# FISCAL ANALYSIS OF THE RANCHO EL RIVINO PLAN AND ANNEXATION

## CITY OF RIALTO

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# *TABLE OF CONTENTS*



David Taussig
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# TABLES/FIGURES/APPENDICES

**Section** **Page**

## TABLES



## EXHIBITS AND FIGURES



## APPENDIX A – SCENARIO 1

### A. CITY OF RIALTO FISCAL IMPACT ANALYSIS



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## APPENDIX B – SCENARIO 2

### B. CITY OF RIALTO FISCAL IMPACT ANALYSIS

1- LAND USE ASSUMPTIONS
2- CASE STUDY REVENUES: PROPERTY TAXES AND PROPERTY TAX IN-LIEU (VLF)
3- CASE STUDY REVENUES: SALES TAXES AND PROPERTY TRANSFER TAXES
4- FRANCHISE FEES
5- OTHER GENERAL REVENUES
6- CASE STUDY USES
7- MULTIPLIER USES AND CONTINGENCY COSTS
8- DETAILED SUMMARY
9- RESIDENTIAL SUMMARY

## APPENDIX C – ADDITIONAL EXHIBIT

1- SAN BERNARDINO COUNTY LAFCO PROPERTY TAX EXCHANGE CALCULATION

David Taussig & Associates, Inc.

## Background

YH Cactus, LLC (the "Client") has engaged David Taussig and Associates, Inc. ("DTA") to analyze the fiscal impact of the Rancho El Rivino Plan (the "Plan") on the City of Rialto (the "City"). The purpose of the analysis is to estimate the fiscal viability of the Plan. That is, the analysis estimates whether the City General Fund revenues generated by the Plan will cover the General Fund costs of providing public services to the Plan area. The Plan consists of 726 new residential dwelling units and the Plan area is expected to be annexed into the City from the unincorporated area of San Bernardino County (the "County") prior to development.

**Exhibit 1**


Source: YH Cactus, LLC

All of the land-use assumptions in the model were derived from the Plan. In preparing this Fiscal Impact Report ("FIR"), DTA examined the types of municipal services that residents currently receive from the City, as well as the local government structure that supports these services. DTA has prepared two scenarios, accounting for the fact that the Utility Users Tax sunsets in 2008. The first scenario ("Scenario 1") depicts the impact including the Utility Users Tax as a revenue source, while the second scenario ("Scenario 2") does not incorporate the Utility Users Tax. DTA also collected and analyzed assessed valuation data for the parcels proposed for annexation, as well as demographic data from the State of California Employment Development Department (EDD) and the State of California Department of Finance (DOF).

## PLAN DESCRIPTION

The Rancho El Rivino Plan is comprised of 726 new, single family dwelling units. Based on DTA's demographic analysis, it is anticipated that the Plan will add 2,832 residents to the City after annexation. This demographic estimate is based on residents per dwelling unit data provided by the State of California Department of Finance. The development of the Plan will also include 1.0 lane mile of roadway, 3.0 signalized intersections, 7.0 miles of sewer and 1.6 miles of storm drains, to be maintained by the City at buildout.

## SCOPE AND METHODOLOGY

The purpose of the fiscal impact analysis is to estimate the net fiscal impact of the Plan on the City, assuming that it is actually annexed from the unincorporated County. In terms of the impact on the City, the fiscal impacts identified in this report include recurring municipal revenues and costs to the City General Fund that result from development depicted in the Plan after annexation. Costs to the City General Fund are associated with a variety of services, such as police protection and fire protection, public works and parks maintenance, and general government services. DTA generally relied on the multipliers developed in the *Citywide Community Facilities District Fiscal Analysis* to estimate the fiscal impacts. The methodology focuses on *Per Capita Multiplier* methods for numerous cost and revenue categories. This methodology involves calculating the *average costs* of City services per resident and/or employee and applying this cost factor to the new development at Plan buildout. Revenues are generated from a variety of sources, including several types of taxes and fees. Some of the revenues, including property taxes and sales taxes, are calculated using a Case Study methodology, which involves calculating the *marginal revenues* to be specifically generated by the Plan instead of applying an average City-wide revenue factor. All revenues and costs are stated in constant (un-inflated) 2007 dollars, based on the assumption that the relative impacts of inflation in future years will be the same for both factors. The *Citywide Fiscal Analysis* assumptions account for the number of residents plus 50% of all employees as equivalent resident population, an estimation of total population served by the City. This figure of 109,939 equivalent resident population is derived from 99,189 residents and 21,500 employees. This analysis also accounts for recent changes to State law through 2005 as well as local measures (including property tax exchange after annexation and the Utility Users Tax) which may affect the City's financial situation. **Exhibit 2** provides a schematic of the methodology and analysis, and **Exhibit 3** summarizes the types of recurring revenues and costs to the City that will result from development of the Plan.

**Exhibit 2**

**Rancho El Rivino Specific Plan – City of Rialto**

Outline of Methodology

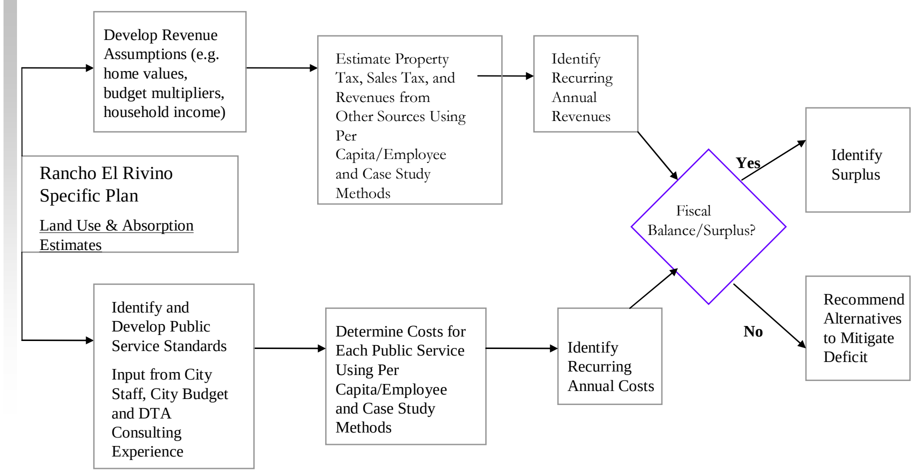


Exhibit 3
**Rancho El Rivino Specific Plan – Fiscal Impact Analysis**
**Young Homes**

**RECURRING FISCAL REVENUES**

- PROPERTY TAXES
- UTILITY USERS TAXES*
- REVENUE FROM OTHER AGENCIES
- SALES TAXES
- FRANCHISE FEES REVENUE
- INVESTMENT INCOME
- LICENSES AND PERMITS
- PROPERTY TRANSFER TAXES
- FINES AND FORFEITURES
- USE OF MONEY AND PROPERTY
- CHARGES FOR SERVICES
- GAS TAXES
- IN LIEU PROPERTY TAX (VLF)

**RECURRING FISCAL COSTS**

- POLICE DEPARTMENT COSTS
- FIRE DEPARTMENT COSTS
- CITY ADMINISTRATOR
- CITY COUNCIL
- CITY CLERK
- CITY TREASURER
- HUMAN RESOURCES
- FINANCE
- PUBLIC WORKS
- PUBLIC WORKS & PARKS
- CONTINGENCY COSTS

*DTA has incorporated UUTs as a source of revenue in Scenario 1 only.

## CONCLUSIONS OF FISCAL IMPACT ANALYSIS

### TOTAL RECURRING REVENUES – SCENARIO 1

As illustrated in **Table ES-1,** below**,** and **Table 8** of **Appendix A**, annual recurring revenues to the City after annexation include $655,794 in Property Taxes (37.4% of total revenues), $423,416 in In-Lieu Property Taxes (VLF) (24.2%), $287,506 in Utility Users Taxes (16.4%), $155,152 in Sales Taxes (8.9%), $59,511 in Franchise Fee revenue (3.4%), $57,733 in Charges for Services (3.3%), $54,549 in Gas Taxes (3.1%), $24,634 in Revenue From Other Agencies (1.4%), $11,676 in Property Transfer Taxes (0.7%), $9,266 in Fines and Forfeitures (0.5%), $7,153 in Investment Income (0.4%) and $5,425 in Licenses and Permits (0.3%). Total recurring revenues to the City will equal approximately $1,751,816 per year at buildout. **Tables 1-9** of **Appendix A** provide additional details about all recurring revenues and the assumptions used in their derivation.

### TOTAL RECURRING REVENUES – SCENARIO 2

As illustrated in **Table ES-1,** below, and **Table 8** of **Appendix B**, annual recurring revenues to the City after annexation include $655,794 in Property Taxes (44.8% of total revenues), $423,416 in In-Lieu Property Taxes (VLF) (28.9%), $155,152 in Sales Taxes (10.6%), $59,511 in Franchise Fees (4.1%), $57,733 in Charges for Services (3.9%), $54,549 in Gas Taxes (3.7%), $24,634 in Revenue From Other Agencies (1.7%), $11,676 in Property Transfer Taxes (0.8%), $9,266 in Fines and Forfeitures (0.6%), $5,974 in Investment Income (0.4%) and $5,425 in Licenses and Permits (0.4%). Total recurring revenues to the City will equal approximately $1,463,131 per year at buildout. **Tables 1-9** of **Appendix B** provide additional details about all recurring revenues and the assumptions used in their derivation.

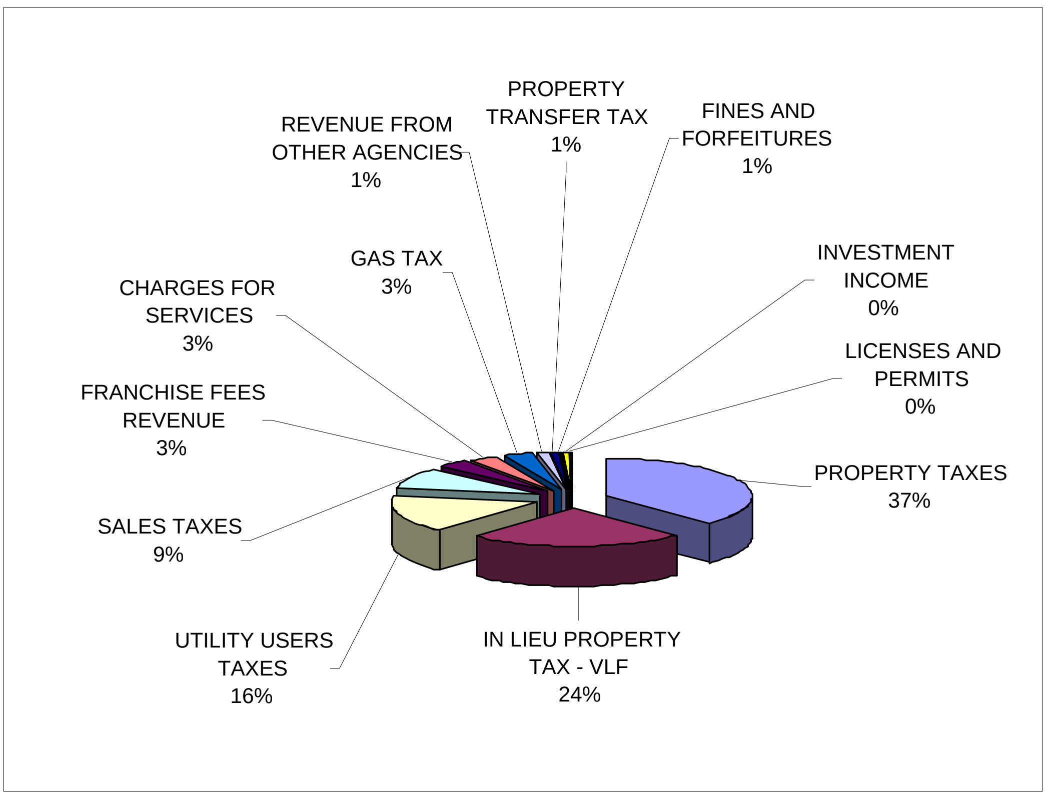
**TABLE ES-1 – SCENARIO 1**

| RECURRING FISCAL REVENUES | | |
|---|---|---|
| PROPERTY TAXES | $655,794 | 37.4% |
| IN LIEU PROPERTY TAX - VLF | $423,416 | 24.2% |
| UTILITY USERS TAXES | $287,506 | 16.4% |
| SALES TAXES | $155,152 | 8.9% |
| FRANCHISE FEES REVENUE | $59,511 | 3.4% |
| CHARGES FOR SERVICES | $57,733 | 3.3% |
| GAS TAX | $54,549 | 3.1% |
| REVENUE FROM OTHER AGENCIES | $24,634 | 1.4% |
| PROPERTY TRANSFER TAX | $11,676 | 0.7% |
| FINES AND FORFEITURES | $9,266 | 0.5% |
| INVESTMENT INCOME | $7,153 | 0.4% |
| LICENSES AND PERMITS | $5,425 | 0.3% |
| **TOTAL REVENUES** | **$1,751,816** | **100%** |

## TABLE ES-1 – SCENARIO 2

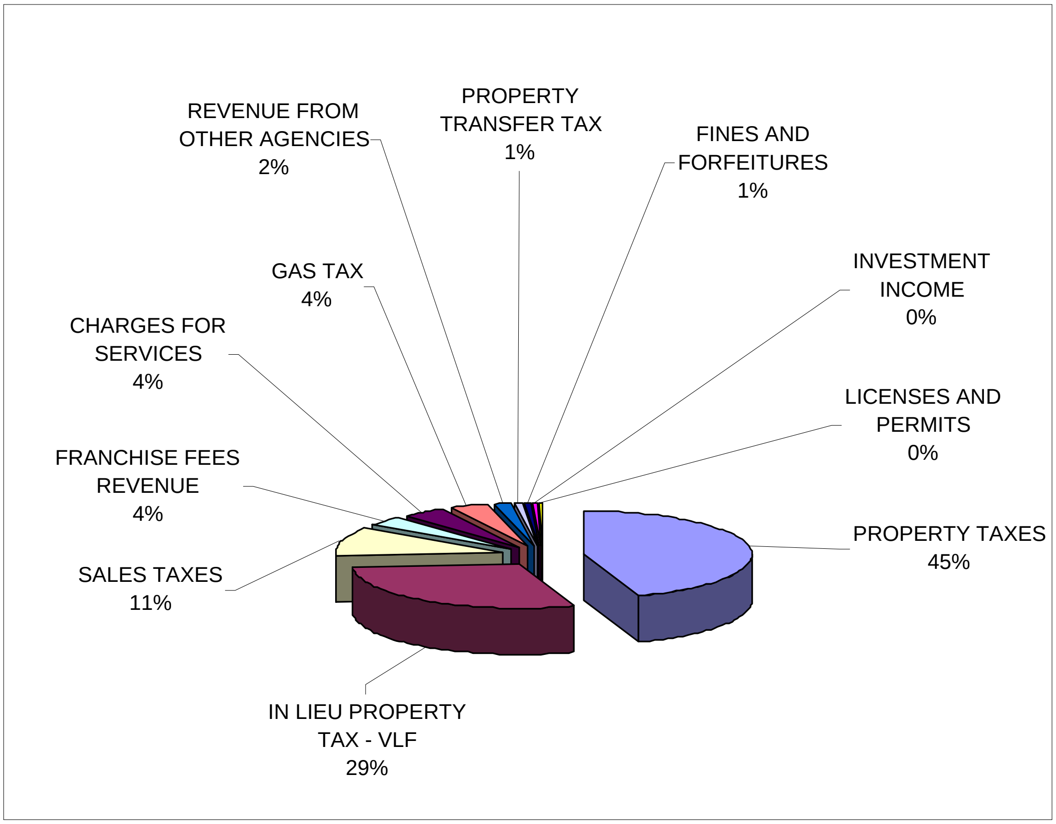
| Recurring Fiscal Revenues | | |
|---|---|---|
| PROPERTY TAXES | $655,794 | 44.8% |
| IN LIEU PROPERTY TAX - VLF | $423,416 | 28.9% |
| SALES TAXES | $155,152 | 10.6% |
| FRANCHISE FEES REVENUE | $59,511 | 4.1% |
| CHARGES FOR SERVICES | $57,733 | 3.9% |
| GAS TAX | $54,549 | 3.7% |
| REVENUE FROM OTHER AGENCIES | $24,634 | 1.7% |
| PROPERTY TRANSFER TAX | $11,676 | 0.8% |
| FINES AND FORFEITURES | $9,266 | 0.6% |
| INVESTMENT INCOME | $5,974 | 0.4% |
| LICENSES AND PERMITS | $5,425 | 0.4% |
| **TOTAL REVENUES** | **$1,463,131** | **100%** |

## FIGURE 1 – SCENARIO 1
## RECURRING FISCAL REVENUES (GENERAL FUND)




Source: David Taussig & Associates, Inc., July 2006

## FIGURE 2 – SCENARIO 2
## RECURRING FISCAL REVENUES (GENERAL FUND)




Source: David Taussig & Associates, Inc., July 2006

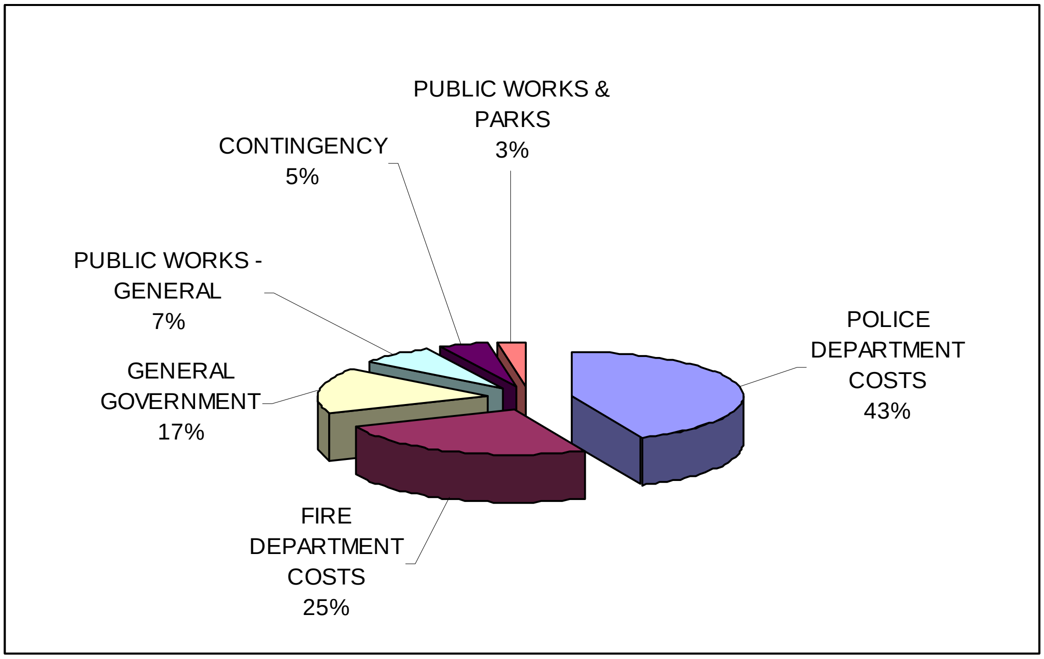
## TOTAL RECURRING COSTS - SCENARIOS 1 AND 2

As illustrated in **Tables ES-2** and **Table 8** of **Appendix A**, annual recurring costs to the City after annexation include $691,074 in Police Department costs (43.2%), $405,015 in Fire Department costs (25.3%), $272,971 in General Government costs (17.0%), $112,554 in General Public Works costs (7.0%), $76,257 in Contingency costs (4.8%) and $43,518 in Public Works and Parks costs (2.7%). Total annual recurring costs to the City are estimated at $1,601,389 per year at buildout. **Tables 1-9** of **Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.

## TABLE ES-2 – SCENARIOS 1 AND 2

| RECURRING FISCAL COSTS | | |
|---|---|---|
| POLICE DEPARTMENT COSTS | $691,074 | 43.2% |
| FIRE DEPARTMENT COSTS | $405,015 | 25.3% |
| GENERAL GOVERNMENT | $272,971 | 17.0% |
| PUBLIC WORKS - GENERAL | $112,554 | 7.0% |
| CONTINGENCY | $76,257 | 4.8% |
| PUBLIC WORKS & PARKS | $43,518 | 2.7% |
| **TOTAL COSTS** | **$1,601,389** | **100%** |

**FIGURE 3 – SCENARIOS 1 AND 2**
**RECURRING FISCAL COSTS (GENERAL FUND)**




Source: David Taussig & Associates, Inc., July 2006

## OVERALL FISCAL IMPACTS

As illustrated in **Table ES-3,** and **Table 8** of **Appendix A**, under Scenario 1 (with the Utility Users Tax) the Plan is anticipated to have an overall positive fiscal impact if annexed into the City of Rialto, generating a **fiscal surplus of $150,427 per year**. On a base of $1,601,389 in recurring annual costs, the Plan is estimated to generate $1,751,816 in recurring annual revenues, for a revenue-to-cost ratio of 1.09. On a per-dwelling unit basis, the surplus is expected to be approximately $207.20 per year. As illustrated in **Table ES-3** and **Table 8** of **Appendix B,** under Scenario 2, the Plan is estimated to generate $1,601,389 in recurring annual costs and $1,463,131 in recurring annual revenues for a revenue-to-cost ratio of 0.91 and a **fiscal deficit of $138,258 per year.** On a per-dwelling unit basis, the deficit is expected to be approximately $190.44 per year.

The fiscal surplus under Scenario 1 results from the inclusion of the Utility Users Tax and the relatively high property tax apportionment factor after annexation, which generates significant property tax revenues. The deficit, under Scenario 2, results primarily from the exclusion of the Utility Users Tax and the relatively high police and fire department costs estimated for the Plan area after annexation. Based on the City's current fiscal goals and policies, it is expected that as a requirement of development, the per-dwelling unit deficit will be mitigated through an annual special tax for public services.

The technical Tables for this fiscal impact analysis are available in **Appendix A and Appendix B** and discussed in detail below. **Table 1** shows the Plan's land use specifications. **Tables 2** through **5** estimate the revenues generated by the Plan and **Tables 6** and **7** estimate the costs generated by the Plan. **Tables 8** and **9** summarize the overall fiscal impacts.

**TABLE ES-3 – SCENARIO 1**

| NET FISCAL IMPACT | |
|---|---|
| TOTAL ONGOING REVENUES | $1,751,816 |
| TOTAL ONGOING COSTS | -$1,601,389 |
| ANNUAL ONGOING SURPLUS/(DEFICIT) | $150,427 |
| REVENUE-TO-COST RATIO | 1.09 |
| SURPLUS PER DWELLING UNIT | $207.20 |

**TABLE ES-3 – SCENARIO 2**

| NET FISCAL IMPACT | |
|---|---|
| TOTAL ONGOING REVENUES | $1,463,131 |
| TOTAL ONGOING COSTS | -$1,601,389 |
| ANNUAL ONGOING SURPLUS/(DEFICIT) | ($138,258) |
| REVENUE-TO-COST RATIO | 0.91 |
| DEFICIT PER DWELLING UNIT | -$190.44 |

# I. INTRODUCTION

## A. Background

As noted in the Executive Summary, YH Cactus, LLC (the "Client") has engaged David Taussig and Associates, Inc. ("DTA") to analyze the fiscal impact of the Rancho El Rivino Plan (the "Plan") on the City of Rialto (the "City"). The Plan consists of the annexation of 726 new, single family dwelling units, to be developed after annexation into the City from the unincorporated area of San Bernardino County (the "County").

All of the land-use assumptions in the model were derived from the Plan provided by the Client. In preparing this Fiscal Impact Report ("FIR"), DTA examined the types of community services that residents currently receive from the City, as well as the local government structure that supports these services. DTA also collected and analyzed assessed valuation data for the parcels proposed for annexation, as well as demographic data from the State of California Employment Development Department (EDD) and the Department of Finance (DOF).

## B. Plan Description

**Table 1**
**Buildout Projections & Sales Prices**

| Land Use Type | Description | No. of Units | Average Sales Price (Per Unit) |
|---|---|---|---|
| New Residential (Units) | New 4,500 SF Lots | 248 | $368,500 |
| | New 5,000 SF Lots | 259 | $396,000 |
| | New 6,000 & 7,200 SF Lots | 190 | $440,000 |
| | New 10,000 & 20,000 SF Lots | 29 | $512,500 |
| | Weighted Average | - | $402,775 |

### 1. Land Uses

The area proposed for annexation is presently within the unincorporated area of the County. The Plan consists of a block of five contiguous parcels totaling approximately 165 acres in size. A proposal calls for the annexation of the parcels into the City to be zoned under City zoning as Medium Density Residential.[1] Of the 165 acres, approximately 130 acres lies to the west of Cactus Avenue, and is comprised of developed property including the El Rivino Country Club golf course. The remaining 35 acres lies to the east of Cactus Avenue and is vacant undeveloped land.[2] The

[1] *Rancho El Rivino Specific Plan Draft 2006*, FORMA, Exhibit 2-7.
[2] *Rancho El Rivino Specific Plan Draft 2006*, FORMA, 2.2.1.

Rancho El Rivino Plan is comprised of 726 new, single family dwelling units. Based on DTA's demographic analysis, it is anticipated that the Plan will add 2,832 residents to the City after annexation. This demographic estimate is based on residents per dwelling unit data provided by the Department of Finance (DOF).

### 2. Plan Valuation

Assessed values for the new dwelling units were derived from home sales prices provided by the Client. The total area proposed for annexation has an assessed value of approximately $292,414,500 at buildout of the Plan.

### 3. Public Infrastructure

For purposes of this analysis, it is assumed that public infrastructure as outlined below in **Table 2** will be maintained by the City's General Fund. All other on-site infrastructure will be maintained by a property owners' association or other financing mechanism other than the City's General Fund.

**Table 2**

| Public Works / Parks Infrastructure Requirements | Quantity |
|---|---|
| ACRES OF LANDSCAPED PARKWAYS AND MEDIANS | 0.00 |
| ACRES PARKS | 0.00 |
| NUMBER OF BRIDGE(S) | 0.00 |
| LANE MILES OF ROADWAY | 1.00 |
| SIGNALIZED INTERSECTION(S) | 3.00 |
| STREETLIGHT(S) | 0.00 |
| MILES OF SEWER(S) | 7.00 |
| STORM DRAINS (MILES) | 1.60 |

### 4. Land Use And Infrastructure Phasing

Except for those facilities cited above, all other public infrastructure maintenance costs to the City's General Fund after annexation are assumed to be captured by the per capita costs analysis presented on **Table 6** of **Appendix A** below.

### 5. Demographics

This fiscal impact evaluation encompasses future development on all undeveloped and developed land within the Plan's boundaries. As noted previously, the total development potential of the Plan includes 726 new dwelling units. Based on DTA's demographic analysis in the FIR, it is anticipated that the City will add 2,832 more residents as a result of the

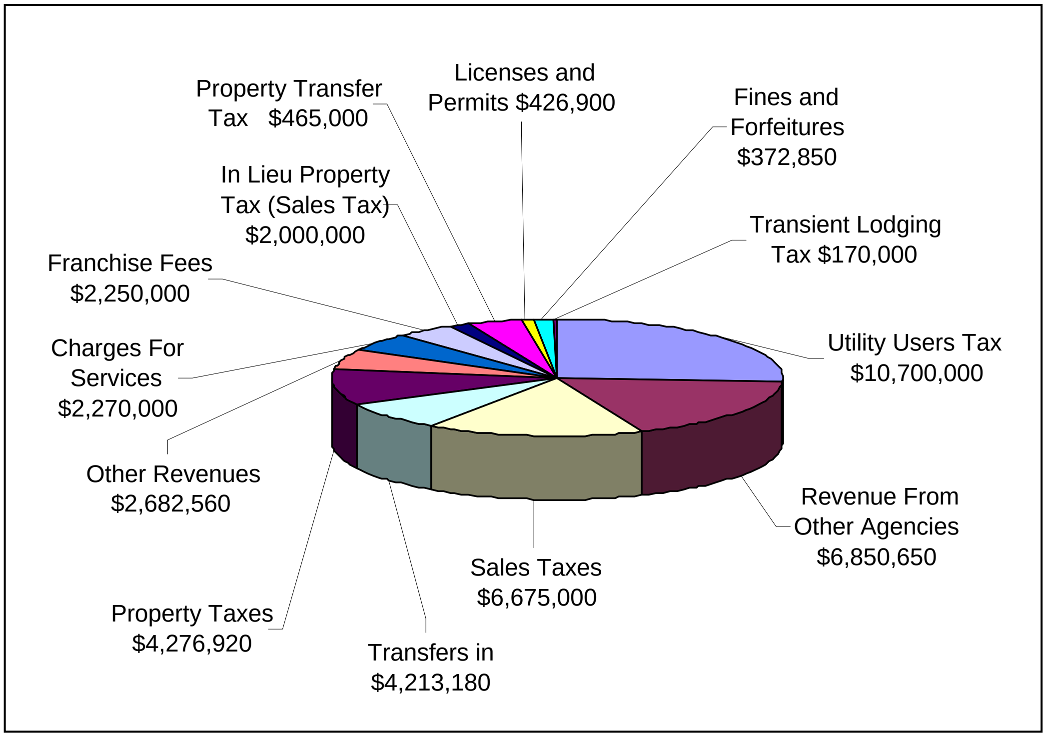
Plan. These projections were based on the State of California Department of Finance estimate for residents per dwelling unit.

## 6. Overview of City General Fund Financial Status

As the basis for this fiscal impact analysis, DTA analyzed the City's Fiscal Year 2005-2006 Budget, focusing on the City's General Fund. General Fund revenues have increased by approximately $3 million from the original 2004-2005 City budget, primarily through increases in Sales Tax revenues, Utility Users Tax revenues and Vehicle License Fee ("VLF") revenues. The largest change in expenditures is found in capital and equipment, which is reflected in the budget by a $1.1 million increase, a budget category not reflected in this analysis (the fiscal impact report focuses on ongoing operations and maintenance costs). Another noteworthy change is the addition of Gas Tax revenues, along with General Fund revenues, which are now funding an additional $400,000 in street and traffic maintenance services.

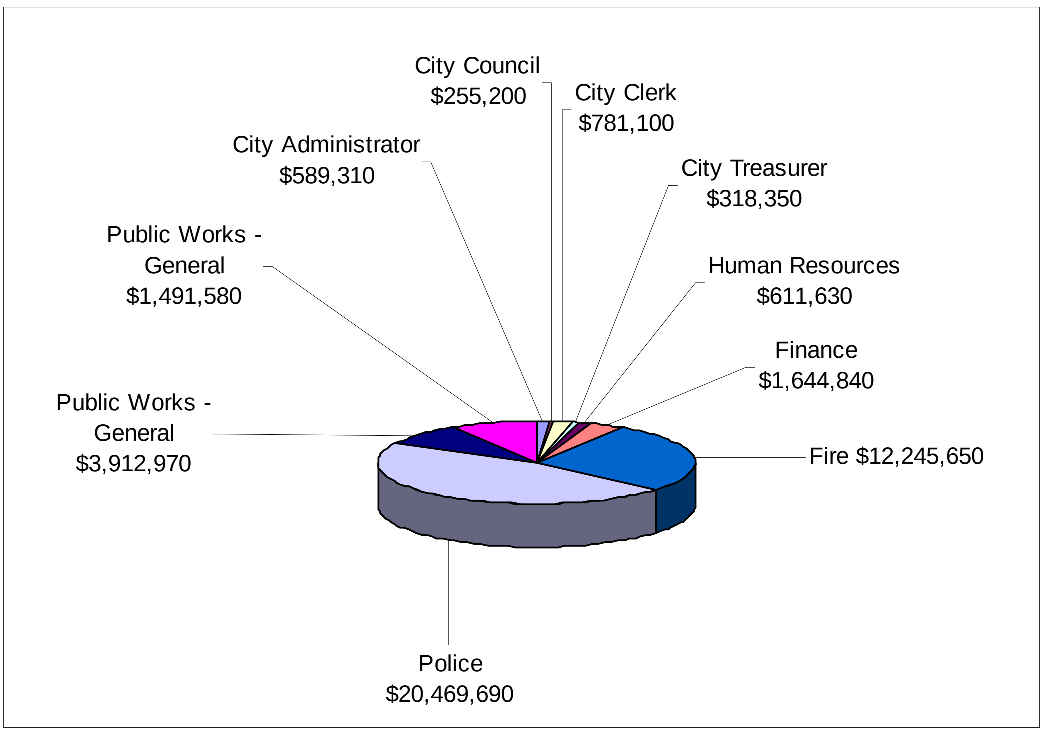
The Budget decisions at the state level impact the City budget in the following ways. The City budget for Fiscal Year 2005-2006 has prepared for the possible loss of $745,155 as a result of the still pending Proposition 1A. Adjustments were made for the Sales Tax Triple Flip and VLF swap, which were not incorporated into the original budget. Booking fee expenditures have been reduced as these revenues will not be received in Fiscal Year 2006. Although suggestions were made to re-establish the fund for Proposition 42 transportation infrastructure, and to return 50% of the VLF loan to City, this was not included in the budget in order to more accurately reflect the fiscal reality the City faces. The City has maintained substantial reserves of $22 million for the Fiscal Year 2005-2006 budget. The City's reserve target is at least 50% of the budgeted expenditures. Total overall City General Fund revenues are illustrated in **Figure 4**, and total overall City General Fund expenditures are illustrated in **Figure 5**, below.

**FIGURE 4**
**2005-2006 OVERALL CITY GENERAL FUND REVENUES**




Source: David Taussig & Associates, Inc. July 2006

**FIGURE 5**
**2005-2006 OVERALL CITY GENERAL FUND EXPENDITURES**




Source: David Taussig & Associates, Inc. July 2006

The largest source of revenue for the City General Fund is the Utility Users Tax at 26%, which funds the current employee Public Employee Retirement System (PERS) costs, the CFD 87-2 funding, new Public Safety staffing, and other equipment needs.[3] This 8% tax on utility bills was passed in June 2003, and will end in June of 2008 unless it is re-approved by voters. Without the Utility Users Tax, the City will experience a significant decline in ability to finance employees and services.[4] For purposes of this analysis, DTA analyzes two scenarios: with and without the Utility Users Tax, in order to evaluate both possible situations and the Plan's potential impact.

## C. Scope and Methodology

### 1. Scope Of Analysis

The fiscal impacts identified in this report include recurring municipal revenues and costs to the City General Fund that result from development of the Plan. Impacts on the City are associated with a variety of services, such as general government, police protection and public works maintenance. To the extent that revenues are generated outside of the City's General Fund (e.g., a LLMD) or costs are incurred by the City outside of the General Fund (e.g., street lighting maintenance costs), they are not included within the Scope of this analysis unless they are transferred to the General Fund by the City.

DTA generally relied on the multipliers developed in the *Citywide Community Facilities District Fiscal Analysis* to estimate the fiscal impacts. The methodology focuses on *Per Capita Multiplier* methods for numerous cost and revenue categories. This methodology involves calculating the *average costs* of City services per resident and/or employee and applying this cost factor to the new development at Plan buildout. Revenues are generated from a variety of sources, including several types of taxes and fees. Some of the revenues, including property taxes and sales taxes, are calculated using a Case Study methodology, which involves calculating the *marginal revenues* to be specifically generated by the Plan instead of applying an average City-wide revenue factor. All revenues and costs are stated in constant (un-inflated) 2007 dollars, based on the assumption that the relative impacts of inflation in future years will be the same for both factors. The *Citywide Fiscal Analysis* assumptions account for the number of residents plus 50% of all employees as equivalent resident population, an estimation of total population served by the City. This figure of 109,939 equivalent resident population is derived from 99,189 residents and 21,500 employees discounted by 50%. This analysis also accounts for recent changes to State law through 2005 as

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[3] Memorandum by June Overholt for the FY 2005-06 Budget.
[4] "Rialto Relying on Tax's Renewal," *San Bernardino County Sun* Robert Rogers, June 2006.

well as local measures (including property tax exchange after annexation and the Utility Users Tax) which may affect the City's financial situation.

### 2. METHODOLOGICAL APPROACH

As noted previously, the analysis in this FIR is based mainly on *Multiplier Methods.* The *Per-Capita-Multiplier Method* involves dividing a particular cost or revenue category by the number of persons currently residing in the City, and multiplying that figure by the number of inhabitants expected to reside in the City as a result of the annexation. Two offshoots of the *Per-Capita-Multiplier Method* are the *Per-Capita-and-Employee Multiplier Method* and the *Per-Employee-Multiplier Method*. The *Per-Capita-and-Employee-Multiplier Method* involves dividing a cost or revenue figure by the number of residents and 50% of all employees in the City and then multiplying that number by the number of residents and employees projected for the Plan after annexation. The *Per-Employee-Multiplier Method* involves dividing a budget category by 50% of the number of employees currently working in the City, and then multiplying that figure by the projected number of employees generated by new development. It is important to note that many headings throughout the exhibits are labeled as 'per-capita' for purposes of simplicity. However, the line items under the categories may utilize the *Per-Capita-and-Employee-Multiplier Method* and the *Per-Employee-Multiplier Method*, as well as the *Per-Capita-Multiplier Method*. Footnotes are used to guide the reader in the discernment of the precise methodology used for any particular 'per-capita' cost or revenue calculation.

## D. LIMITATIONS

This analysis is based on estimates, assumptions and other information developed from DTA's research and information from DTA's database that were collected through FIRs previously prepared by the firm. The sources of information and basis of the estimates are stated herein. While we believe 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 them as results that will definitely be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from the projections.

# II. FISCAL MODELING ASSUMPTIONS

**TABLE 3 – RANCHO EL RIVINO PLAN FISCAL ASSUMPTIONS**

| FISCAL IMPACT ASSUMPTIONS | |
|---|---|
| Net (General Fund) Apportionment Factor to City as a Portion of the 1% Property Tax | 22.8% |
| Unsecured Taxes as a Percentage of Secured (Residential) | 0.16% |
| Average Household Size | 3.90 |
| New Single Family Dwelling Unit Weighted Average Sales Price | $402,775 |
| Residential Property Turnover Rate | 7.26% |
| Transfer Tax as % of Price | 0.11% |
| Sales Tax Passed Through to the City | 1.00% |
| Current City Population | 99,189 |
| Current City Employment | 21,500 |
| New Project Dwelling Units | 726 |
| New Project Residents | 2,832 |

This section identifies each of the recurring revenue and cost impacts to the City arising from annexation and development of the Plan. It also discusses the methodology used in projecting these impacts. Detailed numerical analyses of the impacts discussed below are contained in **Tables 2** through **9** in **Appendix A** and **Appendix B**.

## A. PROPERTY TAXES - SECURED ROLL

The County Auditor-Controller identifies property tax rates as a percentage of total assessed valuation by Tax Rate Area ("TRA") and AB 8 apportionment factors. The Plan is located in TRA 64024 and TRA 64034 in unincorporated San Bernardino County. The TRA apportionment factors are used to project property tax revenues resulting from the Plan to the City's General Fund after annexation. The tax rates are as follows:

**TABLE 4**
**PROPERTY TAX ASSUMPTIONS: ANNEXATION**

| DETACHING DISTRICT | AVERAGE NET ALLOCATION | ALLOCATION TO CITY AFTER PROPERTY TAX EXCHANGE |
|---|---|---|
| Central Valley Fire District | 17.48% | 100% |
| Bloomington Recreation & Parks District | 2.10% | 100% |
| CSA SL-1 | 0.73% | 100% |
| CSA #70 | 2.48% | 100% |

Based on information provided by the Auditor-Controller's office, property tax revenues have been reduced as indicated above to account for the state-mandated property tax shift to the Educational Relief Augmentation Fund ("ERAF"). Although a Master Property Tax Transfer Agreement does not exist between San Bernardino County and the City of Rialto, the tax allocation rate is based on a formula provided by San Bernardino County Local Area Formation Commission (LAFCO). As such, DTA assumes that the City will receive 100 percent of the property tax allocation previously allocated to agencies within the Tax Rate Area for which the City will be assuming service provision responsibilities based on

DTA's *Plan for Services*, November 2006. The City will be transferred 100 percent of the share of the detaching districts, but will not receive a share of the "remainder" – the difference between the City of Rialto's historic share from a major TRA (13.64%) and the sum of the shares of the detaching districts as the sum of the detaching districts exceeds that of the historic TRA share. See **Appendix C** for details on the Property tax exchange calculation used by the County in annexations. The Plan valuation of $292,414,500 at annexation and buildout results in secured property tax revenues to the City General Fund of $654,747 (see **Appendix A, Table 2**).

## B. PROPERTY TAXES -UNSECURED ROLL

Unsecured property taxes are levied on tangible personal property that is not secured by real estate. Examples of unsecured property include trade fixtures (e.g., manufacturing equipment and computers), as well as airplanes, boats, and mobile homes on leased land. Tax rates for unsecured property in a given fiscal year are the same as tax rates for secured property in the preceding fiscal year and are calculated at 0.16 percent of secured property tax revenue, based on information provided by City staff. Total unsecured property taxes are estimated at $1,048 annually after annexation.

## C. UTILITY USERS TAXES

Utility Users Taxes accruing to the City General Fund includes the use of telephone, gas, water, electric and cable facilities within the City. Under Scenario 1, resulting General Fund revenues are projected at $287,506 per year (see **Appendix A, Table 5**). ***Under Scenario 2, the City does not receive Utility Users Tax revenues due to its sunset in 2008***.

## D. SALES AND USE TAXES

Approximately 1% of taxable sales from within the City's jurisdiction are passed through directly to the City. DTA based its sales tax assumptions on the *Citywide Fiscal Analysis*, using per capita multipliers of $51.00 for sales tax generation and $3.78 for safety sales tax generation. Sales tax revenues accruing directly to the City from all residential land uses are therefore projected at $155,152 per year at Plan buildout (see **Appendix A, Table 3**).

## E. REVENUE FROM OTHER AGENCIES

Certain revenues accrue to the City's General Fund from other agencies, such as state subventions, for example. Vehicle License Fees ("VLFs") are collected by the State Department of Motor Vehicles ("DMV") at the time a vehicle is registered. Revenues are forecasted using the *Per Capita Multiplier* factor of $8.70 based on the *Citywide Fiscal Analysis* and the City's budget and expected to total $24,634 at Plan buildout (see **Appendix A, Table 5**).

## F. FRANCHISE FEES REVENUE

Franchise taxes are levied on privately owned firms providing utilities and other services to City residents and businesses. Franchise tax revenues accruing to the City from the Plan have been estimated based on a *Per Capita/Employee Multiplier* of $21.01 as derived from the City's budget and the *Citywide Fiscal Analysis*. Based on this factor, franchise tax revenues to the City are projected to total about $59,511 per year at buildout (see **Appendix A, Table 4**).

## G. PROPERTY TRANSFER TAXES

The property transfer tax applies to all sales of real property, and is shared by both the City and the County at a rate of $1.10 per $1,000 of sale or resale value, excluding assumed liens or encumbrances.

This FIR assumes annual residential turnover rates of 7.26% for residential properties based on City data from HDL and City staff. The Plan is projected to generate $11,676 per year in property transfer taxes to the City at buildout (see **Appendix A, Table 3**).

## H. INVESTMENT INCOME

Investment earnings have been projected for the City using an estimated annual effective investment rate of 1.64%, based on the *Citywide Fiscal Analysis*. This rate was applied to the sum of revenues generated by the Plan, and assumed an average investment period of six months. Expected annual revenues are $7,153 (see **Appendix A, Table 5**).

## I. LICENSES AND PERMITS

Licenses and Permits is a revenue category based on the City's collection of dog license fees. Revenues are forecasted using the *Per Capita Multiplier* factor of $1.92 based on the *Citywide Fiscal Analysis* and the City's budget and expected to total $5,425 at Plan buildout (see **Appendix A, Table 5**).

## J. FINES AND FORFEITURES

This revenue category represents fines and penalties collected by the City for various infractions. The *Per Capita/Employee Multiplier* factor of $3.27 was utilized to project these revenues. Expected revenues are $9,266 for the Plan at buildout (see **Appendix A, Table 5**).

## K. CHARGES FOR SERVICES

This revenue category represents income collected for providing various services to residents and/or other local agencies. The *Per Capita/Employee Multiplier* factor of $20.38 was utilized to project these revenues and is consistent with the

*Citywide Fiscal Analysis*. Expected annual revenues are $57,733 for the Plan (see **Appendix A, Table 5**).

### L. IN-LIEU PROPERTY TAX (VLF)

Prior to June 1, 2004 the City's share of VLF revenue increased as the City's population relative to statewide population increased. An increase in population due to an annexation increased the annexing City's VLF share. In addition, total VLF grew each year due to the increased taxable value of automobiles. The new law requires that a City's additional amount of MVLF as a result of an annexation be drastically lower under certain conditions. The new law states that the City gets no additional property tax in-lieu of VLF for the assessed value of an area within the first year of annexation. As such, the extent of buildout upon annexation for a project determines the loss of revenue to the annexing city. The Rancho El Rivino Plan is expected to be annexed *prior* to development and therefore property tax in-lieu of VLF is estimated according to the *Citywide Fiscal Analysis* assumptions as a percentage of assessed value.[5] Revenues were calculated based on .1448% of the assessed Plan valuation and projected annual revenues are estimated to equal $423,416 at buildout (see **Appendix A, Table 2**).

### M. GAS TAXES

Gas Tax revenues are based on a per capita factor for revenues transferred to the General Fund according to the City's FY 2005-2006 budget and the *Citywide Fiscal Analysis.* Multiplying the *Per Capita* factor of $19.26 by the estimated new residents from the Plan yields $54,549 in revenues to the City per year at buildout (see **Appendix A, Table 5**).

[5] "City of Rialto *Citywide Fiscal Impact Analysis*, July 2006. Average In Lieu Property Tax (VLF) as a percentage of total assessed valuation for FY 2004-2005 & FY 2005-2006.

# IV. SUMMARY OF RECURRING COSTS: CITY OF RIALTO

## A. Police Department

The appropriate level of service cost per capita was determined based on an estimated increase in the current level of service of 24% and an appropriate level of 1.40 officers per 1,000 population. A multiplier factor of $244 per "resident equivalent population" was used, yielding an annual cost of $691,074 for residents of the Plan for police department services.[6]

## B. Fire Department

At a cost of $143 per capita, and based upon the current city population, fire department costs to the General Fund due to the Plan are estimated to be $405,015 annually. The estimated appropriate level of service was calculated based on calls and costs per engine, per ambulance and per capita and includes an overhead rate of 32.2%.[7]

## C. Public Works – General

The Plan is expected to impact the General Fund by requiring the maintenance of public infrastructure by the City, in terms of general public infrastructure maintenance and operations, and includes administrative, park maintenance, building maintenance, community buildings and traffic safety costs. Based on a factor of $39.74, the annual public works maintenance costs total $112,554 at buildout (see **Table7**, **Appendix A**).

## D. Public Works And Parks

The Plan is expected to impact the General Fund by requiring the maintenance public infrastructure by the City, in terms of parks, roads and street maintenance, for example (see **Table 6**, **Appendix A**). Based on a *Case Study Method*, the annual public works maintenance costs total $43,518 at buildout.

## E. General Government

General government costs can be calculated as a percentage of police and fire protection costs and public works/engineering costs, referred to as "City Direct Costs." Based on 2006-2007 budget, general government costs are an estimated 21.8% of total recurring costs. Applied to the Plan, this yields annual costs to the City of $272,971, as shown in **Table 7**, **Appendix A.**

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[6] Stanley R. Hoffman Associates, *Citywide Community Facilities District Fiscal Analysis*, 2006
[7] Stanley R. Hoffman Associates, *Citywide Community Facilities District Fiscal Analysis*, 2006.

## F. CONTINGENCY COSTS

Contingencies consist of 5% of total recurring costs to cover unforeseen costs that may result from budget or economic uncertainties. This applied to the Plan results in $76,257 annually and is factored into the analysis as a “cost” (see **Table 7**, **Appendix A**).[8]

[8] Stanley R. Hoffman Associates, *Citywide Community Facilities District Fiscal Analysis*, 2006

## V. CONCLUSIONS OF FISCAL IMPACT ANALYSIS: CITY OF RIALTO

### A. TOTAL RECURRING REVENUES: CITY OF RIALTO

As illustrated in **Table ES-1** and **Table 8** of **Appendix A**, annual recurring revenues to the City after annexation include $655,794 in Property Taxes (37.4% of total revenues), $423,416 in In-Lieu Property Taxes (VLF) (24.2%), $287,506 in Utility Users Taxes (16.4%), $155,152 in Sales Taxes (8.9%), $59,511 in Franchise Fee revenue (3.4%), $57,733 in Charges for Services (3.3%), $54,549 in Gas Tax revenue (3.1%), $24,634 in Revenue From Other Agencies (1.4%), $11,676 in Property Transfer Taxes (0.7%), $9,266 in Fines and Forfeitures (0.5%), $7,153 in Investment Income (0.4%) and $5,425 in Licenses and Permits (0.3%). Total recurring revenues to the City will equal approximately $1,751,816 per year at buildout. **Tables 1-9** of **Appendix A** provide additional details about all recurring revenues and the assumptions used in their derivation.

Under Scenario 2, as illustrated in **Table ES-1** and **Table 8** of **Appendix B**, annual recurring revenues to the City after annexation include $655,794 in Property Taxes (44.8% of total revenues), $423,416 in In-Lieu Property Taxes (VLF) (28.9%), $155,152 in Sales Taxes (10.6%), $59,511 in Franchise Fees (4.1%), $57,733 in Charges for Services (3.9%), $54,549 in Gas Taxes (3.7%), $24,634 in Revenue From Other Agencies (1.7%), $11,676 in Property Transfer Taxes (0.8%), $9,266 in Fines and Forfeitures (0.6%), $5,974 in Investment Income (0.4%) and $5,425 in Licenses and Permits (0.4%). Total recurring revenues to the City will equal approximately $1,463,131 per year at buildout. **Tables 1-9** of **Appendix B** provide additional details about all recurring revenues and the assumptions used in their derivation.

### B. TOTAL RECURRING COSTS: CITY OF RIALTO

As illustrated in **Tables ES-2** and **Table 8** of **Appendix A**, annual recurring costs to the City after annexation include $691,074 in Police Department costs (43.2%), $405,015 in Fire Department costs (25.3%), $272,971 in General Government costs (17.0%), $112,554 in General Public Works costs (7.0%), $76,257 in Contingency costs (4.8%) and $43,518 in Public Works and Parks costs (2.7%). Total annual recurring costs to the City are estimated at $1,601,389 per year at buildout. **Tables 1-9** of **Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.

### C. OVERALL NET FISCAL COSTS TO THE CITY

As illustrated in **Table 9** in **Appendix A** (and **Table 5**, below), the Plan is anticipated to have an overall positive fiscal impact at buildout, generating a fiscal surplus of $150,427 per year for a per-dwelling unit surplus of $207.20 annually at buildout under Scenario 1. On a base of $1,601,389 in recurring annual costs, the Plan is projected to generate $1,751,816 in recurring annual revenues, for a revenue-to-cost ratio of 1.09. As illustrated in **Table 5** and **Table 8** of **Appendix**

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**B,** under Scenario 2 the Plan is estimated to generate $1,601,389 in recurring annual costs and $1,463,131 in recurring annual revenues for a revenue-to-cost ratio of 0.91 and a **fiscal deficit of $138,258 per year,** for a per dwelling unit deficit of $190.44 annually at buildout.

As noted in the Executive Summary, The fiscal surplus under Scenario 1 results from the inclusion of the Utility Users Tax and the relatively high property tax apportionment factor after annexation, which generates significant property tax revenues. The deficit, under Scenario 2, results primarily from the exclusion of the Utility Users Tax and the relatively high police and fire department costs estimated for the Plan area after annexation. Based on the City's current fiscal goals and policies, it is expected that as a requirement of development, the per-dwelling unit deficit will be mitigated through an annual special tax for public services.

**TABLE 5 – SCENARIO 1**

| NET FISCAL IMPACT | |
|---|---|
| TOTAL ONGOING REVENUES | $1,751,816 |
| TOTAL ONGOING COSTS | -$1,601,389 |
| ANNUAL ONGOING SURPLUS/(DEFICIT) | $150,427 |
| REVENUE-TO-COST RATIO | 1.09 |
| SURPLUS PER DWELLING UNIT | $207.20 |

**TABLE 6 - SCENARIO 2**

| NET FISCAL IMPACT | |
|---|---|
| TOTAL ONGOING REVENUES | $1,463,131 |
| TOTAL ONGOING COSTS | -$1,601,389 |
| ANNUAL ONGOING SURPLUS/(DEFICIT) | ($138,258) |
| REVENUE-TO-COST RATIO | 0.91 |
| DEFICIT PER DWELLING UNIT | -$190.44 |

**APPENDIX A – SCENARIO 1**

**ANALYSIS OF RECURRING FISCAL IMPACTS TO THE CITY OF RIALTO**

David Taussig & Associates, Inc.

**TABLE 1**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**LAND USE ASSUMPTIONS**

David Taussig & Associates, Inc.

| RESIDENTIAL LAND USE | BUILD-OUT |
|---|---|
| **DWELLING UNITS**[1] | **TOTAL** |
| New 4,500 SF Lots | 248 |
| New 5,000 SF Lots | 259 |
| New 6,000 and 7,200 SF Lots | 190 |
| New 10,000 & 20,000 SF Lots | 29 |
| | |
| **TOTAL, NEW DWELLING UNITS** | **726** |
| | |
| PROJECT RESIDENTS[2] | |
| **TOTAL, PROJECT RESIDENTS** | **2,832** |

| NONRESIDENTIAL LAND USE | BUILD-OUT |
|---|---|
| **BUILDING NONRESIDENTIAL SQ. FT.** | |
| Commercial Retail | 0 |
| Commercial Office | 0 |
| **TOTAL, NONRESIDENTIAL SQUARE FEET** | **0** |
| | |
| **NONRESIDENTIAL EMPLOYEES** | |
| Commercial Retail | 0 |
| Commercial Office | 0 |
| **TOTAL, NONRESIDENTIAL EMPLOYEES** | **0** |

NOTES:
[1]Land use plan provided by YH Cactus, LLC and outlined in the Rancho El Rivino Specific Plan, 2006.
[2]Source: California State Department of Finance

| | |
|---|---|
| Average Household Size, City of Rialto | 3.90 |

**TABLE 2**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY REVENUES: PROPERTY TAXES & PROPERTY TAX IN LIEU (VLF)**

DTA
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& Associates, Inc.

ASSESSED VALUATION ASSUMPTIONS

| | |
|---|---|
| **RESIDENTIAL MEDIAN SALES PRICES**[1] | |
| **New Development** | |
| New 4,500 SF Lots | $368,500 |
| New 5,000 SF Lots | $396,000 |
| New 6,000 and 7,200 SF Lots | $440,000 |
| New 10,000 & 20,000 SF Lots | $512,500 |
| **New Single Family Weighted Average** | $402,775 |
| **Homeowner's Exemption (Per Year)** | $7,000 |
| **NONRESIDENTIAL SALES PRICES (Square Feet)** | |
| Commercial Retail | NA |
| Commercial Non-Retail | NA |

[1]Median prices based on statistical analysis conducted by DTA of price range provided by the Client, YH Cactus, LLC.

SECURED PROPERTY TAX ASSUMPTIONS[1]

| | |
|---|---|
| Historic Share of Total Property Tax Revenue Generated in Annexation Area | 13.64% |
| Average Current Percentage Share Collected by County Fire Fund (to be allocated to the City) | 17.48% |
| Average Current Percentage Share Collected by County Service Area #70 (to be allocated to City) | 2.48% |
| Average Current Percentage Share Collected by Bloomington Recreation and Park District (to be allocated to the City) | 2.10% |
| Average Current Percentage Share Collected by CSA-SL (to be allocated to the City) | 0.73% |
| Total Average Share Transferred from Detaching Districts | 22.79% |

UNSECURED PROPERTY TAX ASSUMPTIONS [2]

| | |
|---|---|
| RESIDENTIAL: | |
| UNSECURED TAXES AS A % OF SECURED | 0.16% |
| NONRESIDENTIAL: | |
| UNSECURED TAXES AS A % OF SECURED | NA |

NOTES:

[1]Although a Master Property Tax Transfer Agreement does not exist between San Bernardino County and the City of Rialto, the tax allocation rate is based on a calculation provided to DTA by San Bernardino County LAFCO.
The City will be transferred 100 percent of the apportionment share of detaching districts, and 50 percent of the "remainder" after subtracting the detaching districts' share from Rialto historica share from a major TRA. In this uniqe case, the sum of the detaching districts' share exceeds Rialto's historic allocation factor for the major TRA. The City is estimated to receive 100 percent of the share of thedetaching districts. The districts assumed to be transferred are based on DTA's Plan for Services, June 2006.

[2]Source: City of Rialto, George Harris and Robb Steele, July 2006.

**Table 2 Continued**

| FISCAL YEAR ($s x1,000) | BUILD-OUT |
|---|---|
| **SECURED ASSESSED VALUE CALCULATION:** | |
| ANNUAL ASSESSED VALUES | |
| **RESIDENTIAL** | |
| New 4,500 SF Lots | $91,388 |
| New 5,000 SF Lots | $102,564 |
| New 6,000 and 7,200 SF Lots | $83,600 |
| New 10,000 & 20,000 SF Lots | $14,863 |
| TOTAL, NEW SINGLE FAMILY | $292,415 |
| **TOTAL, RESIDENTIAL** | **$292,415** |
| **NONRESIDENTIAL** | |
| COMMERCIAL RETAIL | $0 |
| COMMERCIAL NON-RETAIL | $0 |
| **TOTAL, NONRESIDENTIAL** | **$0** |
| ADJUSTED ASSESSED VALUATION (with Homeowner's Exemption applied) : | **$287,333** |
| **SECURED PROPERTY TAX REVENUE CALCULATION:** | |
| CITY OF RIALTO | |
| RESIDENTIAL | $655 |
| COMMERCIAL | $0 |
| TOTAL, SECURED TAX REVENUES TO CITY | $655 |
| **UNSECURED PROPERTY TAX REVENUE CALCULATION:** | |
| CITY OF RIALTO | |
| RESIDENTIAL | $1 |
| COMMERCIAL | $0 |
| TOTAL, UNSECURED TAX REVENUES TO CITY | $1 |
| **TOTAL PROPERTY TAXES TO CITY** | **$656** |

| FISCAL YEAR ($s x1,000) | BUILD-OUT |
|---|---|
| **PROPERTY TAX IN-LIEU OF VLF** | |
| Assessed Valuation of Project | $292,415 |
| VLF as % of Assessed Value[1] | 0.1448% |
| Total VLF Revenues Associated with Project | **$423.42** |

NOTES:

[1]Source: City of Rialto Citywide Fiscal Impact Analysis, July 2006. Average In Lieu Property Tax (VLF) as a percentage of total assessed valuation for FY 04-05 and FY 05-06.

**TABLE 3**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY REVENUES CONT'D: SALES TAXES AND PROPERTY TRANSFER TAXES**
**FISCAL IMPACT ANALYSIS**

| SALES AND USE TAX | |
|---|---|
| PER CAPITA SALES TAX GENERATION[1] | $51.00 |

| PROPERTY TRANSFER TAX ASSUMPTIONS[2] | |
|---|---|
| RESIDENTIAL PROPERTY TURNOVER RATE | 7.26% |
| NONRESIDENTIAL PROPERTY TURNOVER RATE | 5.00% |
| TRANSFER TAX AS A % OF PRICE | 0.11% |
| PROPERTY TRANSFER TAX PASSED THROUGH TO CITY | 50.00% |

| ANNUAL TAXABLE SALES (Per Square Foot) | |
|---|---|
| SAFETY SALES TAX PER CAPITA[3] | $3.78 |

NOTES:
[1]Source: Rialto *Citywide Community Facilities District Fiscal Analysis,* July 2006 prepared by Stanley Hoffman Associates.
[2]Based on information provided by the City of Rialto, July 5, 2006 and DTA baseline assumptions.
[3]Source: Rialto *Citywide Community Facilities District Fiscal Analysis* , July 2006

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **SALES & USE TAX REVENUE CALCULATION:** | | |
| INDIRECT SALES TAX GENERATION | | |
| RESIDENTIAL SALES TAX GENERATION | | $144.45 |
| DIRECT SALES TAX GENERATION | | |
| COMMERCIAL | | $0.00 |
| NON-RETAIL COMMERCIAL | | $0.00 |
| SUB-TOTAL DIRECT TAXABLE SALES | | $0.00 |
| LESS: DISPLACED EXISTING CITY SALES TAX | | $0.00 |
| TOTAL, DIRECT TAXABLE SALES | | $0.00 |
| TOTAL, DIRECT SALES TAX GENERATION | | $0.00 |
| TOTAL, SAFETY SALES TAX GENERATION | | $10.71 |
| TOTAL, PROJECT SALES & USE TAX REVENUES, APPLIED TO COSTS | | $155.15 |
| **PROPERTY TRANSFER TAX CALCULATION:** | | |
| RESIDENTIAL PROPERTY TRANSFER TAXES | | $11.68 |
| COMMERCIAL PROPERTY TRANSFER TAXES | | $0.00 |
| TOTAL, ANNUAL PROPERTY TRANSFER TAXES | | $11.68 |

**TABLE 4**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**MULTIPLIER REVENUES: FRANCHISE FEES, T.O.T. REVENUES**

FRANCHISE FEES

| | RESIDENTIAL[1] | NONRESIDENTIAL[2] |
|---|---|---|
| FRANCHISES | $21.01 | $21.01 |
| BUSINESS LICENSE FEES | NA | $59.83 |

TRANSIENT OCCUPANCY TAX

| | |
|---|---|
| NUMBER OF AVAILABLE HOTEL ROOMS | 0 |
| OCCUPANCY RATE | 0.00% |
| AVERAGE BILLING RATE PER ROOM | $0.00 |
| % PASSED THROUGH TO CITY | 0.00% |

NOTES:
[1]Per Capita
[2]Per Employee

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **FRANCHISE FEE REVENUE** | | |
| RESIDENTIAL | | $59.5 |
| COMMERCIAL | | $0.0 |
| **TOTAL, FRANCHISE FEE REVENUE** | | $59.5 |
| **TRANSIENT OCCUPANCY TAX REVENUE** | | |
| TOTAL, TRANSIENT OCCUPANCY TAX REVENUE | | $0.0 |

**TABLE 5**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**MULTIPLIER REVENUES CONT'D: OTHER GENERAL REVENUES**

David Taussig & Associates, Inc.

OTHER GENERAL REVENUES

| | RESIDENTIAL | NONRESIDENTIAL |
|---|---|---|
| LICENSES AND PERMITS[1] | $1.92 | NA |
| FINES AND FORFEITURES | $3.27 | NA |
| USE OF MONEY AND PROPERTY | $0.00 | NA |
| REVENUE FROM OTHER AGENCIES | $8.70 | NA |
| CHARGES FOR SERVICES | $20.38 | NA |
| OTHER REVENUES | $0.00 | NA |
| GAS TAX | $19.26 | NA |
| UTILITY USERS TAX | $101.51 | NA |

| | |
|---|---|
| EFFECTIVE INTEREST [2] | 1.64% |

NOTES:

[1] Excludes business license fees.

[2] Based on Citywide Fiscal Analysis assumptions, 2006. Assumes an investment period of 3 months.

**TABLE 5 CONTINUED**

| FISCAL YEAR ($s x1,000) | **BUILD-OUT** |
|---|---|
| **PER CAPITA REVENUES** | |
| LICENSES AND PERMITS | |
| RESIDENTIAL | $5.4 |
| COMMERCIAL | $0.0 |
| TOTAL, LICENSES AND PERMITS | $5.4 |
| FINES AND FORFEITURES | |
| RESIDENTIAL | $9.3 |
| COMMERCIAL | $0.0 |
| TOTAL, FINES AND FORFEITURES | $9.3 |
| USE OF MONEY AND PROPERTY | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| TOTAL, USE OF MONEY AND PROPERTY | $0.0 |
| REVENUE FROM OTHER AGENCIES | |
| RESIDENTIAL | $24.6 |
| COMMERCIAL | $0.0 |
| TOTAL, REVENUE FROM OTHER AGENCIES | $24.6 |
| CHARGES FOR SERVICES | |
| RESIDENTIAL | $57.7 |
| COMMERCIAL | $0.0 |
| TOTAL, CHARGES FOR SERVICES | $57.7 |
| OTHER REVENUES | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| TOTAL, OTHER REVENUES | $0.0 |
| UTILITY USERS TAXES | |
| RESIDENTIAL | $287.5 |
| COMMERCIAL | $0.0 |
| TOTAL, UTILITY USERS TAX | $287.5 |
| GAS TAX | |
| RESIDENTIAL | $54.5 |
| COMMERCIAL | $0.0 |
| TOTAL, GAS TAX | $54.5 |
| TOTAL, PER CAPITA RESIDENTIAL REVENUES (INCLUDES FRANCHISE FEES) | $498.6 |
| TOTAL, PER COMMERCIAL EMPLOYEE REVENUES (INCLUDES FRANCHISE FEES) | $0.0 |
| TOTAL, PER CAPITA AND EMPLOYEE REVENUES | $498.6 |
| TOTAL CASE STUDY RESIDENTIAL REVENUES | $1,246.0 |
| TOTAL CASE STUDY COMMERCIAL REVENUES | $0.0 |
| TOTAL, CASE STUDY REVENUES | $1,246.0 |
| RESIDENTIAL REV AVAILABLE FOR INVESTMENT | $1,744.7 |
| COMMERCIAL REV AVAILABLE FOR INVESTMENT | $0.0 |
| TOTAL, REVENUES AVAILABLE FOR INVESTMENT | $1,744.7 |
| RESIDENTIAL INVESTMENT INCOME | $7.2 |
| COMMERCIAL INVESTMENT INCOME | $0.0 |
| TOTAL, INVESTMENT INCOME | $7.2 |

**TABLE 6**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY USES: POLICE PROTECTION, FIRE PROTECTION AND PUBLIC WORKS/PARKS**

| POLICE PROTECTION COSTS | |
|---|---|
| POLICE PROTECTION (Per Capita Cost) [1] | $244 |

| FIRE PROTECTION COSTS | |
|---|---|
| FIRE PROTECTION (Per Capita Cost) [2] | $143 |

Notes:
[1]Based on the *Citywide Community Facilities District Fiscal Assumptions* for City of Rialto, conducted by Stanley R. Hoffman Associates, July 2006.
[2] Based on the *Citywide Community Facilities District Fiscal Assumptions* for City of Rialto, conducted by Stanley R. Hoffman Associates, July 2006

PUBLIC WORKS / PARKS INFRASTRUCTURE REQUIREMENTS [1,2]

| | QUANTITY | PERCENT RESIDENTIAL | PERCENT COMMERCIAL |
|---|---|---|---|
| ACRES PARKS | 0.00 | 100.00% | NA |
| NUMBER OF BRIDGE(S) | 0.00 | 100.00% | 0.00% |
| LANE MILES OF ROADWAY | 1.00 | 100.00% | 0.00% |
| SIGNALIZED INTERSECTION(S) | 3.00 | 100.00% | 0.00% |
| MILES OF SEWER(S) | 7.00 | 100.00% | 0.00% |
| STORM DRAINS (MILES) | 1.60 | 100.00% | 0.00% |

| PUBLIC WORKS / INFRASTRUCTURE COSTS [2] | |
|---|---|
| ACTIVE PARK ACRE MAINTENANCE COST [3] | $9,870 |
| BRIDGE MAINTENANCE COST [3] | $7,000 |
| COST TO MAINTAIN A LANE MILE OF ROADWAY [3] | $5,000 |
| COST TO MAINTAIN SIGNALIZED INTERSECTION [3] | $4,600 |
| COST TO MAINTAIN SEWER (PER MILE) [4] | $3,360 |
| COST TO MAINTAIN STORM DRAIN (PER MILE) [5] | $750 |

[1]Infrastructure associated with project and not included in this table is assumed to be maintained by an HOA or special financing district.
[2]Projected public infrastructure needs are based on estimates made by *DTA* and *YH Cactus, LLC,* for the Cactus Avenue Specific Plan, 2005.
[3]Based on the City of Hemet maintenance costs, as comparable.
[4]Based on City of Paso Robles estimated sewer maintenance costs per mile, 2005.
[5] Based on DTA's Municipal Cost Database, 2005.

**TABLE 6 CONT.**

| FISCAL YEAR ($s x1,000) | **BUILD-OUT** |
|---|---|
| **CASE STUDY COSTS** | |
| POLICE DEPARTMENT COSTS | |
| RESIDENTIAL | $691.1 |
| COMMERCIAL | $0.0 |
| TOTAL, FIRE DEPARTMENT COSTS | $691.1 |
| FIRE DEPARTMENT COSTS | |
| RESIDENTIAL | $405.0 |
| COMMERCIAL | $0.0 |
| TOTAL, FIRE DEPARTMENT COSTS | $405.0 |
| PUBLIC WORKS & PARKS | |
| ACTIVE PARK MAINTENANCE | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| ACTIVE PARK MAINTENANCE | $0.0 |
| BRIDGE MAINTENANCE | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| TOTAL BRIDGE MAINTENANCE | $0.0 |
| ROADWAY MAINTENANCE | |
| RESIDENTIAL | $5.0 |
| COMMERCIAL | $0.0 |
| TOTAL ROADWAY MAINTENANCE | $5.0 |
| SIGNALIZED INTERSECTION MAINTENANCE | |
| RESIDENTIAL | $13.8 |
| COMMERCIAL | $0.0 |
| TOTAL SIGNALIZED INTERSECTION MAINTENANCE | $13.8 |
| SEWER MAINTENANCE | |
| RESIDENTIAL | $23.5 |
| COMMERCIAL | $0.0 |
| TOTAL, SEWER MAINTENANCE | $23.5 |
| STORM DRAIN MAINTENANCE | |
| RESIDENTIAL | $1.2 |
| COMMERCIAL | $0.0 |
| TOTAL, STORM DRAIN MAINTENANCE | $1.2 |
| TOTAL, CASE STUDY PUBLIC WORKS AND PARKS COSTS | **$43.5** |

**TABLE 7**
**CITY OF RIALTO**
**MULTIPLIER USES AND CONTINGENCY COSTS**

| OTHER COSTS | RESIDENTIAL[1] | NONRESIDENTIAL[2] |
|---|---|---|
| PUBLIC WORKS[3] | $39.74 | $39.74 |
| GENERAL GOVERNMENT | | 21.80% |
| CONTINGENCY (AS A % OF TOTAL GENERAL FUND COSTS) | | 5% |

NOTES:
[1]Per Capita
[2]Per Employee
[3] Source: Stanley R. Hoffman Associates *Review of Fiscal Analysis,* August 22, 2006
Other Public Works costs accounted for under the *Case Study* costs (See Table 6).

**TABLE 7 CONTINUED**

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| PUBLIC WORKS | | |
| RESIDENTIAL | | $112.6 |
| COMMERCIAL | | $0.0 |
| GENERAL GOVERNMENT | | |
| TOTAL, GENERAL GOVERNMENT | | $273.0 |
| MULTIPLIER COSTS | | |
| RESIDENTIAL | | $112.6 |
| COMMERCIAL | | $0.0 |
| TOTAL, MULTIPLIER COSTS | | $112.6 |
| CASE STUDY COSTS | | |
| RESIDENTIAL | | $1,412.6 |
| COMMERCIAL | | $0.0 |
| TOTAL, CASE STUDY COSTS | | $1,412.6 |
| CONTINGENCY COSTS | | |
| RESIDENTIAL | | $76.3 |
| COMMERCIAL | | $0.0 |
| TOTAL, CONTINGENCY COSTS | | $76.3 |

**TABLE 8**
**CITY OF RIALTO**
**FISCAL IMPACT ANALYSIS DETAILED SUMMARY**
**PROJECTED SOURCES AND USES GENERATED BY PROJECT**

DTA
David Taussig
& Associates, Inc.

| FISCAL YEAR ($s x1,000) | BUILD-OUT | % OF TOTAL |
|---|---|---|
| **ONGOING REVENUES** | | |
| SECURED PROPERTY TAXES | | |
| RESIDENTIAL | $654.7 | 37.4% |
| COMMERCIAL | $0.0 | 0.0% |
| UNSECURED PROPERTY TAXES | | |
| RESIDENTIAL | $1.0 | 0.1% |
| COMMERCIAL | $0.0 | 0.0% |
| SALES TAXES | | |
| RESIDENTIAL | $155.2 | 8.9% |
| COMMERCIAL | $0.0 | 0.0% |
| PROPERTY TRANSFER TAX | | |
| RESIDENTIAL | $11.7 | 0.7% |
| COMMERCIAL | $0.0 | 0.0% |
| IN LIEU PROPERTY TAX - VLF | | |
| RESIDENTIAL | $423.4 | 24.2% |
| COMMERCIAL | $0.0 | 0.0% |
| FRANCHISE FEES REVENUE | | |
| RESIDENTIAL | $59.5 | 3.4% |
| COMMERCIAL | $0.0 | 0.0% |
| TRANSIENT OCCUPANCY TAX REVENUE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| LICENSES AND PERMITS | | |
| RESIDENTIAL | $5.4 | 0.3% |
| COMMERCIAL | $0.0 | 0.0% |
| FINES AND FORFEITURES | | |
| RESIDENTIAL | $9.3 | 0.5% |
| COMMERCIAL | $0.0 | 0.0% |
| USE OF MONEY AND PROPERTY | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| REVENUE FROM OTHER AGENCIES | | |
| RESIDENTIAL | $24.6 | 1.4% |
| COMMERCIAL | $0.0 | 0.0% |
| CHARGES FOR SERVICES | | |
| RESIDENTIAL | $57.7 | 3.3% |
| COMMERCIAL | $0.0 | 0.0% |
| OTHER REVENUES | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| UTILITY USERS TAXES | | |
| RESIDENTIAL | $287.5 | 16.4% |
| COMMERCIAL | $0.0 | 0.0% |
| GAS TAX | | |
| RESIDENTIAL | $54.5 | 3.1% |
| COMMERCIAL | $0.0 | 0.0% |
| INVESTMENT INCOME | | |
| RESIDENTIAL | $7.2 | 0.4% |
| COMMERCIAL | $0.0 | 0.0% |
| TOTAL RESIDENTIAL REVENUES | $1,751.8 | 100% |
| TOTAL COMMERCIAL REVENUES | $0.0 | 0% |
| TOTAL ONGOING REVENUES | $1,751.8 | |

**TABLE 8 CONT.**

| FISCAL YEAR ($s x1,000) | BUILD-OUT | % OF TOTAL |
|---|---|---|
| **ONGOING COSTS** | | |
| POLICE DEPARTMENT COSTS | | |
| RESIDENTIAL | $691.1 | 43.2% |
| COMMERCIAL | $0.0 | 0.0% |
| FIRE DEPARTMENT COSTS | | |
| RESIDENTIAL | $405.0 | 25.3% |
| COMMERCIAL | $0.0 | 0.0% |
| PUBLIC WORKS | | |
| RESIDENTIAL | $112.6 | 7.0% |
| COMMERCIAL | $0.0 | 0.0% |
| GENERAL GOVERNMENT | | |
| TOTAL, GENERAL GOVERNMENT | $273.0 | 17.0% |
| PUBLIC WORKS & PARKS | | |
| ACTIVE PARK MAINTENANCE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| BRIDGE MAINTENANCE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| ROADWAY MAINTENANCE | | |
| RESIDENTIAL | $5.0 | 0.3% |
| COMMERCIAL | $0.0 | 0.0% |
| SIGNALIZED INTERSECTION MAINTENANCE | | |
| RESIDENTIAL | $13.8 | 0.9% |
| COMMERCIAL | $0.0 | 0.0% |
| SEWER MAINTENANCE | | |
| RESIDENTIAL | $23.5 | 1.5% |
| COMMERCIAL | $0.0 | 0.0% |
| STORM DRAIN MAINTENANCE | | |
| RESIDENTIAL | $1.2 | 0.1% |
| COMMERCIAL | $0.0 | 0.0% |
| CONTINGENCY COSTS | | |
| RESIDENTIAL | $76.3 | 4.8% |
| COMMERCIAL | $0.0 | 0.0% |
| TOTAL RESIDENTIAL COSTS | $1,601.4 | 100.0% |
| TOTAL COMMERCIAL COSTS | $0.0 | 0.0% |
| TOTAL COSTS | $1,601.4 | 100.0% |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) | $150.4 | |
| ANNUAL COMMERCIAL ONGOING SURPLUS/(DEFICIT) | $0.0 | |
| TOTAL ANNUAL ONGOING SURPLUS/(DEFICIT) | $150.4 | |
| ANNUAL RESIDENTIAL REVENUE/COST RATIO | 1.09 | |
| ANNUAL COMMERCIAL REVENUE/COST RATIO | 0.00 | |
| TOTAL ANNUAL REVENUE/COST RATIO | 1.09 | |

**TABLE 9**
**CITY OF RIALTO**
**FISCAL IMPACT ANALYSIS SUMMARY (Residential Only)**

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **ONGOING REVENUES** | | |
| TOTAL RESIDENTIAL REVENUES | | $1,751.8 |
| **ONGOING COSTS** | | |
| TOTAL RESIDENTIAL COSTS | | $1,601.4 |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) | | $150.4 |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) PER DWELLING UNIT | | $0.21 |
| ANNUAL RESIDENTIAL REVENUE/COST RATIO | | 1.09 |

**APPENDIX B – SCENARIO 2**

**ANALYSIS OF**
**RECURRING FISCAL IMPACTS TO**
**THE CITY OF RIALTO**

David Taussig
& Associates, Inc.

**TABLE 1**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**LAND USE ASSUMPTIONS**

DTA
David Taussig
& Associates, Inc.

| **RESIDENTIAL LAND USE** | **BUILD-OUT** |
|---|---|
| **DWELLING UNITS**[1] | **TOTAL** |
| **New 4,500 SF Lots** | **248** |
| **New 5,000 SF Lots** | **259** |
| **New 6,000 and 7,200 SF Lots** | **190** |
| **New 10,000 & 20,000 SF Lots** | **29** |
| | |
| **TOTAL, NEW DWELLING UNITS** | **726** |
| | |
| PROJECT RESIDENTS[2] | |
| **TOTAL, PROJECT RESIDENTS** | **2,832** |

| **NONRESIDENTIAL LAND USE** | **BUILD-OUT** |
|---|---|
| **BUILDING NONRESIDENTIAL SQ. FT.** | |
| Commercial Retail | 0 |
| Commercial Office | 0 |
| **TOTAL, NONRESIDENTIAL SQUARE FEET** | **0** |
| | |
| **NONRESIDENTIAL EMPLOYEES** | |
| Commercial Retail | 0 |
| Commercial Office | 0 |
| **TOTAL, NONRESIDENTIAL EMPLOYEES** | **0** |

NOTES:
[1]Land use plan provided by YH Cactus, LLC and outlined in the Rancho El Rivino Specific Plan, 2006.
[2]Source: California State Department of Finance
Average Household Size, City of Rialto 3.90

**TABLE 2**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY REVENUES: PROPERTY TAXES & PROPERTY TAX IN LIEU (VLF)**

ASSESSED VALUATION ASSUMPTIONS

| | |
|---|---|
| **RESIDENTIAL MEDIAN SALES PRICES**[1] | |
| **New Development** | |
| New 4,500 SF Lots | $368,500 |
| New 5,000 SF Lots | $396,000 |
| New 6,000 and 7,200 SF Lots | $440,000 |
| New 10,000 & 20,000 SF Lots | $512,500 |
| **New Single Family Weighted Average** | $402,775 |
| **Homeowner's Exemption (Per Year)** | $7,000 |
| **NONRESIDENTIAL SALES PRICES (Square Feet)** | |
| Commercial Retail | NA |
| Commercial Non-Retail | NA |

[1]Median prices based on statistical analysis conducted by DTA of price range provided by the Client, YH Cactus, LLC.

SECURED PROPERTY TAX ASSUMPTIONS[1]

| | |
|---|---|
| Historic Share of Total Property Tax Revenue Generated in Annexation Area | 13.64% |
| Average Current Percentage Share Collected by County Fire Fund (to be allocated to the City) | 17.48% |
| Average Current Percentage Share Collected by County Service Area #70 (to be allocated to City) | 2.48% |
| Average Current Percentage Share Collected by Bloomington Recreation and Park District (to be allocated to the City) | 2.10% |
| Average Current Percentage Share Collected by CSA-SL (to be allocated to the City) | 0.73% |
| Total Average Share Transferred from Detaching Districts | 22.79% |

UNSECURED PROPERTY TAX ASSUMPTIONS [2]

| | |
|---|---|
| RESIDENTIAL: | |
| UNSECURED TAXES AS A % OF SECURED | 0.16% |
| NONRESIDENTIAL: | |
| UNSECURED TAXES AS A % OF SECURED | NA |

NOTES:
[1]Although a Master Property Tax Transfer Agreement does not exist between San Bernardino County and the City of Rialto, the tax allocation rate is based on a calculation provided to DTA by San Bernardino County LAFCO.
The City will be transferred 100 percent of the apportionment share of detaching districts, and 50 percent of the "remainder" after subtracting the detaching districts' share from Rialto historica share from a major TRA. In this uniqe case, the sum of the detaching districts' share exceeds Rialto's historic allocation factor for the major TRA. The City is estimated to receive 100 percent of the share of thedetaching districts. The districts assumed to be transferred are based on DTA's Plan for Services, June 2006.
[2]Source: City of Rialto, George Harris and Robb Steele, July 2006.

**Table 2 Continued**

| FISCAL YEAR | ($s x1,000) | BUILD-OUT |
|---|---|---|
| **SECURED ASSESSED VALUE CALCULATION:** | | |
| ANNUAL ASSESSED VALUES | | |
| **RESIDENTIAL** | | |
| New 4,500 SF Lots | | $91,388 |
| New 5,000 SF Lots | | $102,564 |
| New 6,000 and 7,200 SF Lots | | $83,600 |
| New 10,000 & 20,000 SF Lots | | $14,863 |
| TOTAL, NEW SINGLE FAMILY | | $292,415 |
| **TOTAL, RESIDENTIAL** | | **$292,415** |
| **NONRESIDENTIAL** | | |
| COMMERCIAL RETAIL | | $0 |
| COMMERCIAL NON-RETAIL | | $0 |
| **TOTAL, NONRESIDENTIAL** | | **$0** |
| ADJUSTED ASSESSED VALUATION (with Homeowner's Exemption applied) : | | **$287,333** |
| **SECURED PROPERTY TAX REVENUE CALCULATION:** | | |
| CITY OF RIALTO | | |
| RESIDENTIAL | | $655 |
| COMMERCIAL | | $0 |
| TOTAL, SECURED TAX REVENUES TO CITY | | $655 |
| **UNSECURED PROPERTY TAX REVENUE CALCULATION:** | | |
| CITY OF RIALTO | | |
| RESIDENTIAL | | $1 |
| COMMERCIAL | | $0 |
| TOTAL, UNSECURED TAX REVENUES TO CITY | | $1 |
| **TOTAL PROPERTY TAXES TO CITY** | | **$656** |

| FISCAL YEAR | ($s x1,000) | BUILD-OUT |
|---|---|---|
| **PROPERTY TAX IN-LIEU OF VLF** | | |
| Assessed Valuation of Project | | $292,415 |
| VLF as % of Assessed Value[1] | | 0.1448% |
| Total VLF Revenues Associated with Project | | **$423.42** |

NOTES:

[1]Source: City of Rialto *Citywide Fiscal Impact Analysis* , July 2006. Average In Lieu Property Tax (VLF) as a percentage of total assessed valuation for FY 04-05 and FY 05-06.

**TABLE 3**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY REVENUES CONT'D: SALES TAXES AND PROPERTY TRANSFER TAXES**
**FISCAL IMPACT ANALYSIS**

DTA David Taussig & Associates, Inc.

| SALES AND USE TAX | |
|---|---|
| PER CAPITA SALES TAX GENERATION[1] | $51.00 |

| PROPERTY TRANSFER TAX ASSUMPTIONS[2] | |
|---|---|
| RESIDENTIAL PROPERTY TURNOVER RATE | 7.26% |
| NONRESIDENTIAL PROPERTY TURNOVER RATE | 5.00% |
| TRANSFER TAX AS A % OF PRICE | 0.11% |
| PROPERTY TRANSFER TAX PASSED THROUGH TO CITY | 50.00% |

| ANNUAL TAXABLE SALES (Per Square Foot) | |
|---|---|
| SAFETY SALES TAX PER CAPITA[3] | $3.78 |

NOTES:
[1]Source: Rialto *Citywide Community Facilities District Fiscal Analysis,* July 2006 prepared by Stanley Hoffman Associates.
[2]Based on information provided by the City of Rialto, July 5, 2006 and DTA baseline assumptions.
[3]Source: Rialto *Citywide Community Facilities District Fiscal Analysis*, July 2006

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **SALES & USE TAX REVENUE CALCULATION:** | | |
| INDIRECT SALES TAX GENERATION | | |
| RESIDENTIAL SALES TAX GENERATION | | $144.45 |
| DIRECT SALES TAX GENERATION | | |
| COMMERCIAL | | $0.00 |
| NON-RETAIL COMMERCIAL | | $0.00 |
| SUB-TOTAL DIRECT TAXABLE SALES | | $0.00 |
| LESS: DISPLACED EXISTING CITY SALES TAX | | $0.00 |
| TOTAL, DIRECT TAXABLE SALES | | $0.00 |
| TOTAL, DIRECT SALES TAX GENERATION | | $0.00 |
| TOTAL, SAFETY SALES TAX GENERATION | | $10.71 |
| TOTAL, PROJECT SALES & USE TAX REVENUES, APPLIED TO COSTS | | $155.15 |
| **PROPERTY TRANSFER TAX CALCULATION:** | | |
| RESIDENTIAL PROPERTY TRANSFER TAXES | | $11.68 |
| COMMERCIAL PROPERTY TRANSFER TAXES | | $0.00 |
| TOTAL, ANNUAL PROPERTY TRANSFER TAXES | | $11.68 |

NOTES:
[1]Assumes only 50 percent of taxable expenditures occur within the City, but outside of the Project.

**TABLE 4**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**MULTIPLIER REVENUES: FRANCHISE FEES, T.O.T. REVENUES**

David Taussig & Associates, Inc.

FRANCHISE FEES

| | RESIDENTIAL[1] | NONRESIDENTIAL[2] |
|---|---|---|
| FRANCHISES | $21.01 | $21.01 |
| BUSINESS LICENSE FEES | NA | $59.83 |

TRANSIENT OCCUPANCY TAX

| | |
|---|---|
| NUMBER OF AVAILABLE HOTEL ROOMS | 0 |
| OCCUPANCY RATE | 0.00% |
| AVERAGE BILLING RATE PER ROOM | $0.00 |
| % PASSED THROUGH TO CITY | 0.00% |

NOTES:
[1]Per Capita
[2]Per Employee

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **FRANCHISE FEE REVENUE** | | |
| RESIDENTIAL | | $59.5 |
| COMMERCIAL | | $0.0 |
| **TOTAL, FRANCHISE FEE REVENUE** | | $59.5 |
| **TRANSIENT OCCUPANCY TAX REVENUE** | | |
| TOTAL, TRANSIENT OCCUPANCY TAX REVENUE | | $0.0 |

**TABLE 5**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**MULTIPLIER REVENUES CONT'D: OTHER GENERAL REVENUES**

David Taussig & Associates, Inc.

OTHER GENERAL REVENUES

| | RESIDENTIAL | NONRESIDENTIAL |
|---|---|---|
| LICENSES AND PERMITS[1] | $1.92 | NA |
| FINES AND FORFEITURES | $3.27 | NA |
| USE OF MONEY AND PROPERTY | $0.00 | NA |
| REVENUE FROM OTHER AGENCIES | $8.70 | NA |
| CHARGES FOR SERVICES | $20.38 | NA |
| OTHER REVENUES | $0.00 | NA |
| GAS TAX | $19.26 | NA |
| UTILITY USERS TAX | $0.00 | NA |
| EFFECTIVE INTEREST [2] | | 1.64% |

NOTES:

[1] Excludes business license fees.

[2] Based on Citywide Fiscal Analysis assumptions, 2006. Assumes an investment period of 3 months.

**TABLE 5 CONTINUED**

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| **PER CAPITA REVENUES** | | |
| LICENSES AND PERMITS | | |
| RESIDENTIAL | | $5.4 |
| COMMERCIAL | | $0.0 |
| TOTAL, LICENSES AND PERMITS | | $5.4 |
| FINES AND FORFEITURES | | |
| RESIDENTIAL | | $9.3 |
| COMMERCIAL | | $0.0 |
| TOTAL, FINES AND FORFEITURES | | $9.3 |
| USE OF MONEY AND PROPERTY | | |
| RESIDENTIAL | | $0.0 |
| COMMERCIAL | | $0.0 |
| TOTAL, USE OF MONEY AND PROPERTY | | $0.0 |
| REVENUE FROM OTHER AGENCIES | | |
| RESIDENTIAL | | $24.6 |
| COMMERCIAL | | $0.0 |
| TOTAL, REVENUE FROM OTHER AGENCIES | | $24.6 |
| CHARGES FOR SERVICES | | |
| RESIDENTIAL | | $57.7 |
| COMMERCIAL | | $0.0 |
| TOTAL, CHARGES FOR SERVICES | | $57.7 |
| OTHER REVENUES | | |
| RESIDENTIAL | | $0.0 |
| COMMERCIAL | | $0.0 |
| TOTAL, OTHER REVENUES | | $0.0 |
| UTILITY USERS TAXES | | |
| RESIDENTIAL | | $0.0 |
| COMMERCIAL | | $0.0 |
| TOTAL, UTILITY USERS TAX | | $0.0 |
| GAS TAX | | |
| RESIDENTIAL | | $54.5 |
| COMMERCIAL | | $0.0 |
| TOTAL, GAS TAX | | $54.5 |
| TOTAL, PER CAPITA RESIDENTIAL REVENUES (INCLUDES FRANCHISE FEES) | | $211.1 |
| TOTAL, PER COMMERCIAL EMPLOYEE REVENUES (INCLUDES FRANCHISE FEES) | | $0.0 |
| TOTAL, PER CAPITA AND EMPLOYEE REVENUES | | $211.1 |
| TOTAL CASE STUDY RESIDENTIAL REVENUES | | $1,246.0 |
| TOTAL CASE STUDY COMMERCIAL REVENUES | | $0.0 |
| TOTAL, CASE STUDY REVENUES | | $1,246.0 |
| RESIDENTIAL REV AVAILABLE FOR INVESTMENT | | $1,457.2 |
| COMMERCIAL REV AVAILABLE FOR INVESTMENT | | $0.0 |
| TOTAL, REVENUES AVAILABLE FOR INVESTMENT | | $1,457.2 |
| RESIDENTIAL INVESTMENT INCOME | | $6.0 |
| COMMERCIAL INVESTMENT INCOME | | $0.0 |
| TOTAL, INVESTMENT INCOME | | $6.0 |

**TABLE 6**
**CITY OF RIALTO**
**RANCHO EL RIVINO FISCAL IMPACT ANALYSIS**
**CASE STUDY USES: POLICE PROTECTION, FIRE PROTECTION AND PUBLIC WORKS/PARKS**

DTA
David Taussig
& Associates, Inc.

POLICE PROTECTION COSTS

| | |
|---|---|
| POLICE PROTECTION (Per Capita Cost)[1] | $244 |

FIRE PROTECTION COSTS

| | |
|---|---|
| FIRE PROTECTION (Per Capita Cost)[2] | $143 |

Notes:
[1]Based on the *Citywide Community Facilities District Fiscal Assumptions* for City of Rialto, conducted by Stanley R. Hoffman Associates, July 2006.
[2] Based on the *Citywide Community Facilities District Fiscal Assumptions* for City of Rialto, conducted by Stanley R. Hoffman Associates, July 2006

PUBLIC WORKS / PARKS INFRASTRUCTURE REQUIREMENTS[1,2]

| | QUANTITY | PERCENT RESIDENTIAL | PERCENT COMMERCIAL |
|---|---|---|---|
| ACRES PARKS | 0.00 | 100.00% | NA |
| NUMBER OF BRIDGE(S) | 0.00 | 100.00% | 0.00% |
| LANE MILES OF ROADWAY | 1.00 | 100.00% | 0.00% |
| SIGNALIZED INTERSECTION(S) | 3.00 | 100.00% | 0.00% |
| MILES OF SEWER(S) | 7.00 | 100.00% | 0.00% |
| STORM DRAINS (MILES) | 1.60 | 100.00% | 0.00% |

PUBLIC WORKS / INFRASTRUCTURE COSTS[2]

| | |
|---|---|
| ACTIVE PARK ACRE MAINTENANCE COST[3] | $9,870 |
| BRIDGE MAINTENANCE COST[3] | $7,000 |
| COST TO MAINTAIN A LANE MILE OF ROADWAY[3] | $5,000 |
| COST TO MAINTAIN SIGNALIZED INTERSECTION[3] | $4,600 |
| COST TO MAINTAIN SEWER (PER MILE)[4] | $3,360 |
| COST TO MAINTAIN STORM DRAIN (PER MILE)[5] | $750 |

[1]Infrastructure associated with project and not included in this table is assumed to be maintained by an HOA or special financing district.
[2]Projected public infrastructure needs are based on estimates made by *DTA* and *YH Cactus, LLC,* for the Cactus Avenue Specific Plan, 2005.
[3]Based on the City of Hemet maintenance costs, as comparable.
[4]Based on City of Paso Robles estimated sewer maintenance costs per mile, 2005.
[5] Based on DTA's Municipal Cost Database, 2005.

**TABLE 6 CONT.**

| FISCAL YEAR ($s x1,000) | **BUILD-OUT** |
|---|---|
| **CASE STUDY COSTS** | |
| | |
| POLICE DEPARTMENT COSTS | |
| RESIDENTIAL | $691.1 |
| COMMERCIAL | $0.0 |
| TOTAL, FIRE DEPARTMENT COSTS | $691.1 |
| | |
| FIRE DEPARTMENT COSTS | |
| RESIDENTIAL | $405.0 |
| COMMERCIAL | $0.0 |
| TOTAL, FIRE DEPARTMENT COSTS | $405.0 |
| | |
| PUBLIC WORKS & PARKS | |
| ACTIVE PARK MAINTENANCE | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| ACTIVE PARK MAINTENANCE | $0.0 |
| BRIDGE MAINTENANCE | |
| RESIDENTIAL | $0.0 |
| COMMERCIAL | $0.0 |
| TOTAL BRIDGE MAINTENANCE | $0.0 |
| ROADWAY MAINTENANCE | |
| RESIDENTIAL | $5.0 |
| COMMERCIAL | $0.0 |
| TOTAL ROADWAY MAINTENANCE | $5.0 |
| SIGNALIZED INTERSECTION MAINTENANCE | |
| RESIDENTIAL | $13.8 |
| COMMERCIAL | $0.0 |
| TOTAL SIGNALIZED INTERSECTION MAINTENANCE | $13.8 |
| SEWER MAINTENANCE | |
| RESIDENTIAL | $23.5 |
| COMMERCIAL | $0.0 |
| TOTAL, SEWER MAINTENANCE | $23.5 |
| STORM DRAIN MAINTENANCE | |
| RESIDENTIAL | $1.2 |
| COMMERCIAL | $0.0 |
| TOTAL, STORM DRAIN MAINTENANCE | $1.2 |
| TOTAL, CASE STUDY PUBLIC WORKS AND PARKS COSTS | $43.5 |

**TABLE 7**
**CITY OF RIALTO**
**MULTIPLIER USES AND CONTINGENCY COSTS**

| OTHER COSTS | RESIDENTIAL[1] | NONRESIDENTIAL[2] |
|---|---|---|
| PUBLIC WORKS[3] | $39.74 | $39.74 |
| GENERAL GOVERNMENT | | 21.80% |
| CONTINGENCY (AS A % OF TOTAL GENERAL FUND COSTS) | | 5% |

NOTES:
[1]Per Capita
[2]Per Employee
[3] Source: Stanley R. Hoffman Associates *Review of Fiscal Analysis,* August 22, 2006
Other Public Works costs accounted for under the *Case Study* costs (See Table 6).

**TABLE 7 CONTINUED**

| FISCAL YEAR | ($s x1,000) | **BUILD-OUT** |
|---|---|---|
| PUBLIC WORKS | | |
| RESIDENTIAL | | $112.6 |
| COMMERCIAL | | $0.0 |
| GENERAL GOVERNMENT | | |
| TOTAL, GENERAL GOVERNMENT | | $273.0 |
| MULTIPLIER COSTS | | |
| RESIDENTIAL | | $112.6 |
| COMMERCIAL | | $0.0 |
| TOTAL, MULTIPLIER COSTS | | $112.6 |
| CASE STUDY COSTS | | |
| RESIDENTIAL | | $1,412.6 |
| COMMERCIAL | | $0.0 |
| TOTAL, CASE STUDY COSTS | | $1,412.6 |
| CONTINGENCY COSTS | | |
| RESIDENTIAL | | $76.3 |
| COMMERCIAL | | $0.0 |
| TOTAL, CONTINGENCY COSTS | | $76.3 |

**TABLE 8**
**CITY OF RIALTO**
**FISCAL IMPACT ANALYSIS DETAILED SUMMARY**
**PROJECTED SOURCES AND USES GENERATED BY PROJECT**

| FISCAL YEAR ($s x1,000) | BUILD-OUT | % OF TOTAL |
|---|---|---|
| **ONGOING REVENUES** | | |
| SECURED PROPERTY TAXES | | |
| RESIDENTIAL | $654.7 | 44.7% |
| COMMERCIAL | $0.0 | 0.0% |
| UNSECURED PROPERTY TAXES | | |
| RESIDENTIAL | $1.0 | 0.1% |
| COMMERCIAL | $0.0 | 0.0% |
| SALES TAXES | | |
| RESIDENTIAL | $155.2 | 10.6% |
| COMMERCIAL | $0.0 | 0.0% |
| PROPERTY TRANSFER TAX | | |
| RESIDENTIAL | $11.7 | 0.8% |
| COMMERCIAL | $0.0 | 0.0% |
| IN LIEU PROPERTY TAX - VLF | | |
| RESIDENTIAL | $423.4 | 28.9% |
| COMMERCIAL | $0.0 | 0.0% |
| FRANCHISE FEES REVENUE | | |
| RESIDENTIAL | $59.5 | 4.1% |
| COMMERCIAL | $0.0 | 0.0% |
| TRANSIENT OCCUPANCY TAX REVENUE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| LICENSES AND PERMITS | | |
| RESIDENTIAL | $5.4 | 0.4% |
| COMMERCIAL | $0.0 | 0.0% |
| FINES AND FORFEITURES | | |
| RESIDENTIAL | $9.3 | 0.6% |
| COMMERCIAL | $0.0 | 0.0% |
| USE OF MONEY AND PROPERTY | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| REVENUE FROM OTHER AGENCIES | | |
| RESIDENTIAL | $24.6 | 1.7% |
| COMMERCIAL | $0.0 | 0.0% |
| CHARGES FOR SERVICES | | |
| RESIDENTIAL | $57.7 | 3.9% |
| COMMERCIAL | $0.0 | 0.0% |
| OTHER REVENUES | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| UTILITY USERS TAXES | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| GAS TAX | | |
| RESIDENTIAL | $54.5 | 3.7% |
| COMMERCIAL | $0.0 | 0.0% |
| INVESTMENT INCOME | | |
| RESIDENTIAL | $6.0 | 0.4% |
| COMMERCIAL | $0.0 | 0.0% |
| TOTAL RESIDENTIAL REVENUES | $1,463.1 | 100% |
| TOTAL COMMERCIAL REVENUES | $0.0 | 0% |
| TOTAL ONGOING REVENUES | $1,463.1 | |

**TABLE 8 CONT.**

| FISCAL YEAR ($s x1,000) | **BUILD-OUT** | **% OF TOTAL** |
|---|---|---|
| **ONGOING COSTS** | | |
| POLICE DEPARTMENT COSTS | | |
| RESIDENTIAL | $691.1 | 43.2% |
| COMMERCIAL | $0.0 | 0.0% |
| FIRE DEPARTMENT COSTS | | |
| RESIDENTIAL | $405.0 | 25.3% |
| COMMERCIAL | $0.0 | 0.0% |
| PUBLIC WORKS | | |
| RESIDENTIAL | $112.6 | 7.0% |
| COMMERCIAL | $0.0 | 0.0% |
| GENERAL GOVERNMENT | | |
| RESIDENTIAL | $273.0 | 17.0% |
| PUBLIC WORKS & PARKS | | |
| ACTIVE PARK MAINTENANCE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| BRIDGE MAINTENANCE | | |
| RESIDENTIAL | $0.0 | 0.0% |
| COMMERCIAL | $0.0 | 0.0% |
| ROADWAY MAINTENANCE | | |
| RESIDENTIAL | $5.0 | 0.3% |
| COMMERCIAL | $0.0 | 0.0% |
| SIGNALIZED INTERSECTION MAINTENANCE | | |
| RESIDENTIAL | $13.8 | 0.9% |
| COMMERCIAL | $0.0 | 0.0% |
| SEWER MAINTENANCE | | |
| RESIDENTIAL | $23.5 | 1.5% |
| COMMERCIAL | $0.0 | 0.0% |
| STORM DRAIN MAINTENANCE | | |
| RESIDENTIAL | $1.2 | 0.1% |
| COMMERCIAL | $0.0 | 0.0% |
| CONTINGENCY COSTS | | |
| RESIDENTIAL | $76.3 | 4.8% |
| COMMERCIAL | $0.0 | 0.0% |
| TOTAL RESIDENTIAL COSTS | $1,601.4 | 100.0% |
| TOTAL COMMERCIAL COSTS | $0.0 | 0.0% |
| TOTAL COSTS | $1,601.4 | 100.0% |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) | ($138.3) | |
| ANNUAL COMMERCIAL ONGOING SURPLUS/(DEFICIT) | $0.0 | |
| TOTAL ANNUAL ONGOING SURPLUS/(DEFICIT) | ($138.3) | |
| ANNUAL RESIDENTIAL REVENUE/COST RATIO | 0.91 | |
| ANNUAL COMMERCIAL REVENUE/COST RATIO | 0.00 | |
| TOTAL ANNUAL REVENUE/COST RATIO | 0.91 | |

**TABLE 9**
**CITY OF RIALTO**
**FISCAL IMPACT ANALYSIS SUMMARY (Residential Only)**

DTA
David Taussig
& Associates, Inc.

| FISCAL YEAR ($s x1,000) | **BUILD-OUT** |
|---|---|
| **ONGOING REVENUES** | |
| TOTAL RESIDENTIAL REVENUES | $1,463.1 |
| **ONGOING COSTS** | |
| TOTAL RESIDENTIAL COSTS | $1,601.4 |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) | ($138.3) |
| ANNUAL RESIDENTIAL ONGOING SURPLUS/(DEFICIT) PER DWELLING UNIT | ($0.19) |
| ANNUAL RESIDENTIAL REVENUE/COST RATIO | 0.91 |

APPENDIX C

ADDITIONAL EXHIBIT

4. The balance that remains after this calculation is then split in half between the County and the City – to share the pain of the loss.

EXAMPLE:

| | | |
|---|---|---|
| Total Tax Revenue generated in an area Proposed for annexation | | $25,000 |
| Current percentage share collected by City In Major TRA | | 28% |
| What would have been historic share ($25,000 x 28%) | | $7,000 |
| Current tax revenues generated by districts whose function will be assumed by City (districts to be detached) | | |
| Fire District | $2,500 | |
| CSA SL-1 | 600 | |
| CSA 70 | 100 | |
| Library | 1,000 | |
| Total Transferred Districts | | $3,200 |
| Historic share minus transferred Districts equals Balance remaining | | $3,800 |
| Remainder divided 50/50 between County and City | | $1,900 |
| Total transfer to the City (Districts to be detached plus 50% of remainder) | | $5,100 |

This formula provided a "share the pain" transfer to cities based upon losses to the County General Fund. This "share the pain" formula held true for all the cities except the City of Rialto. It held the unique position of having an historic share smaller than the detaching districts. In this case, the residual revenue was transferred to the County General Fund.

However, since the ERAF redistribution of revenues in FY 92-93, many cities receive their full historic share with revenues remaining from the detachment of special districts. From 92-93 through roughly 1998, the remaining revenues were transferred in total to the County general fund.

However, beginning in approximately 1998 this remainder is distributed in the same 50/50 division as the loss had previously been distributed with the City and County general fund receiving an increased share percentage.