	
Land Use Assumptions	<i>Units or Sq. Ft.</i>
Residential	588 Units
Retail	97,637 Sq. Ft
Other Non-Residential	43,000 Sq. Ft
Employment Assumptions	<i>per 1,000 Sq. FT</i>
Retail	2.50
Office	3.33
Industrial	1.00
Median Household Income	\$63,394

B. JOB CREATION & EMPLOYEE WAGES

Development will contribute to the creation of new jobs in the City and County. As shown below in **Table 4B**, development of the Project is projected to generate approximately 310 estimated new on-site jobs within the City. 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 these projections stated throughout the Study.

In addition to these employment opportunities, DTA estimates that the Project will generate new off-site jobs in all industries of the economy, which constitute the indirect/induced employment impacts of the Project. One-hundred twenty-one (121) indirect/induced jobs are expected to be created in the County, of which 61 are projected to be within the City, as a result of the development of the Project.

This estimate was derived utilizing the Impact Analysis for Planning (“IMPLAN”) Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the “multiplier effect” of a firm’s spending on payroll and the purchasing of goods and services. Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. Unlike similar econometric models, e.g., the Regional Input-Output Modeling System (“RIMS II”), IMPLAN is the industry standard. RIMS II and IMPLAN both include

induced effects, but RIMS II differs from IMPLAN in two ways: (i) RIMS II uses a single household type for induced personal consumption while IMPLAN uses nine (9) household types; and (ii) RIMS II uses the traditional single row/column Type II formulation whereas IMPLAN uses a more robust mapping of factor income to household consumption using several sub-matrices. RIMS II uses location quotients to regionalize the national technical coefficients, a method which underestimates inter-regional trade and overestimates regional multipliers when cross-hauling is present.

The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e. the Project) is allocated across the producing industries from which it buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation.

While the location of the additional indirect jobs created within the County cannot be specifically determined, experience and modeling indicate that a large percentage of these jobs will be support service jobs, and are likely to be located close to the Project, and therefore within the City itself. For purposes of this Study, it is conservatively modeled that one-half of these indirect/induced jobs will be located within the City. **Table 4B** shown below, and **Exhibits 1 of Appendix B** summarize the direct and indirect employment impacts of the Project.

TABLE 4B
RECURRING EMPLOYMENT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect	Induced	Total
<u>Employees</u>				
Countywide				
Retail	244	35	50	329
Other Non-Residential	66	18	18	102
Total	310	53	68	431
Within City				
Retail	244	18	25	287
Other Non-Residential	66	9	9	84
Total	310	27	34	371

Overall, the creation of new jobs will provide many benefits to the City. More jobs will lead to more consumer spending by employees in existing retail establishments within the City, as well as new retail development that will be attracted to the City as a result of this spending. Job creation also results in increased tax revenues to the City through increased property taxes and sales taxes related to this new development.

However, because of the difference in timing of the various Project facilities, the number of employees summarized above will not be realized simultaneously. It is estimated the build-out of the Project will occur over many years, as many individual elements have not yet begun and the demand for such elements may fluctuate.

C. OVERALL ECONOMIC OUTPUT

Total Output (i.e., total expenditures including sales or gross receipts, or other operating income) within the City will increase substantially as a result of the Project. Total output is estimated based on the different types of development projected to occur. As stated in Section I, this Study analyzes direct and indirect/induced impacts. Regarding gross receipts, the direct impact reflects the initial or first-round increases in output (total spending/gross receipts, including payroll), all of which occur directly on the Project site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct output impacts, and can occur outside of the Project. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers and/or supporting businesses. The induced impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the Project (please see **Table 1** on *Page 3* for a graphical representation of the indirect and induced effects). **Table 4C** shown below and **Exhibit 2 of Appendix B** summarize the Total Output projections anticipated.

Based again on IMPLAN multipliers and other assumptions utilized in the fiscal impact model, DTA estimated that the direct and indirect/induced effects total \$28.7 million for the County, of which \$23.4 million is attributable to the City.

TABLE 4C
RECURRING TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect	Induced	Total
<u>Overall Output</u>				
Countywide	\$18,152,869	\$4,521,282	\$6,037,036	\$28,711,188
Within City	\$18,152,869	\$2,260,641	\$3,018,518	\$23,432,029

However, Project absorption will have a similar effect on the generation of total output as it does on employment, specifically due to the difference in timing of the various Project developments. As a result, the overall output summarized above will accrue over a long period of time as the Project builds out.

II. ONE-TIME EMPLOYMENT, WAGES, AND OUTPUT IMPACTS (CONSTRUCTION)

According to IMPLAN, development of the Project is also projected to create 889 estimated construction-related jobs within the City. One-time construction and development costs will also have multiplier effects on the economy, generating one-time increases in output and wages from construction of the non-residential buildings and all related site improvements.

As with recurring economic impacts, experience and modeling indicate that a large percentage of these jobs will be support service jobs, and are likely to be located close to the Project, and therefore within the City itself. For purposes of this Study, it is conservatively modeled that one-half of these indirect/induced jobs will be located within the City. Table 4D and Table 4E below and Exhibit 3 and Exhibit 4 of Appendix B summarize the projected increases in employment, wages, and output that are generated directly from construction of the Project land uses, based on DTA wage and construction cost assumptions.

TABLE 4D
ONE-TIME INCREASES IN EMPLOYMENT AND WAGES
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect	Induced	Total
<u>Employees</u>				
Countywide				
Residential	705	234	238	1,176
Retail	121	19	36	176
Other Non-Residential	63	10	19	92
<i>Total</i>	889	263	292	1,444
Within City				0
Residential	705	117	119	941
Retail	121	9	18	148
Other Non-Residential	63	5	9	78
<i>Total</i>	889	131	146	1,167

TABLE 4E
ONE-TIME TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect	Induced	Total
<u>Overall Output</u>				
Countywide	\$118,549,625	\$24,971,791	\$32,682,738	\$176,204,154
Within City	\$118,549,625	\$12,485,896	\$16,341,369	\$147,376,890

APPENDIX A

FISCAL IMPACT MODEL

EXHIBIT A-1
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
CITY GENERAL FUND REVENUES (BY TYPE)

I. Demographics and Other Data

2016 Estimated City Population [1]	89,004
2016 Estimated City Employees [2]	12,797
2016 Persons Served Population [3]	95,403

Notes:

[1] California Department of Finance, City/County Population and Housing Estimates, January 1, 2016.

[2] The Nielsen Company, Business Facts Summary, July 2016.

[3] Assumes City population plus 50% of employees.

[4] Certain revenues are not expected to increase one-to-one with the new development. A discount of 25% was applied to reflect the estimated ratio of fixed revenues to variable revenues and/or one-time to recurring revenues.

II. City Revenue Sources (by Type)

Revenue Type	Total Revenues	Revenue Expense Type	Fiscal Impact Basis	Discount [4]	Fiscal Impact Expense Factor
Tax Revenue	\$17,532,000		Persons Served		\$1.83
Property Tax	\$10,601,000	Recurring	Case Study	0%	NA
Sales Tax	\$6,406,000	Recurring	Case Study	0%	NA
Real Property Transfer Tax	\$350,000	Recurring	Case Study	0%	NA
Transient Occupancy Tax	\$175,000	Recurring	Persons Served	0%	\$1.83
Business Licenses	\$100,000	Recurring	Per Employee	0%	\$7.81
Franchise Fees	\$3,500,000	Recurring	Persons Served	0%	\$36.69
Building/Planning/Engineering Fees	\$5,000,000	Recurring	Persons Served	25%	\$39.31
Intergovernmental	\$1,021,342	Recurring	Persons Served	0%	\$10.71
Miscellaneous Fees	\$1,251,915	Recurring	Persons Served	25%	\$9.84
Recreation Program Fees	\$213,600	Recurring	Persons Served	0%	\$2.24
Fines and Fees	\$547,200	Recurring	Persons Served	0%	\$5.74
Transfer In	\$488,251	Recurring	Persons Served	25%	\$3.84
Total Recurring Revenues	\$29,654,308				

EXHIBIT A-2
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
CITY GENERAL FUND EXPENDITURES (BY TYPE)

I. Demographics and Other Data	
2016 Estimated City Population [1]	89,004
2016 Estimated City Employees [2]	12,000
2016 Persons Served Population [3]	95,004

Notes:

- [1] California Department of Finance, City/County Population and Housing Estimates, January 1, 2016.
- [2] The Nielsen Company, Business Facts Summary, July 2016.
- [3] Assumes City population plus 50% of employees.
- [4] Certain expenditures are not expected to increase one-to-one with the new development. A discount may be applied to reflect the estimated ratio of fixed expenditures to variable expenditures and/or one-time to recurring expenditures.

II. City Expenditures (by Type)

Expenditure Type	Total Expenditures	Expense Type	Fiscal Impact Basis	Discount [4]	Fiscal Impact Expense Factor
GENERAL GOVERNMENT					
City Council	\$155,959	Recurring	Case Study	0%	NA
City Manager	\$491,760	Recurring	Case Study	0%	NA
City Clerk	\$325,633	Recurring	Case Study	0%	NA
Economic Development	\$439,344	Recurring	Case Study	0%	NA
City Attorney	\$335,058	Recurring	Case Study	0%	NA
Administrative Services	\$496,440	Recurring	Case Study	0%	NA
Finance	\$716,096	Recurring	Case Study	0%	NA
NON-GENERAL GOVERNMENT					
Community Development	\$1,223,136	Recurring	Persons Served	25%	\$9.66
Public Works	\$2,719,153	Recurring	Persons Served	25%	\$21.47
Police	\$10,770,641	Recurring	Persons Served	0%	\$113.37
Fire	\$8,244,518	Recurring	Persons Served	0%	\$86.78
Building & Safety	\$986,391	Recurring	Persons Served	0%	\$10.38
Code Enforcement	\$550,449	Recurring	Persons Served	0%	\$5.79
Animal Control	\$449,054	Recurring	Persons Served	0%	\$4.73
Non Departmental	\$1,028,861	Recurring	Persons Served	25%	\$8.12
Community Services	\$711,546	Recurring	Persons Served	25%	\$5.62
Emergency Services	\$10,269	Recurring	Persons Served	0%	\$0.11
Total Recurring Expenditures	\$29,654,308				

EXHIBIT A-3
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
LAND USE AND DEMOGRAPHICS SUMMARY

FUTURE LAND USE DATA

I. Millcreek Promenade

A. Residential Land Uses	Number of Units [1]
Townhomes	196
Apartments	392
B. Commercial Land Uses	Sq. Ft. [1]
Retail	97,367
Office	10,000
Industrial	33,000

DEMOGRAPHIC DATA

II. Demographics

A. Residential Land Use Population	Persons per Household [2]
Persons per Household	2.92
B. Non-Residential Land Use Employee Generation	
Commercial Land Uses	Sq. Ft. per Employee [3]
Retail	400
Office	300
Industrial	1,000

POPULATION AND EMPLOYEES (CALCULATIONS)

III. Residential Land Use Type	Number of Units	Residential Population
Townhomes	196	572
Apartments	392	1,143
IV. Non-Residential Land Use Type	Sq. Ft.	Total Direct Employees
Retail	97,367	243
Office	10,000	33
Industrial	33,000	33

SOI POPULATION AND EMPLOYEES (TOTALS)

V. Total Projected Residential Population	1,715
VI. Total Projected Direct Employees	310
VII. Total Persons Served Population	1,870

NOTES:

[1] Source: Project Proponent and Pacific Coast Land Consultants, Inc. (2016).

[2] California Department of Finance, City/County Population and Housing Estimates, January 1, 2016.

[3] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG, and "Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010). Identical to metrics utilized in economic impact analysis, please see Exhibit B-1.

* ***All figures subject to rounding***

EXHIBIT A-4
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
PROPERTY TAX REVENUE ANALYSIS

GENERAL PROPERTY TAX ASSUMPTIONS

I. Property Tax Allocation (as a Portion of the 1% General Property Tax Levy)

Category		City of Meniffee [1]
General Fund		City of Meniffee 6.2908%

II. Homeowner's Exemption

Homeowner's Exemption (Annually)	\$7,000
Percent of Sale Units Taking Homeowner's Exemption [2]	90%

ASSESSED VALUATION ASSUMPTIONS

III. Assessed Valuation - Projected Land Uses

Residential Land Uses

A. Townhomes

Number of Units [3]	196
Estimated Blended Sales Price per Unit [4]	\$357,500
Total Estimated Net Taxable Value (Includes Estimated Takedown from Homeowner's Exemptions)	\$68,835,200

B. Apartments

Number of Units [3]	392
Estimated Blended Sales Price per Unit [4]	\$267,500
Total Estimated Net Taxable Value	\$104,860,000

Non-Residential Land Uses

C. Retail

Estimated Number of Sq. Ft. [3]	97,367
Estimated Valuation per Sq. Ft. [5]	\$182
Total Estimated Net Taxable Value	\$17,720,794

D. Office

Estimated Number of Sq. Ft. [3]	10,000
Estimated Valuation per Sq. Ft. [5]	\$182
Total Estimated Net Taxable Value	\$1,820,000

E. Industrial

Estimated Number of Sq. Ft. [3]	33,000
Estimated Valuation per Sq. Ft. [5]	\$98
Total Estimated Net Taxable Value	\$3,234,000

F. Total Land Use Net Taxable Value (Includes Takeout from Homeowner's Exemption)

\$196,469,994

OTHER PROPERTY TAX REVENUE ASSUMPTIONS

IV. Unsecured Property Taxes - Assumptions [6]

Residential

Unsecured Taxes as a % of Secured	2.75%
-----------------------------------	-------

Please see Exhibits 4-8 for the derivation of these calculations.

Please see Exhibits 9-10 for the derivation of these calculations.	10.00%
--	--------

V. Property Tax Transfer - Assumptions [7]

Residential Property Turnover Rate	10.00%
Non-Residential Property Turnover Rate	5.00%
Transfer Tax as a % of Assessed Value	0.11%
Property Transfer Tax Passed Through to City of Meniffee	50.00%

VI. Motor Vehicle Licensing Fees - Assumptions

Vehicle Licensing Fees per Capita	NA
-----------------------------------	----

VII. Property Tax In-Lieu of Vehicle License Fee - Assumptions

Total City of Meniffee Gross Assessed Value [8]	\$7,781,658,577
City of Meniffee Property Tax In-Lieu of Vehicle License Fee [9]	NA
Property Tax In-Lieu of Vehicle License Fee Increase per \$1,000 Assessed Value	NA

EXHIBIT A-4
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
PROPERTY TAX REVENUE ANALYSIS

Fiscal Impact Calculation

VIII. Fiscal Impact Category	Fiscal Impact Amount
A. Secured Property Tax	
Residential Land Uses	
Townhomes	\$43,303
Apartments	\$65,965
Non-Residential Land Uses	
Commercial Land Uses	
Retail	\$11,148
Office	\$1,145
Industrial	\$2,034
B. Unsecured Property Tax	
Residential Land Uses	
Townhomes	\$1,191
Apartments	\$1,814
Non-Residential Land Uses	
Commercial Land Uses	
Retail	\$1,115
Office	\$115
Industrial	\$203
C. Property Transfer Tax	
Residential Land Uses	
Townhomes	\$3,786
Apartments	\$5,767
Non-Residential Land Uses	
Commercial Land Uses	
Retail	\$487
Office	\$50
Industrial	\$89
Total Property Tax Revenues	
\$138,212	

NOTES:

- [1] Based on "General Fund" levy for Tax Rate Areas (TRAs). Data provided by the County of Riverside Auditor-Controller's Office. TRA allocations adjusted for ERAF.
- [2] Estimate, subject to change.
- [3] Please see Exhibit A-3. Subject to change.
- [4] Please see Exhibit A-3. Subject to change.
- [5] Source: CoStar Properties. Property Analytics (2016).
- [6] Based on typical DTA baseline assumptions.
- [7] Source: California Revenue & Taxation Code §11901, et seq. ; City of Menifee Municipal Code §3.22.020.
- [8] Source: Riverside County Assessor Annual Report; Fiscal Year 2015-16, City of Menifee total assessed value.
- [9] Source: City of Menifee Annual Budget Fiscal Year 2015-16

* All figures subject to rounding

EXHIBIT A-5
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
SALES TAX REVENUE ANALYSIS

INDIRECT SALES TAX ASSUMPTIONS

I. Residential Indirect Sales Tax Assumptions

A. Mortgage Assumptions

Projected Residential Units

Townhomes and Apartments

Projected Sales Price per Unit (Blended)	\$295,400
Average Mortgage (20% Down Payment) [1]	\$236,320
Annual Mortgage Payment (5% for 30 Years) [2]	\$15,223
Additional Annual Taxes & Insurance (2.00%)	\$5,908

B. Disposable Income Assumptions

Projected Residential Units

Townhomes and Apartments

Average Household Income (3:1 Income to Household Payment Ratio) [1]	\$63,394
Retail Taxable Expenditures (as a % of Disposable Income) [3]	29.87%

C. Other Indirect Sales Tax Assumptions

Employees (annual spending per employee) [4]	\$5,459
--	---------

Retail Taxable Sales Capture

City of Menifee Retail Taxable Purchase Capture [5]	50%
---	-----

Other Sales Tax Assumptions

% to the City of Menifee [6]	1.00%
------------------------------	-------

DIRECT SALES TAX ASSUMPTIONS

II. Non-Residential Direct Sales Tax Assumptions

A. Taxable Sales per Sq. Ft. [7]

Non-Residential

Retail	\$225
Office	\$0
Industrial	\$0

B. Displaced Taxable Sales

Displaced Existing Taxable Sales within the City of Menifee [8]	25%
---	-----

FISCAL IMPACT CALCULATION

III. Fiscal Impact Category

Fiscal Impact Amount

A. Indirect Sales Tax

Projected Residential Land Uses

Townhomes and Apartments	\$55,668
--------------------------	----------

Please see Exhibits 4-8 for the derivation of these calculations.

\$8,454

Please see Exhibits 9-10 for the derivation of these calculations.

B. Direct Sales Tax [7]

Projected Non-Residential Land Uses

Commercial Land Uses

Retail	\$164,307
Office	\$0
Industrial	\$0

Total Sales Tax Revenues

\$228,429

NOTES:

[1] DTA estimates. Subject to change.

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

[3] Source: BOE 2008 Consumer Expenditure Survey.

[4] Source: "Office Worker Retail Spending in a Digital Age," ICSC (2012). Adjusted for inflation assuming 3% annual inflation rate.

[5] Estimate, subject to change.

[6] Source: City of Menifee Municipal Code §3.24.020.

[7] 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.

[8] Estimate, subject to change.

* All figures subject to rounding

EXHIBIT A-6
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
INVESTMENT INCOME REVENUES ANALYSIS

ASSUMPTIONS

I. Investment Income Assumptions

Investment Period for Recurring Non-Interest General Fund Revenues	12 Months
Local Agency Investment Fund (LAIF) Rate of Return [1]	1.50%
Local Agency Investment Fund (LAIF) Percentage of Earnings Cost [2]	50.00%

FISCAL IMPACT CALCULATION

II. Fiscal Impact Category	Fiscal Impact Amount
Total Property Tax Revenues (Exhibit 4)	\$138,212
Total Sales Tax Revenues (Exhibit 5)	\$228,429
Total Services Tax Revenues (Exhibit 7)	\$215,600
Total Multiplier Revenues (Exhibit 8)	\$208,449
Projected Recurring General Fund Revenues Available for Investment	\$790,690
Plus: Investment Income (Less Earnings Cost)	\$5,930
Total Recurring General Fund Revenues	\$796,620

NOTES:

[1] 47-Quarter Average (September Beginning 2004 to March Ending 2016) is 1.50%, LAIF Apportionment Rates as provided by the California State Treasurer.

[2] Based on quarter ending March 31, 2016, LAIF Administrative Earnings Costs as provided by the California State Treasurer.

* **All figures subject to rounding**

EXHIBIT A-7
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
PROPOSED CFD SERVICES TAX

ASSUMPTIONS

Residential Land Uses	CFD Service Tax per Unit [1]
Townhomes	\$500
Apartments	\$300

FISCAL IMPACT CALCULATION

Residential Land Uses	Number of Units	Annual Revenue
Townhomes	196	\$98,000
Apartments	392	\$117,600
Total CFD Services Tax		\$215,600

NOTES:
[1] Source: Project Proponent.
* All figures subject to rounding

EXHIBIT A-8
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
MULTIPLIER REVENUE SOURCES ANALYSIS

ASSUMPTIONS

I. Multiplier Revenues

Revenue Category	Multiplier Factor [1]	Revenue Projection Basis
Tax Revenue	\$1.83	Persons Served
Business Licenses	\$7.81	Per Employee
Franchise Fees	\$36.69	Persons Served
Building/Planning/Engineering Fees	\$39.31	Persons Served
Intergovernmental	\$10.71	Persons Served
Recreation Program Fees	\$2.24	Persons Served
Fines and Fees	\$5.74	Persons Served
Miscellaneous Fees	\$9.84	Persons Served
Transfer In	\$3.84	Persons Served

FISCAL IMPACT CALCULATION

Fiscal Impact Category	Fiscal Impact Amount
Tax Revenue	\$3,421
Business Licenses	\$2,419
Franchise Fees	\$68,596
Building/Planning/Engineering Fees	\$73,494
Intergovernmental	\$20,023
Recreation Program Fees	\$4,188
Fines and Fees	\$10,732
Miscellaneous Fees	\$18,397
Transfer In	\$7,179
Total Multiplier Revenues	\$208,449

NOTES:

[1] Based on City of Menifee Annual Budget, Fiscal Year Projections, 2015-16.

* All figures subject to rounding

EXHIBIT A-9
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
MULTIPLIER EXPENDITURES ANALYSIS

ASSUMPTIONS

I. Multiplier Expenditures

Expenditure Category	Multiplier Factor [1]	Expenditure Projection Basis [1]
Community Development	\$9.66	Persons Served
Public Works	\$21.47	Persons Served
Police	\$113.37	Persons Served
Animal Control	\$4.73	Persons Served
Non Departmental	\$8.12	Persons Served
Community Services	\$5.62	Persons Served
Fire	\$86.78	Persons Served
Building & Safety	\$10.38	Persons Served
Code Enforcement	\$5.79	Persons Served
Emergency Services	\$0.11	Persons Served

FISCAL IMPACT CALCULATION

II. <u>Fiscal Impact Category</u>	<u>Fiscal Impact Amount</u>
Community Development	\$18,060
Public Works	\$40,140
Police	\$211,957
Animal Control	\$8,843
Non Departmental	\$15,181
Community Services	\$10,507
Fire	\$162,245
Building & Safety	\$19,407
Code Enforcement	\$10,825
Emergency Services	\$206
Total Multiplier Expenditures	\$497,371

NOTES:

[1] Based on City of Menifee Annual Budget, Fiscal Year 2015-16.

* *All figures subject to rounding*

EXHIBIT A-10
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
GENERAL GOVERNMENT EXPENDITURES ANALYSIS

ASSUMPTIONS

Total Recurring General Fund Expenditures (excluding General Government Overhead) [1]	\$26,694,018
Recurring General Government Overhead Expenditures (as a % of Total Recurring General Fund Expenditures) [2]	11.09%
Marginal Increase in General Government Costs [3]	50%

FISCAL IMPACT CALCULATION

I. Fiscal Impact Category	Fiscal Impact Amount
Total Multiplier Expenditures (Exhibit 9)	\$497,371
Projected Recurring General Fund Expenditures	\$497,371
Plus: General Government Costs	\$27,579
Total Recurring Expenditures	\$524,950

NOTES:

- [1] Based on City of Menifee Annual Report, Fiscal Year 2015-16.
- [2] General Government Overhead Expenditures defined as costs for City Council, City Manager, City Clerk, Administrative Services, City Treasurer, etc.
- [3] Estimate, subject to change.
- * All figures subject to rounding

EXHIBIT A-11
FISCAL IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
NET FISCAL IMPACT SUMMARY

RECURRING GENERAL FUND REVENUES [1]	AMOUNT	PERCENT OF TOTAL
Secured Property Tax	\$123,595	15.5%
Unsecured Property Tax	\$4,438	0.6%
Property Transfer Tax	\$10,179	1.3%
Direct Sales Tax	\$164,307	20.6%
Indirect Sales Tax	\$64,122	8.0%
Tax Revenue	\$3,421	0.4%
Business Licenses	\$2,419	0.3%
Franchise Fees	\$68,596	8.6%
Building/Planning/Engineering Fees	\$73,494	9.2%
Intergovernmental	\$20,023	2.5%
Recreation Program Fees	\$4,188	0.5%
Fines and Fees	\$10,732	1.3%
Miscellaneous Fees	\$18,397	2.3%
Transfer In	\$7,179	0.9%
Investment Income	\$5,930	0.7%
<i>Proposed Services CFD **</i>	<i>\$215,600</i>	<i>27.1%</i>
Total Recurring General Fund Revenues	\$796,620	100.0%

RECURRING GENERAL FUND EXPENDITURES [3]	AMOUNT	PERCENT OF TOTAL
Community Development	\$18,060	3.4%
Public Works	\$40,140	7.6%
Police	\$211,957	40.4%
Animal Control	\$8,843	1.7%
Non Departmental	\$15,181	2.9%
Community Services	\$10,507	2.0%
Fire	\$162,245	30.9%
Building & Safety	\$19,407	3.7%
Code Enforcement	\$10,825	2.1%
Emergency Services	\$206	0.0%
General Government	\$27,579	5.3%
Infrastructure Maintenance	TBD	TBD
Total Recurring General Fund Expenditures	\$524,950	100.0%

NET FISCAL IMPACT

Total Annual Recurring General Fund Surplus/(Deficit)	\$271,670
Total Annual Revenue/Expenditure Ratio	1.52
Total Fiscal Surplus/(Deficit) per Unit	\$462.02

NOTES:

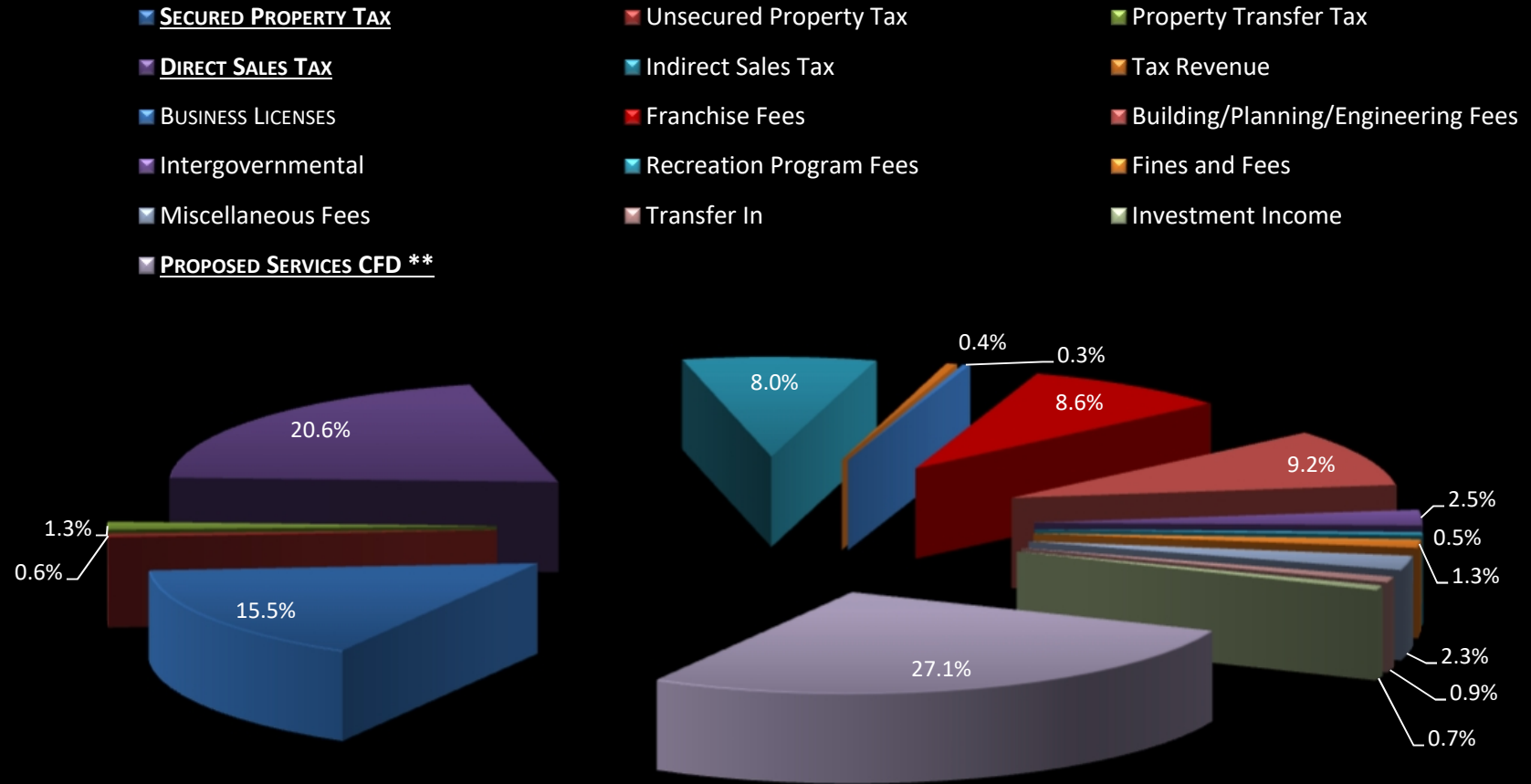
[1] Please see Exhibits 4-8 for the derivation of these calculations.

[2] Please see Exhibits 9-10 for the derivation of these calculations.

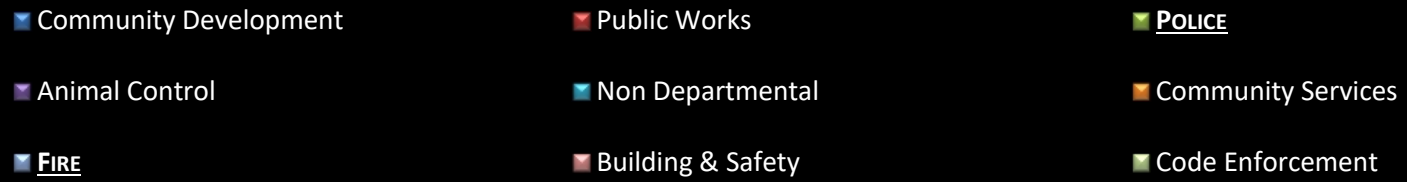
** Revenues from CFD will be utilized to offset any additional maintenance costs for infrastructure that will be dedicated to and maintained by the City.

* **All figures subject to rounding**

Recurring General Fund Revenues



Recurring General Fund Expenditures



APPENDIX B

ECONOMIC IMPACT MODEL

EXHIBIT B-1
ECONOMIC IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
RECURRING EMPLOYMENT

ASSUMPTIONS

I. Residential Land Use Assumptions		Units ¹
Townhomes		196
Apartments		392
II. Non-Residential Land Use Assumptions		
	Employees/KSF ²	Sq. Ft. ¹
Retail		
Retail	2.50	97,637
Other Non-Residential		
Office	3.33	10,000
Industrial	1.00	33,000

RECURRING EMPLOYMENT

III. COUNTY				
	Direct Employees ³	Indirect Employees ⁴	Induced Employees ⁵	Total Employees
Retail				
Retail	244	35	50	329
Other Non-Residential				
Office	33	11	9	53
Industrial	33	7	9	49
TOTAL RECURRING EMPLOYMENT	310	53	68	431
IV. CITY ⁶				
	Direct Employees ³	Indirect Employees ⁴	Induced Employees ⁵	Total Employees
Retail				
Retail	244	18	25	287
Other Non-Residential				
Office	33	5	4	43
Industrial	33	3	5	41
TOTAL RECURRING EMPLOYMENT	310	26	34	371

NOTES:

- [1] Source: Project Proponent and Pacific Coast Land Consultants, Inc. (2016).
[2] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG, and NAIOP, "How Office, Industrial, and Retail Development and Construction Contributed to the U.S. Economy" (both 2010 and 2011 reports).
[3] Based on multiplying Category SF by Employees/1,000 SF metric.
[4] Source: Riverside County IMPLAN multipliers.
[5] Source: Riverside County IMPLAN multipliers.
[6] City impacts estimated based on the projected development in the City and in the unincorporated County area.

* All figures subject to rounding

EXHIBIT B-2
ECONOMIC IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
RECURRING ECONOMIC IMPACTS

ASSUMPTIONS

I. Residential Spending Assumptions	Estimated Household Income ¹	% Income Spent in County ²	Total Resident Spending / Yr.
Townhomes	\$63,394	41.30%	\$2,565,817
Apartments	\$63,394	41.30%	\$5,131,634
II. Non-Residential Sales Assumptions			
Retail	Sales / Sq. Ft. ³	Retail Margin ⁴	Retail Output / Yr.
Retail	\$225	27.60%	\$4,547,442
Other Non-Residential		Average Output / Employee ⁵	Non-Retail Output / Yr.
Office		\$66,283.88	\$2,187,368
Industrial		\$112,746	\$3,720,608

RECURRING OUTPUT

III. COUNTY	Direct Output	Indirect Output ⁵	Induced Output ⁵	Total Output
Townhomes	\$2,565,817	\$593,086	\$837,273	\$3,996,176
Apartments	\$5,131,634	\$1,186,172	\$1,674,545	\$7,992,352
Retail				
Retail	\$4,547,442	\$1,051,137	\$1,483,913	\$7,082,492
Other Non-Residential				
Office	\$2,187,368	\$958,026	\$985,373	\$4,130,767
Industrial	\$3,720,608	\$732,861	\$1,055,932	\$5,509,401
TOTAL RECURRING OUTPUT	\$18,152,869	\$4,521,282	\$6,037,036	\$28,711,188
IV. CITY ⁶	Direct Output	Indirect Output ⁵	Induced Output ⁵	Total Output
Townhomes	\$2,565,817	\$296,543	\$418,636	\$3,280,997
Apartments	\$5,131,634	\$593,086	\$837,273	\$6,561,993
Retail				
Retail	\$4,547,442	\$525,569	\$741,956	\$5,814,967
Other Non-Residential				
Office	\$2,187,368	\$479,013	\$492,686	\$3,159,067
Industrial	\$3,720,608	\$366,430	\$527,966	\$4,615,004
TOTAL RECURRING OUTPUT	\$18,152,869	\$2,260,641	\$3,018,518	\$23,432,029

NOTES:

[1] DTA estimate. Based on a 3-to-1 Income-to-Household Payment Ratio. Subject to change.

[2] Source: Bureau of Labor Statistics. *Consumer Expenditure Survey (2011)*.

[3] Source: Urban Land Institute. *Dollars & Cents of Shopping Centers®/The SCORE® 2008 (Dollars and Cents of Shopping Centers)*.

[4] Source: IMPLAN Model V3.0 - Margining is the "industry practice" to allocate the demand for a retail purchase to the actual producers involved in delivering the product.

[5] Source: Riverside County IMPLAN multipliers.

[6] City impacts estimated based on the projected development in the City and in the unincorporated County area.

* **All figures subject to rounding**

EXHIBIT B-3
ECONOMIC IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
ONE-TIME EMPLOYMENT

ASSUMPTIONS

I. Residential Land Use Assumptions		Units
Townhomes		196
Apartments		392
II. Non-Residential Land Use Assumptions		Sq. Ft.
Retail		
Retail		97,637
Other Non-Residential		
Office		10,000
Industrial		33,000

ONE-TIME EMPLOYMENT (FULL-TIME EQUIVALENTS)

III. COUNTY				
	Direct Employees ¹	Indirect Employees ¹	Induced Employees ¹	Total Employees
Townhomes	263	87	89	438
Apartments	442	147	149	738
Retail				
Retail	121	19	36	176
Other Non-Residential				
Office	16	2	5	23
Industrial	48	7	14	69
Public Facilities				
Project Backbone Facilities	0	0	0	0
TOTAL ONE-TIME EMPLOYEES (FTEs)	889	263	292	1,444
IV. CITY				
	Direct Employees ¹	Indirect Employees ¹	Induced Employees ¹	Total Employees
Townhomes	263	44	44	350
Apartments	442	73	75	590
Retail				
Retail	121	9	18	148
Other Non-Residential				
Office	16	1	2	19
Industrial	48	4	7	58
Public Facilities				
Project Backbone Facilities	0	0	0	0
TOTAL ONE-TIME EMPLOYEES (FTEs)	889	131	146	1,167

NOTES:

[1] Source: Riverside County IMPLAN multipliers.

* All figures subject to rounding

EXHIBIT B-4
ECONOMIC IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
ONE-TIME IMPACTS

ASSUMPTIONS

		Estimated	
I. Residential Construction Cost Assumptions	Units	Sq. Ft per DU	Per Unit ¹
Townhomes	196	1,500	\$190,000
Apartments	392	1,000	\$160,000
II. Non-Residential Construction Cost Assumptions		Sq. Ft.	Per Sq. Ft. ¹
Retail			
Retail		97,637	\$125
Other Non-Residential			
Office		10,000	\$160
Industrial		33,000	\$145
III. Public Facilities			Total Cost ²
Project Infrastructure			\$0

ONE-TIME OUTPUT

IV. COUNTY

	Direct Output	Indirect Output ³	Induced Output ³	Total Output
Townhomes	\$37,240,000	\$8,136,257	\$9,908,911	\$55,285,168
Apartments	\$62,720,000	\$13,703,170	\$16,688,692	\$93,111,862
Retail				
Retail	\$12,204,625	\$2,056,487	\$3,995,067	\$18,256,179
Other Non-Residential				
Office	\$1,600,000	\$269,601	\$523,745	\$2,393,346
Industrial	\$4,785,000	\$806,276	\$1,566,324	\$7,157,599
Public Facilities				
Project Backbone Facilities	\$0	\$0	\$0	\$0
TOTAL ONE-TIME OUTPUT	\$118,549,625	\$24,971,791	\$32,682,738	\$176,204,154

V. CITY ⁴

	Direct Output	Indirect Output ³	Induced Output ³	Total Output
Townhomes	\$37,240,000	\$4,068,129	\$4,954,456	\$46,262,584
Apartments	\$62,720,000	\$6,851,585	\$8,344,346	\$77,915,931
Retail				
Commercial Retail	\$12,204,625	\$1,028,244	\$1,997,533	\$15,230,402
Other Non-Residential				
Business Park	\$1,600,000	\$134,801	\$261,872	\$1,996,673
Industrial	\$4,785,000	\$403,138	\$783,162	\$5,971,300
Public Facilities				
Project Backbone Facilities	\$0	\$0	\$0	\$0
TOTAL ONE-TIME OUTPUT	\$118,549,625	\$12,485,896	\$16,341,369	\$147,376,890

NOTES:

[1] Source: Reed Construction Data Inc.

[2] Estimate, subject to change.

[3] Source: Riverside County IMPLAN multipliers.

[4] City impacts estimated based on the projected development in the City and in the unincorporated County area.

* All figures subject to rounding

EXHIBIT B-5
ECONOMIC IMPACT STUDY - MILLCREEK PROMENADE, CITY OF MENIFEE
SUMMARY

ASSUMPTIONS

I. Residential Land Use Assumptions		Units
Townhomes		196
Apartments		392
II. Non-Residential Land Use Assumptions	Employees/KSF	Sq. Ft.
Retail		
Retail	2.50	97,637
Other Non-Residential		
Office	3.33	10,000
Industrial	1.00	33,000

ECONOMIC IMPACTS CONCLUSIONS

RECURRING IMPACTS

III. Job Creation	Direct	Indirect/Induced	Total
Countywide	310	121	431
Citywide	310	61	371
IV. Total Output	Direct	Indirect/Induced	Total
Countywide	\$18,152,869	\$10,558,318	\$28,711,188
Citywide	\$18,152,869	\$5,279,159	\$23,432,029

ONE-TIME IMPACTS

V. Construction Jobs	Direct	Indirect/Induced	Total
Countywide	889	555	1,444
Citywide	889	277	1,167
VI. Construction Output	Direct	Indirect/Induced	Total
Countywide	\$118,549,625	\$57,654,529	\$176,204,154
Citywide	\$118,549,625	\$28,827,265	\$147,376,890

APPENDIX C

SITE PLAN – MILLCREEK PROMENADE

MILLCREEK PROMENADE MULTI FAMILY APARTMENT COMMUNITY
 2 & 3 STORY STACKED FLATS BLD'GS
 W/CARPORTS
 PARCEL SIZE: 883,116 S.F. +/- 20.2 ACRES (NET)
 NUMBER OF UNITS: 392 @19.4 D.U./ACRE
 BUILDING TYPE I: (21) 2 STORY (8) UNIT
 1BR/1BA UNITS
 BUILDING TYPE II: (10) 2/3 STORY (20) UNIT
 2BR/2BA UNITS
 BUILDING TYPE III: (2) 2 STORY (12) UNIT
 1BR & 3BR UNITS
 392 UNITS TOTAL
 UNIT TYPE "A": 1BR/1BA 696 S.F.
 UNIT TYPE "B": 2BR/2BA 925 S.F.
 UNIT TYPE "C": 3BR/2BA 1,064 S.F.
 PARKING
 176 1BR UNITS @1.25 SPACES EA. = 220 SPACES
 200 2BR UNITS @2.25 SPACES EA. = 450 SPACES
 16 3BR UNITS @2.75 SPACES EA. = 44 SPACES
 392 UNITS = 714 SPACES
 COVERED PARKING PROVIDED = 438 SPACES
 OPEN SPACES (ADA INCLUDED) = 310 SPACES
 TOTAL SHOWN 748 SPACES

MILLCREEK PROMENADE

IA & IAR: 2 BUILDINGS
 21,844 S.F. EACH BUILDING
 43,688 S.F. RETAIL/COMMERCIAL
 SHOPS II: 4 BUILDINGS
 4,760 S.F. EACH BUILDING
 19,040 S.F. RETAIL/COMMERCIAL
 TOTAL RETAIL/COMMERCIAL:
 62,728 S.F.
 2ND FLOOR OFFICE SPACE
 10,000 S.F. BUILDINGS IA & IAR
 FREESTANDING RESTAURANT:
 8,000 S.F. BUILDING
 20 EMPLOYEES
 5,000 S.F. DINING & 3,000 S.F. SERV.
 INDUSTRIAL CENTER:
 33,800 S.F. ONE STORY

PARKING STATISTICS:
 RETAIL COMMERCIAL:
 62,728 S.F./1,000 X 5.5 = 344.99 SPACES
 OFFICES:
 20,000 S.F./1,000 X 5 = 100 SPACES
 RESTAURANT:
 5,000 DINING/45 S.F. = 111.11 SPACES
 EMPLOYEES:
 1:2 EMPLOYEES = 10 SPACES
 INDUSTRIAL:
 OFFICES: 2,600 S.F. = 10.4 SPACES
 FABRICATION: 25,200 S.F. = 50.4 SPACES
 STORAGE: 6,000 S.F. = 6 SPACES
 TOTAL: 66.8 SPACES
GRAND TOTAL PARKING REQUIRED:
 344.99 + 100 + 121.11 + 66.8 = 632.9
 TOTAL PARKING REQUIRED: 633 SPACES
 TOTAL PARKING PROVIDED: 635 SPACES
 LOADING ZONES REQUIRED: 7 SPACES
 LOADING ZONES PROVIDED: 7 SPACES

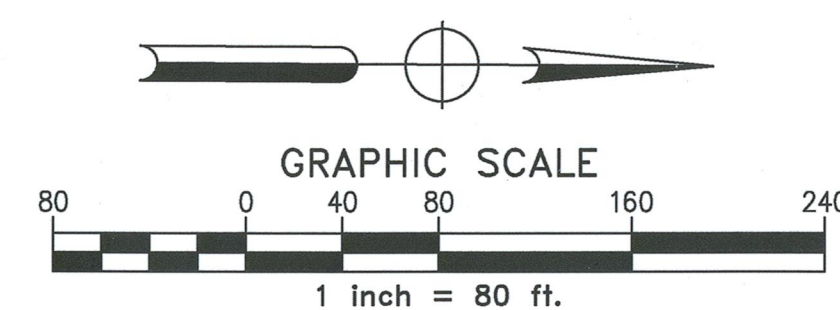
RANCHO BONITO MULTIFAMILY TOWNHOME COMMUNITY
 2 STORY ATTACHED SINGLE FAMILY BLD'GS
 EACH W/2 CAR GARAGE
 NUMBER OF UNITS: 196 UNITS
 BUILDING TYPE A: (37) 2 STORY EA.(4) UNITS
 BUILDING TYPE B: (8) 2 STORY EA.(6) UNITS
 196 UNITS TOTAL
 UNIT TYPE "1 END": 2BR/2.5BA 1,382 S.F. EA.
 UNIT TYPE "1A/1B": 2BR/2.5BA 1,373 S.F. EA.
 UNIT TYPE "2/2R": 3BR/2BA 1,430 S.F. EA.
 UNIT TYPE "3/3R": 4BR/2.5BA 1,500 S.F. EA.
 PARKING
 69 PLAN NO. 1 @2.25 SPACES EA. = 155.25 SPACES
 53 PLAN NO. 2 @2.75 SPACES EA. = 147.5 SPACES
 74 PLAN NO. 3 @2.75 SPACES EA. = 203.50 SPACES
 196 UNITS = 504.50 SPACES
 ROUNDED UP TOTAL REQUIRED = 505 SPACES
 196 2 CAR GARAGES PROVIDED = 392 SPACES
 OPEN SPACES (ADA INCLUDED) = 119 SPACES
 TOTAL SHOWN = 511 SPACES
 EXTRA SPACES PROVIDED = 06 SPACES

RANCHO BONITO SHOPS

SHOP I: 20,509 S.F.
 SHOP II: 6,400 S.F.
 TOTAL RETAIL COMMERCIAL:
 26,909 S.F.

PARKING STATISTICS:
 REQUIRED: 5.5 PER 1,000 S.F.
 26,909 S.F./1,000 X 5.5 = 147.99
 ROUNDED UP: 148 SPACES REQ'D.
 PARKING PROVIDED: 148 SPACES
 LOADING ZONES REQ'D: 3
 LOADING ZONES PROVIDED: 3

EXIST. CURB,
 GUTTER & SDWK.
 PROP. RIGHT-IN
 & RIGHT-OUT
 DRIVEWAY



MILLCREEK PROMENADE

ADKVAS
 GROUP
 DESIGNERS & PLANNERS • 847 CHANDLER BLVD. SUITE 200 • CHICAGO, IL 60611 • (773) 248-0801

PACIFIC COAST LAND CONSULTANTS, Inc.
 Civil Engineering • Land Planning • Land Surveying
 25096 Jefferson Avenue, Suite "D" Murrieta, Ca. 92562
 Tel: (951) 698-1350 Fax: (951) 698-8657

A0