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ALFRED GOBAR ASSOCIATES

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September 10, 2015

Mr. Hardy Strozier  
THE PLANNING ASSOCIATES  
495 E. Rincon Street, Suite 212  
Corona, CA 92879  
Sent Via Email: [hardy@tpaoc.com](mailto:hardy@tpaoc.com)

Subject: Lake Elsinore Retail Sales Performance Benchmark

Dear Hardy:

Alfred Gobar Associates has conducted a review of sales performance trends describing the City of Lake Elsinore to provide a current benchmark that will assist the Development Planning & Financing Group (DPFG) identify sales tax revenue that can be expected from retail facilities within the Alberhill Villages and community at large. The City has requested a review and update of a 2011 reference benchmark of \$215 in taxable sales per square foot in order to provide a more time-relevant assessment of the fiscal impact of the Alberhill Villages development program. Based on our assessment of the most current data available from multiple sources (including: State Board of Equalization; HdL Companies; July 2011 In-Field Audit of existing retail; and CoStar commercial real estate leasing data) a **current 2015 benchmark describing taxable sales performance equates to \$280 per square foot**. This updated benchmark reference describes a broad cross-section of retail merchandising and service activities currently found within the City of Lake Elsinore and expected to characterize the spectrum of retail development that will characterize the Alberhill Villages.

A brief summary of data supporting the 2011 performance reference and subsequent data used to identify a current 2015 performance benchmark is described below.

### **2011 Retail Performance Reference**

In 2011, Alfred Gobar Associates evaluated the competitive impact of retail development within the Alberhill Villages on existing retail facilities throughout the City of Lake Elsinore and the surrounding trade area. As part of the 2011 analysis, a retail sales performance benchmark was established to quantify the amount of added retail floor space warranted from future growth in consumer sales support. A 2011 gross retail sales (taxable and non-taxable) benchmark of \$241 per square foot was identified. To facilitate a fiscal impact analysis, the gross sales benchmark was adjusted to \$215 per square foot after excluding non-taxable consumer products such as food and drugs. The 2011 outlook of retail sales performance relied on the assessment of several factors including: a) median level sales performance by store-type activity based on national survey data from the International Council of Shopping Centers; b) July 2011 field audit and measurement of existing retail facilities with City of Lake Elsinore and surrounding trade area; c) 2009 taxable sales data (latest available) from the State Board of Equalization; d) EDD employment data through mid-year 2011; and e) projected growth

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in per capita spending from 2009 to 2011. Conditions of economic uncertainty and financial instability, which persisted during the middle of the 2011 calendar year, influenced the study outlook of retail sales performance and growth.

### **2015 Retail Performance Benchmark**

This current review and update of the sales performance benchmark has relied extensively on the following data sources: a) taxable sales data for Riverside County and City of Lake Elsinore as reported by the SBOE; b) population estimates from the Demographic Research Unit of the DOF; c) Tax Revenue Update report from HdL Companies for Q1-2015; d) July 2011 field audit of existing retail facilities conducted by Alfred Gobar Associates; and e) CoStar Commercial Property data tracking newly built retail space in Lake Elsinore between 2011 and 2015. SBOE data describing taxable sales with the City of Lake Elsinore during 2011 was reviewed and compared against 2011 field audit data to determine an actual level of precedent sales performance as detailed in Exhibit A. During 2011, actual overall taxable retail sales performance was equal to \$248 per square foot across all retail space occupied for retail merchandising and dining activity (not including vehicle sales, personal services, or business services). The prior \$215 per square foot benchmark projection understated actual local area sales performance by 13.3%.

The adjusted \$248 per square foot benchmark describes the 2011 calendar period and is, therefore, already dated for purpose of evaluating the potential fiscal effect of retail development that may begin as early as 2016. Exhibit B offers a timely outlook of 2015 sales performance based on precedent trends describing the City of Lake Elsinore. It must be noted that since 2011, there has been a very limited new retail development (less than 30,000 square feet) within the City and leasing data indicates the overall vacancy rate remains roughly the same (10.5%) as it was in 2011. Accounting for the slight increase in retail supply and relatively constant vacancy, Exhibit B suggests an overall level of taxable retail sales performance during 2015 that is equal to \$280 per square foot. The \$280 per square foot benchmark provides a reasonably conservative estimate of taxable sales performance that can be expected for a broad mix of retail merchandising and dining activity within City retail facilities.

Very truly yours,

ALFRED GOBAR ASSOCIATES



Alonzo Pedrin  
Principal  
(714) 772-8900 x310

Cc: Patrick Bourne: [Patrick.Bourne@dpgf.com](mailto:Patrick.Bourne@dpgf.com)

## Exhibit A

### City of Lake Elsinore Retail Performance Summary - 2011 Based On Audited Retail Space & Reported Taxable Sales

Retail Store-Group Activity	Estab Perimits	Taxable Sales (\$K)	Taxable \$K/Estab	Taxable \$/Capita	Estabs Per 10K Pop
<b>Retail Merchandising Activity</b>					
Motor Vehicle and Parts Dealers	59	87,106	1,476	1,654	11.20
Vehicle Sales	52	81,339	1,564	1,544	9.87
Auto. Parts-Accsy-TBA	7	5,767	824	109	1.33
Home Furnishings and Appliance Stores	44	7,628	173	145	8.35
Bldg. Matrl. and Garden Equip. and Supplies	20	44,186	2,209	839	3.80
Food and Beverage Stores	36	33,464	930	635	6.83
Supermarket, Convenience, Specialty	30	30,433	1,014	578	5.70
Beer, Wine, and Liquor Stores	6	3,031	505	58	1.14
Gasoline Stations	15	109,542	7,303	2,080	2.85
Clothing and Clothing Accessories Stores	113	41,044	363	779	21.45
General Merchandise Stores	24	150,367	6,265	2,855	4.56
Food Services and Drinking Places	119	65,263	548	1,239	22.59
Other Retail Group	467	39,701	85	754	88.66
Pharmacies and Drug Stores	8	8,155	1,019	155	1.52
Health and Personal Care Stores	15	2,576	172	49	2.85
Used Merchandise Stores	12	522	44	10	2.28
All Other Specialty/Misc Stores	432	28,448	66	540	82.01
<b>Total Retail Merchandising Activity</b>	<b>\$897</b>	<b>\$578,301</b>	<b>\$645</b>	<b>\$10,979</b>	<b>\$170</b>
LESS: Motor Vehicle Sales - New/Used	52	81,339	1,564	1,544	9.87
<b>Total Retail (Excluding Vehicle Sales)</b>	<b>\$845</b>	<b>\$496,962</b>	<b>\$588</b>	<b>\$9,434</b>	<b>\$160</b>
<b>All Other Outlets (Retail &amp; Non-Retail Space)</b>	<b>\$351</b>	<b>\$56,252</b>	<b>\$160</b>	<b>\$1,068</b>	<b>\$67</b>
<b>Totals All Outlets</b>	<b>\$1,248</b>	<b>\$634,553</b>	<b>\$508</b>	<b>\$12,047</b>	<b>\$237</b>

Audited Retail Store-Group Activity	Retail Floor	Est. Taxable Sales		Est. Gross Sales	
	Space-SF	Total (\$K)	Per SF	Total (\$K)	Per SF
<b>Retail Merchandising Activity</b>					
Motor Vehicle and Parts Dealers	27,882	5,767	207	5,767	207
Vehicle Sales (Excluded)	-	-	-	-	-
Auto. Parts-Accsy-TBA	27,882	5,767	207	5,767	207
Home Furnishings and Appliance Stores	85,721	7,628	89	7,628	89
Bldg. Matrl. and Garden Equip. and Supplies	257,956	44,186	171	44,186	171
Food and Beverage Stores	298,365	33,464	112	89,983	302
<i>Supermarket, Convenience, Specialty</i>	<i>286,031</i>	<i>30,433</i>	<i>106</i>	<i>86,952</i>	<i>304</i>
<i>Beer, Wine, and Liquor Stores</i>	<i>12,334</i>	<i>3,031</i>	<i>246</i>	<i>3,031</i>	<i>246</i>
Gasoline Stations	33,287	109,542	3,291	109,542	3,291
Clothing and Clothing Accessories Stores	244,194	41,044	168	41,044	168
General Merchandise Stores	452,301	150,367	332	150,367	332
Food Services and Drinking Places	311,261	65,263	210	65,263	210
Other Retail Group	294,179	39,701	135	59,545	202
<i>Pharmacies and Drug Stores</i>	<i>98,275</i>	<i>8,155</i>	<i>83</i>	<i>23,300</i>	<i>237</i>
<i>Health and Personal Care Stores</i>	<i>24,318</i>	<i>2,576</i>	<i>106</i>	<i>2,576</i>	<i>106</i>
<i>Used Merchandise Stores</i>	<i>35,370</i>	<i>522</i>	<i>15</i>	<i>5,222</i>	<i>148</i>
<i>All Other Specialty/Misc Stores</i>	<i>136,216</i>	<i>28,448</i>	<i>209</i>	<i>28,448</i>	<i>209</i>
<b>Occupied Retail Merchandising Space</b>	<b>2,005,146</b>	<b>\$496,962</b>	<b>\$248</b>	<b>\$573,325</b>	<b>\$286</b>
Repair Services	13,372	1,728	129	2,880	215
Pers-Leisure Services	216,217	4,080	19	16,320	75
Bus-Prof-NonRetail Services	245,262	9,384	38	46,920	191
<b>All Occupied Retail Space</b>	<b>2,479,997</b>	<b>\$512,154</b>	<b>\$207</b>	<b>\$639,445</b>	<b>\$258</b>
Vacant Retail Storefront Space	294,424	0	0	0	0
<b>Total Audited Retail Space - July 2011</b>	<b>2,774,421</b>	<b>\$512,154</b>	<b>\$185</b>	<b>\$639,445</b>	<b>\$230</b>

Source: State Board of Equalization; Field Audit By Alfred Gobar Associates - July 2011

## Exhibit B

### City of Lake Elsinore Taxable Retail Sales Trends

Population & Retail Store-Group Activity	Taxable Sales Trend					Effective Annual Growth		
	Historical 2009	Historical 2011	Historical 2013	Estimated 2014	Projected 2015	Historical 2009-11	Historical 2011-13	Projected 2013-15
<b>City Mid-Year Population</b>	<b>50,747</b>	<b>52,675</b>	<b>56,030</b>	<b>57,600</b>	<b>59,300</b>	<b>1.9%</b>	<b>3.1%</b>	<b>2.9%</b>
<b>Total Taxable Sales (\$000's)</b>								
Motor Vehicle and Parts Dealers	69,707	87,106	96,511	101,357	118,419	11.8%	5.3%	10.8%
Home Furnishings-Appliance-Elect	9,974	7,628	7,499	7,593	7,714	-12.5%	-0.8%	1.4%
Bldg. Matrl. and Garden Supplies	43,102	44,186	48,809	63,356	73,495	1.2%	5.1%	22.7%
Food and Beverage Stores	32,516	33,464	38,201	39,430	41,120	1.4%	6.8%	3.8%
Gasoline Stations	85,702	109,542	114,285	110,351	105,005	13.1%	2.1%	-4.1%
Clothing, Jewelry and Accessories	41,236	41,044	40,444	40,950	41,604	-0.2%	-0.7%	1.4%
General Merchandise Stores	131,026	150,367	163,405	165,453	168,093	7.1%	4.2%	1.4%
Food Services and Drinking Places	64,337	65,263	73,423	77,783	83,886	0.7%	6.1%	6.9%
Other Specialty-Misc Retail	37,146	39,701	37,981	38,457	39,070	3.4%	-2.2%	1.4%
<b>Total Retail and Dining</b>	<b>\$514,746</b>	<b>\$578,301</b>	<b>\$620,558</b>	<b>\$644,730</b>	<b>\$678,406</b>	<b>6.0%</b>	<b>3.6%</b>	<b>4.6%</b>
<b>Total Retail (Excl'd Veh Sales)</b>	<b>450,376</b>	<b>496,962</b>	<b>530,637</b>	<b>550,311</b>	<b>571,528</b>	<b>5.0%</b>	<b>3.3%</b>	<b>3.8%</b>
All Other Outlets	46,178	56,252	67,926	71,509	75,282	10.4%	9.9%	5.3%
<b>Totals All Outlets</b>	<b>\$560,924</b>	<b>\$634,553</b>	<b>\$688,483</b>	<b>\$716,239</b>	<b>\$753,688</b>	<b>6.4%</b>	<b>4.2%</b>	<b>4.6%</b>
<b>Effective Sales Per Capita</b>								
Motor Vehicle and Parts Dealers	1,374	1,654	1,723	1,760	1,997	9.7%	2.1%	7.7%
Home Furnishings-Appliance-Elect	197	145	134	132	130	-14.2%	-3.9%	-1.4%
Bldg. Matrl. and Garden Supplies	849	839	871	1,100	1,239	-0.6%	1.9%	19.3%
Food and Beverage Stores	641	635	682	685	693	-0.4%	3.6%	0.8%
Gasoline Stations	1,689	2,080	2,040	1,916	1,771	11.0%	-1.0%	-6.8%
Clothing, Jewelry and Accessories	813	779	722	711	702	-2.1%	-3.8%	-1.4%
General Merchandise Stores	2,582	2,855	2,916	2,872	2,835	5.1%	1.1%	-1.4%
Food Services and Drinking Places	1,268	1,239	1,310	1,350	1,415	-1.1%	2.8%	3.9%
Other Specialty-Misc Retail	732	754	678	668	659	1.5%	-5.2%	-1.4%
<b>Total Retail and Dining</b>	<b>\$10,143</b>	<b>\$10,979</b>	<b>\$11,076</b>	<b>\$11,193</b>	<b>\$11,440</b>	<b>4.0%</b>	<b>0.4%</b>	<b>1.6%</b>
<b>Total Retail (Excl'd Veh Sales)</b>	<b>8,875</b>	<b>9,434</b>	<b>9,471</b>	<b>9,554</b>	<b>9,638</b>	<b>3.1%</b>	<b>0.2%</b>	<b>0.9%</b>
All Other Outlets	910	1,068	1,212	1,241	1,270	8.3%	6.5%	2.3%
<b>Totals All Outlets</b>	<b>\$11,053</b>	<b>\$12,047</b>	<b>\$12,288</b>	<b>\$12,435</b>	<b>\$12,710</b>	<b>4.4%</b>	<b>1.0%</b>	<b>1.7%</b>

Note:

Taxable sales performance (w/out vehicle sales) for 2015 projected at approximately \$280/SF based on estimate of 2.031M-SF of occupied retail space.

Source: State Board of Equalization; Dept of Finance E-5 & E1 Pop Est.; HdL Companies Sales Tax Q1-2015 Update; Alfred Gobar Associates

September 17, 2015

Mr. Hardy Strozier  
**The Planning Associates**  
**Castle and Cook**  
495 E. Rincon Street, Suite 212  
Corona, CA 92879

**RE: ALBERHILL VILLAGE LAND USE ABSORPTION UPDATE**

Dear Hardy:

This addendum presents Market Profile's update with respect to current market absorption associated with the Alberhill Village new master planned community located in the city of Lake Elsinore in Riverside County.

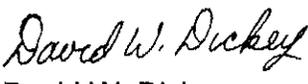
Briefly, the adjustments made were a result of refinements to the land plan made since the original March 2015 analysis.

The individual planning areas and products were reviewed and annual absorption was assigned by Market Profiles during the projected development of each planning area.

We appreciate the opportunity to assist you with new master planned community known as Alberhill Villages in the city of Lake Elsinore. Please call if you have any questions.

Sincerely,  
**MARKET PROFILES**

  
Boyd D. Martin  
Chairman

  
David W. Dickey  
Senior Economist

## RESIDENTIAL LAND USE ABSORPTION

### DEVELOPMENT TIMING AND ABSORPTION ESTIMATES – RESIDENTIAL

The residential products proposed for the Alberhill Villages – Phase 1 are summarized below.

MARKET PROFILES							
PHASE I							
RESIDENTIAL PRODUCT LINES, LAND USE CONCEPT PLAN							
ALBERHILL VILLAGE							
LAKE ELSINORE							
8/25/2015							
PLANNING AREA	Product Category	Acres	Proposed Density/ Lot Size	Average Price	Total Units	Product Range	Average Unit Size
DEVELOPMENT AREA VILLAGE I							
1A	MU Rental	12.9	35.0	\$950	450	650-1100	875
1A	University	63.1					
1B	MU/Reg Commercial	1.7	35.0	\$188,125	15	850-1200	1,025
1B	Park	0.7					
1B	MU/Reg Commercial	1.7	35.0	\$188,125	15	850-1200	1,025
1B	MU/Reg Commercial	36.5	35.0	\$188,125	206	850-1200	1,025
1B	MU/Reg Commercial	17.3	35.0	\$188,125	110	850-1200	1,025
1B	OS	9.5					
1B	OS	0.7					
4C	Commercial/MU	12.7	35.0	\$188,125	60	850-1200	1,025
4C	Lake	26.0					
4C	Park	0.7					
4C	Park	15.5					
4C	SF 10	18.7	10.0	\$285,000	190	1700-2300	2,000
4B	SF 16	11.9	16.0	\$224,250	192	1300-1750	1,525
6A	Commercial/MU	25.7	30+	\$188,125	100	850-1200	1,025
6B	Commercial/MU		30+	\$188,125	50	850-1200	1,025
NET TOTALS:	NET BUILDABLE	182.4	7.61		1388		1,191

#### Phase 1: University Town Center and University Village

The University Town Center and University Village in phase 1 includes regional mixed uses and the site for the proposed university campus. At ultimate build out, this University Village area is intended to be the most intense, active, and vibrant area with regionally-focused commercial uses adjacent to I-15 and perhaps in all of Western Riverside County. AVSP will provide housing for various types of occupants including students, teachers, alumni, senior citizens, working professionals, and families, a potential office/medical center, and entertainment uses. Phase 1 of AVSP (illustrated in the cart on the following page) will

contain 1,389 residential units, 1,029,500 square feet of Regional Commercial Mixed Use and 854,500 square feet of Commercial Mixed-Use square feet.

The initial components of the specific plan will be marketed in 2020 assuming early entitlement by the City of Lake Elsinore.

Assuming that the economic recovery continues as projected above, there will be sufficient market demand to absorb the subject report residential products over a reasonable period of time:

- The sales absorption will be accomplished by the simultaneous offering of a series of complementary and segmented residential product lines spanning a wide array of price ranges.
- The price positions that are proposed are closely aligned with the projected price distribution of demand, the majority of which is priced under \$400,000 (66%).
- Based on the project's large scale, 1,400 acres, and considering the experience of other Alberhill developments such as the Murdock Alberhill Ranch Specific Plan, Market Profiles estimates that the subject project can capture at least a "fair share" of total potential demand projected in the Lake Elsinore ESA.
- Considering the relative advantages of the Alberhill Villages community in the context of the full market area by virtue of its gateway entry location into Lake Elsinore, the relatively non impacted land use area, and its strategic location adjacent to the I-15 corridor with an existing interchange, a "fair share" market capture rate for the proposed project over its lifetime would be in the range of 30 to 40 percent of the market area at project inception.
- This market capture rate implies annual sales average of 150 to 200 homes per year.
- The Alberhill Villages Specific Plan community will command a dominant market presence in large part due to the arterial visibility, ease of access, high quality community design, livability and amenities.

The projected annual absorption of all product types are shown on the following page.

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PHASING SUMMARY									
ALBERHILL VILLAGE									
8/25/2015									
PLANNING AREA	Product Category	Acres Used	Proposed Density	Total Units Number	2015 Average Base Price	Average Unit Size	Average Value Ratio	Years to Sell Out	Annual Capture
DEVELOPMENT AREA VILLAGE I									
1A	MU Rental	12.9	35.0	450	\$960	876	\$1.09	6.0	76
1A	University	63.1							
1B	MU/Reg Commercial	1.7	35.0	15	\$188,125	1,026	\$183.64	0.3	60
1B	Park	0.7							
1B	MU/Reg Commercial	1.7	35.0	15	\$188,125	1,026	\$183.64		
1B	MU/Reg Commercial	36.5	35.0	206	\$188,125	1,026	\$183.64		
1B	MU/Reg Commercial	17.3	35.0	110	\$188,125	1,026	\$183.64		
1B	OS	9.6							
1B	OS	0.7							
4C	Commercial/MU	12.7	35.0	60	\$188,125	1,026	\$183.64	1.2	60
4C	Lake	26.0							
4C	Park	0.7							
4C	Park	15.5							
4C	SF 10	18.7	10.0	190	\$285,000	2,000	\$142.60	4.8	40
4B	SF 16	11.9	16.0	192	\$224,260	1,626	\$147.05	3.8	60
6A	Commercial/MU	25.7	30+	100	\$188,125	1,026	\$183.64	2.0	60
6B	Commercial/MU	0.0	30+	60	\$188,125	1,026	\$183.64		60
<b>NET TOTALS:</b>	<b>BUILDABLE</b>	<b>131.2</b>		<b>1388</b>	<b>\$ 292,126</b>	<b>1,532</b>	<b>\$ 190.68</b>		
DEVELOPMENT AREA VILLAGE II									
4B	SF 10	16.0	10.0	160	\$ 285,000	2,000	\$142.60	4.0	40
4B	SF 7	10.6	7.0	74	\$ 285,000	2,000	\$142.60	1.9	40
4B	MF 16	17.2	16.0	276	\$ 224,260	1,626	\$147.05	6.5	60
5B	SF 7	13.1	7.0	92	\$ 285,000	2,000	\$142.60	2.3	40
5B	MF 16	14.8	16.0	237	\$ 224,260	1,626	\$147.05	4.7	60
5B	PARK	45.9							
5B	OS	6.0							
<b>TOTALS:</b>	<b>BUILDABLE</b>	<b>123.5</b>	<b>6.8</b>	<b>838</b>	<b>\$ 260,700</b>	<b>1,810</b>			
DEVELOPMENT AREA VILLAGE III									
4A	MF 36	10.1	35.0	389	\$ 188,126	1,026	\$183.64	7.8	60
4A	MF 36	15.3	35.0	600	\$ -	-			75
4A	SF 10	11.55	10.0	116	\$ 285,000	2,000	\$142.60	2.9	40
4A	SF 10	11.65	10.0	116	\$ 246,000	1,600	\$163.13	2.9	40
4A	OS	3.2	0.0	0	\$ -	-			
4A	SF 5	51	5.0	256	\$ 365,000	2,700	\$131.48	6.4	40
4A	SF 5	10.2	5.0	51	\$ 365,000	2,700	\$131.48	1.3	40
4A	SF 5	30.4	5.0	152	\$ 365,000	2,700	\$131.48	3.8	40
4A	SF 7	15.2	7.0	106	\$ 285,000	2,000	\$142.60	2.7	40
4A	PARK	21.3							
4A	LAKE	13.6							
6A	SF 6	22.6	4.5	87	\$ 285,000	2,700	\$105.66	2.2	40
6A	SF 7	12.4	7.0	87	\$ 285,000	2,000	\$142.60	2.2	40
6A	SF 5	17.4	5.0	113	\$ 370,000	3,100	\$119.35	2.8	40
6A	OS	8.6							
3B	OS	67							
3B	OS-N	19.7							
<b>TOTALS:</b>	<b>BUILDABLE</b>	<b>285.4</b>	<b>6.9</b>	<b>1971</b>	<b>\$ 383,471</b>	<b>2,092</b>	<b>\$ 183.30</b>		
DEVELOPMENT AREA VILLAGE IV									
2A	SF 4.5	54.6	4.5	246	\$ 365,000	2,700	\$131.48	6.2	40
2A	SF 4.5	9.1	4.5	41	\$ 365,000	2,700	\$131.48	1.0	40
2A	SF 4.5	15.0	4.5	68	\$ 365,000	2,700	\$131.48	1.7	40
2A	SF 4.5	17.1	4.5	77	\$ 365,000	2,700	\$131.48	1.9	40
2A	SF 4.5	20.8	4.5	94	\$ 365,000	2,700	\$131.48	2.4	40
2A	SF 4.5	23.2	4.5	104	\$ 365,000	2,700	\$131.48	2.6	40
2A	SF 7	21.7	7.0	162	\$ 285,000	2,000	\$142.60	3.8	40
2A	MF 36	10.0	35.0	360	\$ 188,125	1,026	\$183.64	7.0	60
2A	OS	0.6							
2A	OS	35.2							
2C	SF 6	20.2	6.0	121	\$ 285,000	2,300		3.0	40
2C	SF 7	13.2	7.0	92	\$ 285,000	2,300		2.3	40
2C	SF 7	10.6	7.0	74	\$ 285,000	2,300		1.9	40
2C	ELM SCHOOL	12.0							
2C	PARK	14.3							
2C	WORSHIP	5.2							
<b>NET TOTALS:</b>	<b>BUILDABLE</b>	<b>273.5</b>	<b>5.2</b>	<b>1,419</b>	<b>\$ 412,600</b>	<b>2,088</b>	<b>\$ 197.61</b>		
DEVELOPMENT AREA VILLAGE V									
3A	Hillside	164.6	1 per 20	8	\$ 600,000				4
3A	PW	1.2							
3A	OS	0.8							
3A	OS	1.6							
<b>TOTALS:</b>	<b>BUILDABLE</b>	<b>168.0</b>	<b>0.0</b>	<b>8</b>	<b>\$ 366,568</b>	<b>1,929</b>	<b>\$ 190.03</b>		
DEVELOPMENT AREA VILLAGE VI									
1C	MU/OFFICE MED	40.8	35.0	1694	\$ 188,125	1,026	\$183.64	31.9	60
1C	OS	7.7							
1C	OS	2.3							
2B	MF 36	29.3	35.0	1026	\$ 188,125	1,026	\$183.64	20.5	60
<b>TOTALS:</b>	<b>BUILDABLE</b>	<b>123.5</b>	<b>6.8</b>	<b>2620</b>	<b>\$ 326,611</b>	<b>1,803</b>	<b>\$ 181.15</b>	<b>20.5</b>	<b>60.0</b>
<b>ALBERHILL VILLAGE MPC TOTALS</b>				<b>8,244</b>					

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## COMMERCIAL LAND USE ABSORPTION

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### DEVELOPMENT TIMING AND ABSORPTION ESTIMATES – NON-RESIDENTIAL

The major commercial districts proposed for the Alberhill Villages – Phase 1 are summarized below.

PHASE I LAND USE CONCEPT PLAN ALBERHILL VILLAGE LAKE ELSINORE 9/17/2015			
PLANNING AREA	Product Category	Acres	Proposed Building Sq. Ft.
<b>DEVELOPMENT AREA VILLAGE I</b>			
1A	University	63.1	1,500,000
1A	MF-35	12.9	
1B	MU/Reg Commercial	1.7	26,000
1B	Park	0.7	
1B	MU/Reg Commercial	1.7	26,000
1B	MU/Reg Commercial	36.5	717,500
1B	MU/Reg Commercial	17.3	260,000
1B	OS	9.5	
1B	OS	0.7	
4C	Commercial/MU	12.7	382,000
4C	Lake	26.0	
4C	Park	0.7	
4C	Park	15.5	
4C	SF 10	18.7	
4B	MF 16	11.9	
6A	Commercial/MU	25.7	272,500
6B	Commercial/MU	13.1	200,000
6B	Worship	10.0	60,000
<b>NET TOTALS:</b>	<b>NET BUILDABLE</b>	<b>278.4</b>	<b>3,444,000</b>

Exhibit 1 provided at the end of this text outlines the absorption projections by planning area. Summaries of the market opportunities associated with each planning area are presented on the following pages.

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## Retail Space Demand

The projections of future demand for new retail space are summarized below:

**PROJECTED DEMAND FOR NEW RETAIL SPACE  
ALBERHILL VILLAGES TRADE AREA**

Merchandise Category	Expenditures Per Capita (a)	Annual Expenditures (b)	Sales Per Sq. Ft. (c)	Alberhill Villages	Trade Area Incr. 2016-2035*
				New Retail Sq. Ft. (d)	New Retail Sq. Ft. (e)
Apparel	\$750	\$15,973,500	\$250	63,894	281,076
General Merchandise	\$1,500	\$31,947,000	\$300	106,490	468,459
Drugs	\$375	\$7,986,750	\$300	26,623	117,115
Food Stores	\$1,800	\$38,336,400	\$500	76,673	337,291
Packaged Liquor Stores	\$75	\$1,597,350	\$300	5,325	23,423
Eating and Drinking	\$1,200	\$25,557,600	\$350	73,022	321,229
Furniture & Furnishings	\$200	\$4,259,600	\$250	17,038	74,953
Electronics & Appliances	\$200	\$4,259,600	\$300	14,199	62,461
Building Materials	\$1,400	\$29,817,200	\$300	99,391	437,229
Auto Parts & Supplies	\$200	\$4,259,600	\$250	17,038	74,953
Specialty and Other					
Specialty	\$600	\$12,778,800	\$250	51,115	224,860
Other	\$100	\$2,129,800	\$200	10,649	46,846
* Based upon 20-year SCAG population forecast Source: Market Profiles	Total Retail Store Space:			561,456	2,469,896
	Services (15%)			84,218	370,484
	<b>TOTAL NEW RETAIL SQ. FT.</b>			<b>645,674</b>	<b>2,840,380</b>

The projections were derived as follows:

- Column (a) – Prototypical expenditures per capita (based on historical spending data)
- Column (b) – Total annual retail sales (expenditures per capita multiplied by the future population of Alberhill Villages (21,735))
- Column (c) -- Expected future retail sales per square foot by merchandise category—Alberhill Villages population
- Column (d) – Projected new retail square feet supportable—Alberhill Villages build-out population
- Column (e) – Projected new retail square feet supportable, Lake Elsinore ESA trade area—based upon 1.2% annual household growth 2015-2020, 1.3% growth 2021-2025, and 1.4% growth 2025-2035 (i.e., SCAG growth

forecast for Lake Elsinore; ave. household size—3.11 persons, Calif. Dept. of Finance est. for Riverside County)

- When completed, the future residents of the Alberhill Villages will directly support approximately 645,000 square feet of retail space.
- Over the next 20 years, total trade area support for new retail space throughout the Lake Elsinore trade area is projected to total over 2.8 million square feet (the trade area includes the cities of Canyon Lake and Wildomar and the surrounding unincorporated areas).

PA 1B

The market study identified an immediate opportunity for development of a retail power center featuring big box retailers. This opportunity is supported by rising consumer spending and unsatisfied retail demand that currently exists in the trade area (including insufficient retail supply and recapture of spending leakages). A retail demand-supply analysis by major merchandise category identified the following totals as of 2015 (Nielsen/Claritas SiteReports retail spending forecast):

	Demand	Supply (Capture)	Over (-) / Under (+) Supply
Retail Sales in Thousands			
Total Retail Sales (Excluding Auto Related)	\$1,347,843	\$1,089,529	\$258,314

At average retail sales of \$300 per square foot, the under supply/recapture of consumer spending translates to approximately 860,000 square feet of potential retail space.

The freeway-visible portion of this planning area that is adjacent to the I-15 Freeway is a favorable site for this center. Based upon the site size (17.3 acres), the scale of development may be as much as 200,000 square feet. This center will draw consumer support from throughout Lake Elsinore and surrounding communities. Additionally, it is assumed that a Walmart Supercenter (180,000 sq. ft.) or Sam's Club can be attracted to a second site situated immediately to the south of the power center. Although there is an existing Walmart store located about eight miles to the south, there a number of instances

in the Inland Empire in which Walmart stores are located within eight miles of one another. Such dual locations include Corona, Riverside-Moreno Valley, Fontana-Rialto, and Colton-Redlands. Moreover, the retail spending data indicate that the Lake Elsinore Walmart is achieving very strong sales.

Roughly a decade later, consumer support will have arisen for a second major phase of community/regional-scale retail development in this planning area. Presently, there are about 25,000 residential units planned within the trade area. Similar to the first phase, this sister center will feature discount retailers that were not represented in the first phase and that are able to draw shoppers from a regional geographic trade area.

Early in the community's development there will be opportunities for the creation of an office/business park. Inclusion of a major business district will accelerate the rate of absorption of the commercially-zoned land and will provide employment opportunities for future residents of the community. The business park concepts that offer the greatest market opportunities consist of 1- and 2-story multi-tenant and R&D/flex building configurations. Low-rise medical/professional offices constitute a secondary market opportunity. The absorption of business space is projected to increase over time as the Alberhill community and the city of Lake Elsinore grow at an increasing rate.

Ultimately, market support is also anticipated to arise for two hotel properties on strategic sites located in this planning area. Market support for these hotels (approx. 150 rooms each) will consist of transient stays from traffic on the I-15 freeway, local resident guest visitations, and business activity relating to local construction activity and to the operations of the business park, retail centers, university, and medical center.

#### PA 6A

Following the establishment of the initial Alberhill Villages residential neighborhoods and commercial districts, opportunity will arise for a neighborhood retail center with a supermarket and drug store as major tenants. The first development phase of this center, located on a site situated adjacent to Lake Street, would likely range in size from 100,000

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to 200,000 square feet. Substantial consumer support from current and growing traffic volumes on Lake Street (currently estimated to exceed 20,000 cars per day) will enable this center to be developed well in advance of the build-out of the Phase 1 Alberhill residential neighborhoods. It is anticipated that this retail center will be developed with an initial major phase followed by a smaller future phase.

#### PA 6B

Following development of PA 6A, additional community-scale retail space will be developed in accordance with future growth of market demand fueled by residential development within the Alberhill Villages and throughout the greater Lake Elsinore trade area. Traffic volumes on Lake Avenue are projected to rise well above the current estimate of 20,000 cars per day. Approximately eight years following the development of site PA 6A, sufficient consumer support will have arisen for a second supermarket-anchored retail center on the PA 6B site that will include retailers and services not represented on site PA 6A. This site is likely to attract one or more mid-major tenants in addition to a supermarket (i.e., variety store, drug, etc.).

#### PA 4C

Largely surrounded by a lake, this site has unique esthetic qualities that will enable the creation of a specialty retail center that will attract consumers from throughout the city of Lake Elsinore and adjacent communities. Specialty retail centers are a destination commercial use in which visiting and shopping are valued as a recreational experience. This destination feature enables the center to attract consumers from a regional trade area as well as locally. The center will feature upscale restaurants and specialty merchandise shops that are not typically found in traditional retail centers or power centers. These shops include upscale clothing and accessories, a theater, and a variety of other specialty merchandise outlets including an upscale food market such as Trader Joes or Whole Foods. This center is assumed to be developed in two phases. An example of this type of center is the Shops at Dos Lagos located immediately southeast of Corona.

PA 1C

Medical offices constitute a major segment of office tenancy. Medical service providers prefer accessible, upscale locations that offer a strong locational identity provided via a grouping of medical providers within a high quality community setting. This planning area is designated for development of a medical office complex that will serve the city of Lake Elsinore and surrounding communities. By the time of scheduled market entry in the mid-to-later development phases, the Alberhill Villages community will provide both a high quality locational setting as well as a desirable customer base. In addition to medical providers and related businesses, as the premier office location in the region, this high profile office park will attract a variety of non-medical office and corporate tenants. The absorption projections assume that development will occur in two major phases.

By the mid-to-later development phases the Alberhill Villages community will have a residential consumer base sufficiently large to support development of a third supermarket-anchored community retail center.

Market Profiles

ALBERHILL VILLAGES NON-RESIDENTIAL ABSORPTION

PA	Land Use	Square Feet														Retail Totals			
		Year	1	2	3	4	5	6	7	8	9	10	11	12	13		14	15	Totals
1B	Regional Retail (Power Ctr)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
	Cumulative	200,000	400,000	600,000	800,000	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000	3,000,000	3,200,000	3,400,000	3,600,000
1B	Regional Retail	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
	Cumulative	180,000	360,000	540,000	720,000	900,000	1,080,000	1,260,000	1,440,000	1,620,000	1,800,000	1,980,000	2,160,000	2,340,000	2,520,000	2,700,000	2,880,000	3,060,000	3,240,000
1B	Office/Bus. Pk.	20,000	20,000	20,000	20,000	20,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	34,000	34,000	34,000	34,000	34,000	34,000
	Cumulative	20,000	40,000	60,000	80,000	100,000	127,000	154,000	181,000	208,000	235,000	262,000	289,000	316,000	343,000	370,000	397,000	424,000	451,000
1B	Hotel	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
	Cumulative	90,000	180,000	270,000	360,000	450,000	540,000	630,000	720,000	810,000	900,000	990,000	1,080,000	1,170,000	1,260,000	1,350,000	1,440,000	1,530,000	1,620,000
6A	Community Retail	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
	Cumulative	185,000	370,000	555,000	740,000	925,000	1,110,000	1,295,000	1,480,000	1,665,000	1,850,000	2,035,000	2,220,000	2,405,000	2,590,000	2,775,000	2,960,000	3,145,000	3,330,000
6B	Community Retail	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
	Cumulative	180,000	360,000	540,000	720,000	900,000	1,080,000	1,260,000	1,440,000	1,620,000	1,800,000	1,980,000	2,160,000	2,340,000	2,520,000	2,700,000	2,880,000	3,060,000	3,240,000

PA	Land Use	Square Feet											Retail Totals						
		Year	16	17	18	19	20	21	22	23	24	25		26	27	Totals			
4C	Specialty Retail	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
	Cumulative	200,000	400,000	600,000	800,000	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000	3,000,000	3,200,000	3,400,000	3,600,000
1C	Office/Medical	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500	161,500
	Cumulative	161,500	323,000	484,500	646,000	807,500	969,000	1,130,500	1,292,000	1,453,500	1,615,000	1,776,500	1,938,000	2,099,500	2,261,000	2,422,500	2,584,000	2,745,500	2,907,000
1C	Community Retail	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
	Cumulative	180,000	360,000	540,000	720,000	900,000	1,080,000	1,260,000	1,440,000	1,620,000	1,800,000	1,980,000	2,160,000	2,340,000	2,520,000	2,700,000	2,880,000	3,060,000	3,240,000

Source: Market Profiles



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ALFRED GOBAR ASSOCIATES

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January 23, 2012

Mr. Tom Tomlinson, Executive Vice President  
PACIFIC CLAY PRODUCTS, INC.  
4113 Pearl Street  
Lake Elsinore, CA 92530

Subject: Alberhill Villages Retail Impact Study

Dear Mr. Tomlinson:

Enclosed is one bound copy of our report titled, "Alberhill Villages Retail Impact Study." The report summarizes an analysis of the potential competitive effect of Alberhill Villages retail development on existing retail facilities within the surrounding trade area. The analysis evaluates broad market trends and surrounding trade area conditions to determine the level of untapped market potential that is available to support retail development within the Alberhill Villages. Identified retail potential is then compared against a long-term schedule of project phasing to determine whether or not Alberhill Villages retail development is likely to trigger a significant decline in annual sales captured by existing retailers that leads to widespread business failure and prolonged vacancy and ultimately significant physical deterioration of existing retail facilities.

Very truly yours,

ALFRED GOBAR ASSOCIATES

A handwritten signature in blue ink, appearing to read "Alonzo Pedrin".

Alonzo Pedrin  
Principal  
(714) 772-8900 x310

Encl.

F:\ALBERHILL VILLAGE RETAIL IMPACT OCT-11.DOC\JANUARY 23, 2012\B

**ALBERHILL VILLAGES  
RETAIL IMPACT STUDY**

**ALBERHILL VILLAGES  
RETAIL IMPACT STUDY**

**Prepared for:  
PACIFIC CLAY PRODUCTS, INC.**

**November 2011**



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**ALFRED GOBAR ASSOCIATES**

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# Chapter I

## Introduction

### Project-Study Overview

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The Alberhill Villages Specific Plan is a phased development program sponsored by Pacific Clay Products, Inc., that will encompass 1,374 acres within a northern area of the City of Lake Elsinore recognized as the Alberhill District. As proposed, the Alberhill Villages Specific Plan will result in the conversion and re-use of a largely vacated 1,374-acre mining site with a diverse mix of land uses, including major activities summarized below:

- 8,244 residential housing units of varying design and density, hosting over 27,700 residents.
- 1.67 million square feet of retail-commercial space serving Alberhill Villages residents, the Lake Elsinore community, and surrounding trade area region.
- 1.03 million square feet of office-commercial space expected to serve as an employment center along the I-15 Freeway corridor.
- 1.1 million square feet of educational space including a university campus with 6,000 enrollment capacity; and elementary and middle school campuses.

Due to the scale of the project, Alberhill Villages will be developed in a series of phases over a 24-year buildout period. The focus of this study is on the probable impact of retail development that is planned to occur at Alberhill Villages over the buildout period.

The specific composition of store-group activities that will occupy developed retail space within the Alberhill Villages is not known at this time. The phased development program has not yet received entitlement approval, and the earliest phase of retail development is not envisioned to occur for another five years (2016). It remains too early in the development process to undertake a concerted tenant solicitation effort dependent upon site-specific schematic drawings or prospective tenant mix for various retail phases. Given the overall scale of retail development envisioned (1.67

million square feet), however, the ultimate mix of tenants occupying space within Alberhill Villages is likely to reflect a broad spectrum of retail activity that currently exists throughout the Southwestern region of Riverside County.

## Study Objective and Research Approach

---

This study seeks to determine the probable impact that future retail development within the Alberhill Villages will have on existing retail facilities. In order to address the core study objective, it is first necessary to research a number of related issues—market trends affecting retail performance and growth; trade area demand and supply; and residual market potential. A focal research objective of this study is to evaluate the net outcome of demand-supply conditions within a designated trade area and determine if enough residual floor space potential remains to accommodate the amount of retail floor space planned within the Alberhill Villages. Once the focal research objective is satisfied, the core study objective can be addressed—whether or not the development and occupancy of planned retail within the Alberhill Villages is likely to diminish sales at competing establishments to such an extent planned development results in widespread business failure and attendant vacancy that leads to significant physical deterioration of existing retail facilities. In effect, can the competitive impact of retail development within the Alberhill Villages be reasonably expected to have significant environmental impact on existing retail facilities that now serve the area?

To determine if the project will cause significant physical impacts to existing retail facilities, the following factors are evaluated:

- **Market Trends**—the current economic recession has had a dampening effect on the overall level of consumer spending and business activity that describes a probable mid-term retail environment. While macro-level trends can be expected to influence the broad retail environment, specific market opportunities will be influenced by the relative strength of consumer spending and retail merchandising within a relevant trade area setting. Macro-level and local area trends are assessed in order to better gauge the demand-supply relationship describing trade area retail potential.

- **Market Potential**—the relative abundance or absence of market potential within a trade area location determines the extent future retail development is dependent on capturing sales support that currently flows to existing retailers. Market potential describes the amount of sales support that remains available to the project after accounting for potential sales support captured by existing retailers. For purpose of this study, market potential is the residual product of consumer sales potential less sales capture by existing retailers, described in terms of the amount of floor area support potential that remains available for retail development within the Alberhill Villages.
- **Sales Shift**—describes the extent to which Alberhill Villages retail development is dependent on sales support already captured by existing retailers. When a substantial share of retail sales is dependent on capturing sales support that already flows to existing retailers, the resulting impact can be described in terms of an expected shift in sales (sales shift). Existing retailers that suffer a significant reduction in store sales due to a shift in sales face added competition and operating pressure that may increase the potential for business failure and attendant vacancy. The magnitude of the sales shift is an important factor that contributes to the potential for widespread business failure and attendant vacancy.
- **Retail Resiliency**—the demonstrated ability of existing retailers to weather and rebound from sales impacts. Whether or not a sales shift significantly increases the risk of widespread business failure and attendant vacancy depends on the resiliency of existing retailers. Precedent trends describing sales fluctuations and growth in number of establishments willing to compete in a trade area environment are evaluated. The demonstrated resiliency of existing retailers is used to determine the significance of risk that widespread vacancy will result due to business failure.
- **Market Area Growth**—the scale and pace of future market growth and its influence on the duration of time likely to lapse before vacated retail space is again occupied with a replacement or alternate retail activity. The likelihood that existing retail space will be impacted by a period of protracted vacancy is strongly influenced by future market growth and retail potential. Growth in trade area

potential is evaluated in terms of the amount of retail floor space that can be competitively supported from the increase in trade area consumer spending.

- **Cumulative Effects**—the extent the proposed project contributes directly and indirectly to physical deterioration based on the cumulative effects of the project itself and other retail development programs likely to compete for a portion of future market growth.

## Research Data Sources

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A wide variety of data resources were relied upon to complete this study, including the Draft Alberhill Villages Specific Plan. Research summarized in this study report relied extensively on public information available from government sources or otherwise purchased from industry associations and private data purveyors. Alfred Gobar Associates also conducted an extensive in-field audit in July 2011 to identify the existing supply of retail competitors in the surrounding trade area and also to identify the outlook of future retail development approved by the City or being processed for entitlement. Alfred Gobar Associates did not have access to any proprietary resources describing confidential operations of any individual retail competitor or retail development program and, as such, the findings of this analysis reflect a thorough and reasoned assessment of public information.

Key data sources relied upon and their principal use in this analysis are summarized as follows:

- **California State Board of Equalization (SBOE)**—provides reports on sales and use tax and number of retail permits in all cities and counties of California according to major store-group activities, which are used to analyze trends in taxable sales growth, increases or decreases in number of establishments, and probable inflow and outflow of potential sales from selected cities.
- **California Employment Development Department (EDD)**—responsible for conducting audits, collecting of payroll taxes, and compiling of labor force employment statistics for all payroll establishments throughout California. Annual and monthly series reports address a variety of employment-related data. Agency employment data is used to assess business characteristics within a region and identify emerging industry sector employment trends, such as retail.
- **California Department of Finance (DOF)**—serves as the chief fiscal policy advisory agency for the State and provides annual population and housing

unit estimates used to evaluate historic and projected growth trends for cities and regions throughout the State.

- **Southern California Association of Governments (SCAG)**—is a quasi-government research agency that provides research, analysis, and policy to facilitate coordinated and managed long-term development of the entire Southern California region. SCAG prepares long-range population, household, and employment projections as part of the agency’s regional transportation planning directive. In 2008, the RTP-08 was prepared and identifies projected growth through 2035 for county, city, and Census Tract areas of the region based historical growth patterns and on local growth policies, such as the community General Plan. The SCAG RTP-08 projections are used to identify the outlook for long-term growth in the surrounding trade area. SCAG information has also been supplemented by long-range growth projections prepared by the San Diego Association of Governments (SANDAG) and California DOF.
- **U.S. Census Bureau (Census)**—provides the most comprehensive reporting of employment and payroll data from the administrative record of business establishments within the “County Business Patterns” (CBP) annual report. The annual report series describes sub-national economic data by industry, based on the North American Industry Classification System (NAICS). The data is used to study economic activity within selected state, county, and ZIP Code locations. In addition, the U.S. Census Bureau also conducts an economic census of business and trade every five years. Results from the 2007 Economic Census provide a detailed assessment of establishment, employment, payroll, and sales performance across a broad spectrum of businesses, including major forms of retail merchandising and service activity.
- **U.S. Bureau of Labor Statistics (BLS)**—is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics. The BLS coordinates with state-level agencies, such as EDD, to provide monthly and annual series data describing payroll employment. The BLS is also responsible for calculating and reporting monthly and annual Consumer Price Indexes (CPI) of inflation used to determine the constant dollar value of various consumption products. The CPI data from BLS is used to adjust taxable sales data from the California SBOE. The BLS also conducts an annual survey of household spending behavior, including spending by income classification across a spectrum of product, service, energy, insurance, and financial categories that describe the U.S. economy, including retail-oriented spending.
- **ESRI ArcGIS Business Analyst Online (ESRI)**—an on line subscription service that provides access to demographic, business, and traffic data for standard and customized geographic reporting areas. Subscription data is selected and compiled into a pre-determined report and mapping formats. Demographic characteristics reflect the principal data used in this study to evaluate consumer demographic characteristics describing the selected trade area and surrounding reference areas including cities, counties, and State.

- **Google Earth Pro (Google)**—an on-line subscription service provides interactive maps and imaging used to identify formal geographic boundaries (ZIP Codes, Census Tracts, City Limits, etc.); review land use patterns; assess drive times; and measure buildings, land area, and travel distances.
- **Urban Land Institute (ULI)**—a nonprofit research and education organization focused on the responsible use of land. ULI prepares bi-annual reports, in cooperation with the International Council of Shopping Centers (ICSC), that identify empirical based trends and measures that describe the composition and performance of retail tenants by store-type activity and by type of retail center development. The ULI-ICSC report data is used to provide timely reference parameters that describe median level sales performance and store size characteristics for selected store-group activities and tenant mix and development scale for conventional retail centers with a neighborhood, community, regional, and super regional market orientation.

Data reporting schedules for the source data used in this study vary by Agency and data-series within Agency. Consequently, the latest available data from one Agency source may reflect annual reporting for the 2009 calendar period, while another may reflect recent monthly reporting during 2011. To account for the difference in data release dates, improve the continuity between reference sources, and enable meaningful comparison of data, all source data is updated based on selected constant dollar (inflation-adjusted) rates of adjustment whenever appropriate. Describing market trends and retail impacts on a constant dollar basis allows the effects of the project to be evaluated in real terms and minimize distortions associated with inflation.

# Chapter II

## Executive Summary

### Study Purpose and Approach

The purpose of this analysis is to determine whether or not retail development within the Alberhill Villages is likely to have an environmental impact on existing retail facilities in the form of significant physical deterioration, also known as “blight.” For purpose of this analysis, blight is defined as physical conditions brought on by prolonged vacancy, including but not limited to; deteriorating buildings, maintenance neglect, boarded-up windows and openings, extensive site debris, dying landscape, and other conditions that foster loitering, graffiti, vandalism, homelessness, and criminal activity. Identified blight conditions do not presently characterize the existing supply of retail facilities expected to compete with the Alberhill Villages for consumer sales support. This analysis seeks to determine if the competitive impact of retail development within the Alberhill Villages will bring about a probable chain of economic and physical events that lead to prolonged vacancy and neglect of existing retail facilities that result in significant physical deterioration.

The general research approach used to determine if retail activity within the Alberhill Villages will result in significant physical deterioration is summarized as follows:

- Economic and market trends affecting retail demand and supply conditions in the surrounding area are evaluated in order to determine the level of market potential that will be available to support future retail development within the Alberhill Villages (market conditions and residual potential).
- Identified residual potential is compared against the envisioned schedule of retail development to determine if retail activity within the Alberhill Villages can be expected to shift sales away from existing retailers (competitive sales shift).
- Any indicated shift in sales is evaluated in terms of the resulting decline in sales at existing establishments and whether such decline can be expected to result in widespread business failure and attendant vacancy based on the competitive resiliency of existing retailers (retail resiliency and risk of business failure).
- Potential retail vacancy associated with any sale shift attributed to the Alberhill Villages is evaluated in terms of the risk that impacted facilities will remain vacant over a prolonged period due to a lack of market growth enabling such space to be re-occupied with a replacement activity (risk of protracted vacancy and physical deterioration of existing retail facilities).

## Alberhill Villages Retail Development

The Alberhill Villages Specific Plan will encompass 1,374 acres in a northern area of the City of Lake Elsinore recognized as the Alberhill District. As the name implies, Alberhill Villages is envisioned as a community network of residential, educational, office, retail, and mixed-use villages developed in phases over a 24-year buildout period. A total of 1.67 million square feet of retail development is envisioned as summarized below:

**Figure 2.1**  
**Alberhill Retail Development Program**

Community Location	Gross Floor Area	Street Access / Exposure	Market Orientation-Focus
University Town Center-I	650,000	Lake St / So of I-15 Freeway	Sub-Regional
University Town Center-II	50,000	Temescal Cnyn Rd	Neighborhood
Alberhill Town Center-I	294,500	Lake St / Nichols Rd (Ext)	Neighborhood-Community
Alberhill Town Center-II	294,500	Lake St / Nichols Rd (Ext)	Neighborhood-Community
Lakeside Village	382,000	4-Lane Major Roadway	Village Retail District
<b>Total Alberhill Retail</b>	<b>1,671,000</b>		

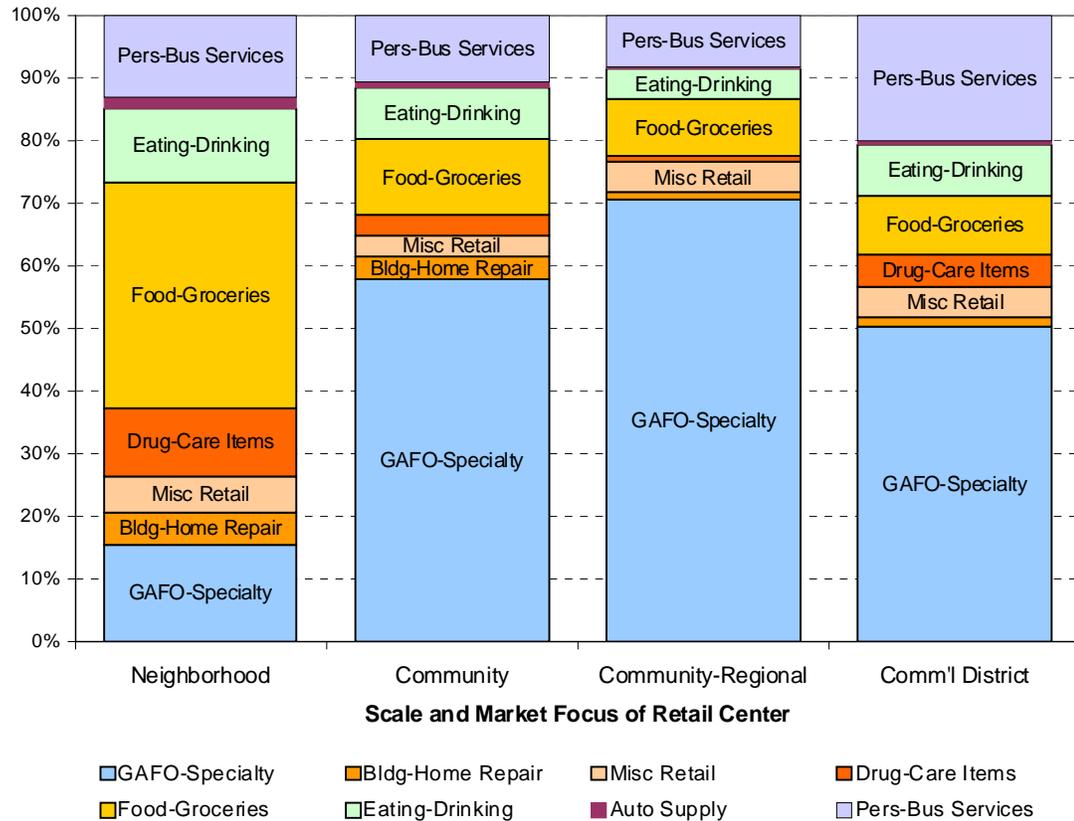
Source: Alberhill Villages Specific Plan

Due to long-term phasing schedule, it is necessary to evaluate the recurring and cumulative effect of retail development on an iterative basis over the 24-year buildout period. The specific composition of store-group activities that describes each phase of retail development is not known at this time. The Alberhill Villages Specific Plan has yet to receive entitlement and environmental approvals, and it remains too early in the development process to actively solicit target retail tenants or formulate site schematic plans identifying the conceptual focus of retail activity. For purpose of this analysis, a market orientation-focus has been identified above for each retail village based on the overall scale of development, location within the project, surrounding area retail environment, and Consultant's 25 years of experience evaluating retail development.

A general characterization of the retail merchandising focus is necessary in order to evaluate the competitive impact of envisioned development and potential for a significant environmental impact on existing retail facilities. The composition of retail tenants and occupied space that typifies a neighborhood center is not the same as typifies a community or regional-oriented center. Illustrated below is the typical mix of store-group activities used to characterize envisioned retail development within the

Alberhill Villages and future trade area development that will add to the supply of existing retail facilities.

**Figure 2.2**  
**Characteristic Floor Area Mix of Contemporary Retail Centers & Districts**

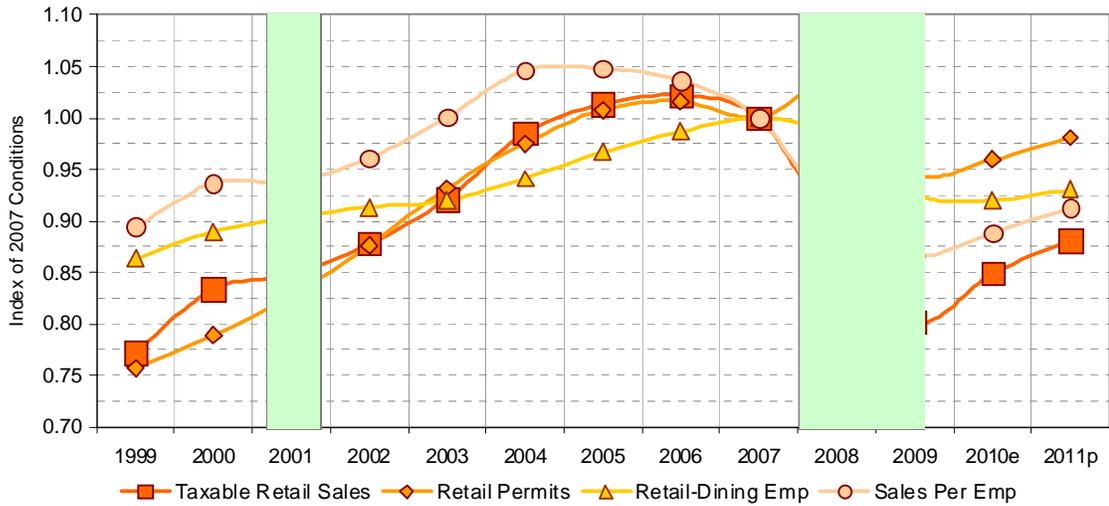


Source: Urban Land Institute 2008 Dollars and Cents of Shopping Centers; Alfred Gobar Associates

### Retail Market Trends and Trade Area Potential

Since the onset of the latest recession in 2008, the retail industry has been significantly affected by a variety of conditions impacting consumer spending potential such as restricted work hours and pay, high unemployment, reduced home values, credit debt, and financial uncertainty depressing consumer confidence. In response to weakened consumer spending, retailers have found it necessary to lay-off employees, forego expansion plans, close underperforming stores, limit in-store inventory, and undertake a variety of operating strategies to weather the recession. The widespread and significant impact of the recession on the retail industry is clearly evident from trends describing retail growth in California over the past 13 years.

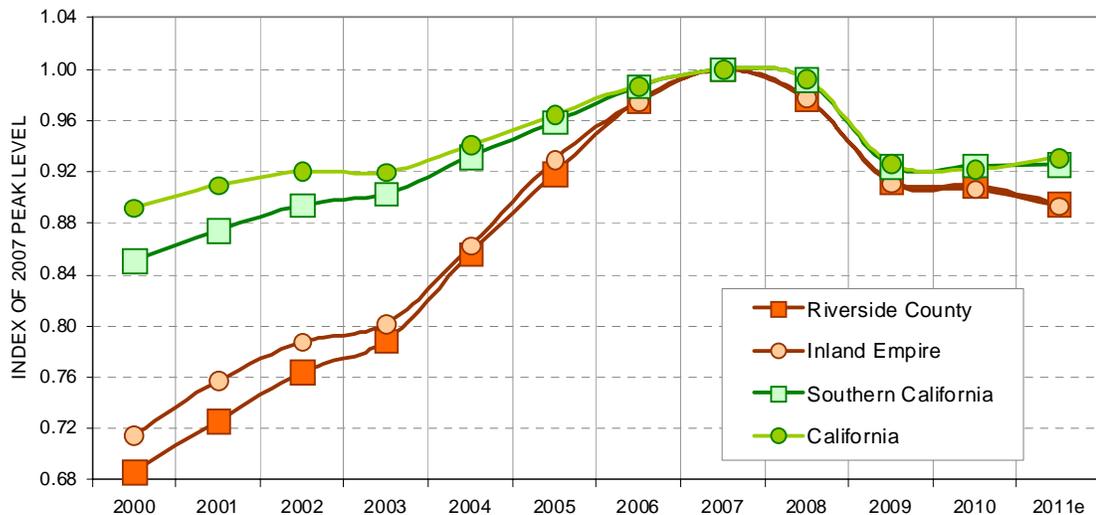
**Figure 2.3**  
**Selected Trends Affecting Overall Taxable Retail Sales - California**



Note: Indexed employment reflects actual through June 2011; shaded areas indicate period of economic contraction  
 Source: CA-SBOE ; CA-EDD; CA-DOF; USCensus-County Bus Patterns; Alfred Gobar Associates

Retail employment is an important indicator of recovery because labor represents a large component of operating cost for most retailers. As shown above, retailers first seek to increase overall sales and effective sales per employee before hiring on more workers. Unfortunately, retailers in many areas of Riverside County are struggling through the recovery as suggested by area employment trends.

**Figure 2.4**  
**Indexed Retail & Dining Employment Trends - Selected Regions**



Note: All figures reflect annualized trend based on EDD reporting through June.  
 Source: California Employment Development Department - Monthly Release Data; Alfred Gobar Associates

Despite economic challenges impeding a rapid retail recovery within Riverside County, retailers in the surrounding area represent an efficient group of merchandisers. According to 2009 sales data reported by the SBOE (latest available annual data), retailers within the City of Lake Elsinore were able to attract a level of taxable sales support (\$359M excluding auto and fuel sales) that exceeded the level associated with the City resident population (\$301M excluding auto and fuel sales) by nearly 20%. In addition, long-term trends indicate the existing group of surrounding area retailers is able to overcome significant and repeated decreases in annual sales per establishment (generally reflecting an 8% to 12% average annual drop in any given year) and still increase the number of operators willing to compete for consumer support. Despite periodic decreases in sales per establishment, the total number of retailers has increased from 4% to 8% annually over the past 19 years in response to a growing consumer population. Precedent performance trends described above provide a good indication that area retailers represent an efficient and resilient group of merchandisers.

Retail development within the Alberhill Villages is expected to compete most directly for consumer support originating within the City of Lake Elsinore and surrounding unincorporated areas of Riverside County. Large regional-serving concentrations of retail development existing within the City of Corona, City of Murrieta, and City of Temecula restrict the ability to compete for a substantial amount of retail support from residents living within these communities. By comparison, long driving distances to the Alberhill Villages location limits the ability to compete for substantial retail support from residents living within the City of Perris and City of Menifee. The Alberhill Villages trade area, however, is within Southwest Riverside County, which has attracted a disproportionately large share of regional population growth and is projected to remain an attractive population growth destination over the long run.

**Figure 2.5**  
**Projected Population For Selected Areas (000's)**

Reference Area	2010	2015	2020	2025	2030	2035
Southern California	22,461	23,654	24,829	25,989	26,949	27,881
Riverside County	2,243	2,509	2,809	3,090	3,344	3,597
WRCOG Region	1,735	1,919	2,097	2,263	2,414	2,551
5-City Area	460	493	526	556	581	603
City of Lake Elsinore	51	61	71	86	102	120
<b>Alberhill Trade Area</b>	<b>132</b>	<b>149</b>	<b>169</b>	<b>194</b>	<b>219</b>	<b>245</b>

Note: 5-City area includes Lake Elsinore, Corona, Perris, Murrieta, & Temecula

Source: SCAG 2008 RTP; DOF County Projections; Alfred Gobar Associates

Existing consumers within the Alberhill Villages trade area represent an attractive pool of potential sales support, based on selected demographic attributes describing trade area residents (family orientation, size of household, resident age structure, workforce participation, owner-occupancy status, household and per capita income, etc.). For purpose of this analysis, future trade area growth is expected to have the same relative attraction as indicated by selected demographic attributes describing existing trade area residents. Consumer retail spending is largely a function of disposable income. The income composition and corresponding support potential of trade area consumers compares favorably to Riverside County and the broader Southern California region.

**Figure 2.6**  
**Per Capita Retail Spending Potential - 2011**

Retail Store-Group Activity	Southern California		Riverside County		Alberhill Trade Area	
	Per Capita	Index of SoCal	Per Capita	Index of SoCal	Per Capita	Index of SoCal
GAFO Retail Activity	\$3,091	1.00	\$2,880	0.93	\$2,956	0.96
<i>General Merchandising</i>	1,294	1.00	1,206	0.93	1,237	0.96
<i>Apparel &amp; Accessories</i>	684	1.00	637	0.93	654	0.96
<i>Furniture &amp; Hshld Appl/Elect.</i>	460	1.00	429	0.93	440	0.96
<i>Other Specialty Retail</i>	653	1.00	609	0.93	625	0.96
Building Materials	536	1.00	500	0.93	519	0.97
Drug & Sundries	436	1.00	408	0.93	415	0.95
Miscellaneous Retail	386	1.00	361	0.94	374	0.97
Food & Groceries	1,422	1.00	1,415	0.99	1,430	1.01
Eating & Drinking	1,402	1.00	1,262	0.90	1,315	0.94
Auto Parts & Accsy	148	1.00	144	0.97	148	1.00
<b>Retail - Excl'd Fuel-Auto Sales</b>	<b>\$7,421</b>	<b>1.00</b>	<b>\$6,969</b>	<b>0.94</b>	<b>\$7,156</b>	<b>0.96</b>
Service stations	1,177	1.00	1,139	0.97	1,162	0.99
Auto & Vehicle Sales	1,240	1.00	1,188	0.96	1,244	1.00
<b>All Retail Activity Combined</b>	<b>\$9,838</b>	<b>1.00</b>	<b>\$9,296</b>	<b>0.94</b>	<b>\$9,561</b>	<b>0.97</b>

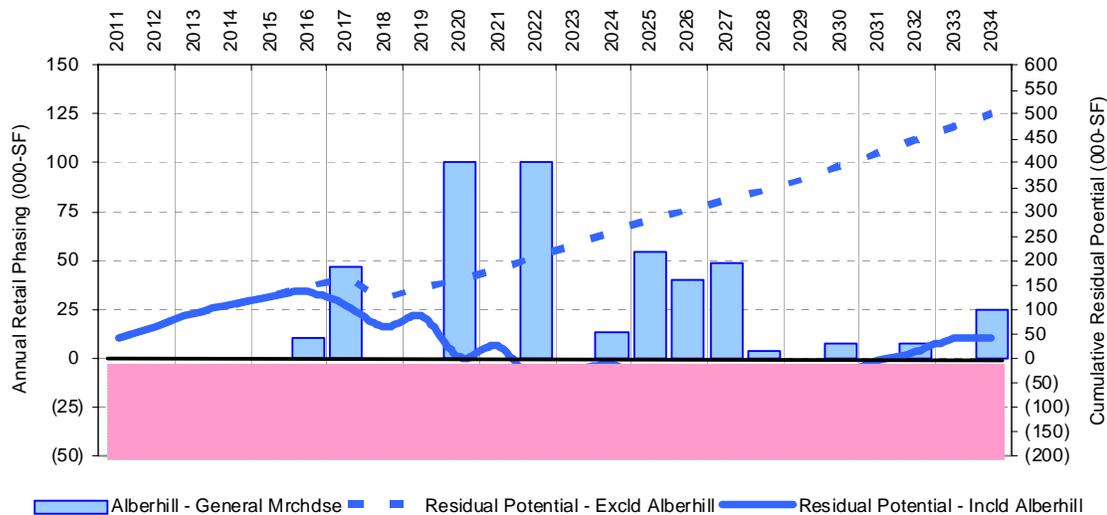
Note: Identified potential is for taxable and non-taxable expenditures combined

Source: State Board of Equalization; BLS 2009 Expenditure Survey; Alfred Gobar Associates

## Residual Potential and Competitive Impact

Long-term population growth within the Alberhill Villages and throughout the relevant trade area can be expected to increase overall consumer spending support (demand) for distinct store-group activity. By the same token, retail operations within existing retail facilities (supply) can also be expected to capture a portion of the anticipated increase in overall consumer spending. The net product of this demand and supply interaction describes residual retail potential (demand minus supply) available to support retail development within the Alberhill Villages. Whenever residual potential falls short of the level required to fully support envisioned development (negative residual), there is an increased risk that retail activities within the Alberhill Villages will trigger a shift in sales from existing retail facilities. The triggered sales shift (drop in sales per establishment) and corresponding risk of widespread business failure and risk of protracted vacancy constitute the potential competitive impact. A potential competitive impact is indicated for three of the many store-group activities used to describe envisioned retail development.

**Figure 2.7**  
**Simulated Impact Of Alberhill Retail on General Mrchdse Potential**

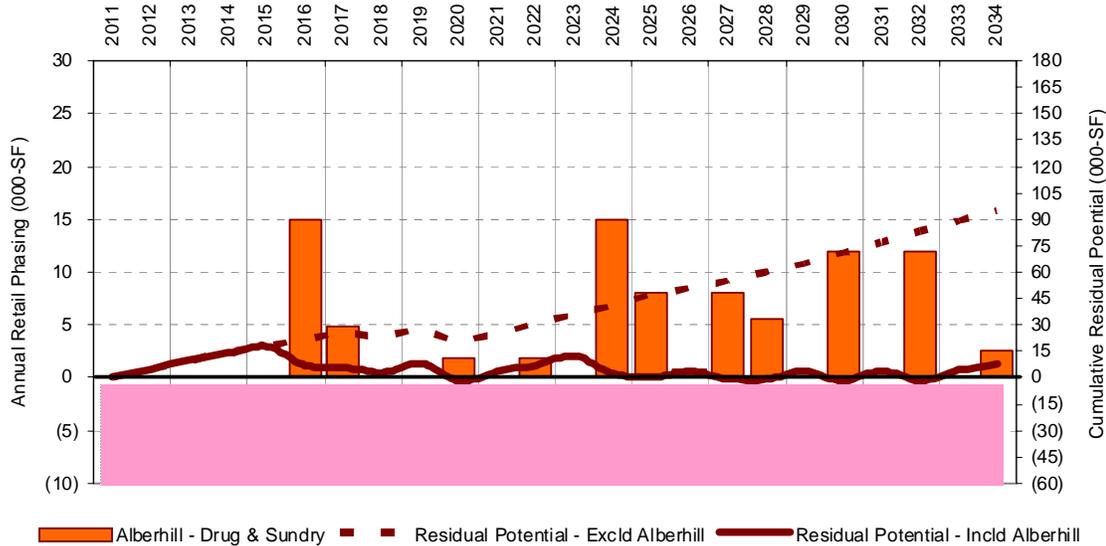


Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The above projection of growth in demand and Alberhill Villages retail phasing indicates a negative level of residual potential can be anticipated in several years over the long term period describing project buildout. The above analysis is described in terms of equivalent floor space based on corresponding level of sales

performance representing distinct store-group activities. The indicated level of negative residual corresponds to a drop in sales per existing establishment ranging from 0.8% to 12.2% of annual sales. As a matter of reference, an 8.33% sales shift is the same as a one-month loss in annual sales activities. By comparison, existing general merchandise retailers have repeatedly overcome periodic declines in sales per establishment ranging from 1.6% to 27.7% of annual sales in 11 out of the past 19 years (1991 to 2009) used to evaluate retail resiliency. Retail development within the Alberhill Villages is not expected to increase the risk of widespread business failure among existing general merchandise retailers beyond precedent conditions that now describe the competing area.

**Figure 2.8**  
**Simulated Impact Of Alberhill Retail on Drug & Sundry Potential**

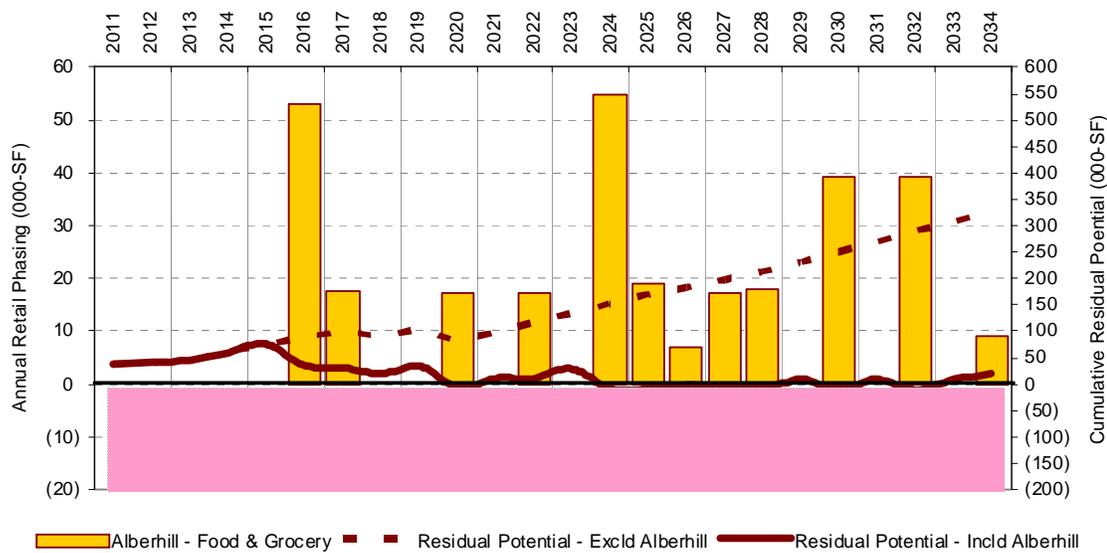


Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The above projection of growth in demand and Alberhill Villages retail phasing indicates intermittent periods of negative residual potential can be anticipated over the long-term period describing project buildout. The indicated level of negative residual corresponds to a drop in sales per existing establishment ranging from 0.1% to 1.1% of annual sales. By comparison, existing drug and sundry retailers have repeatedly overcome periodic declines in sales per establishment ranging from 1.6% to 18.0% of annual sales in 10 out of the past 19 years used to evaluate retail resiliency. Retail development within the Alberhill Villages is not expected to increase

the risk of widespread business failure among existing drug and sundry retailers beyond precedent conditions that now describe the competing area.

**Figure 2.9**  
**Simulated Impact Of Alberhill Retail on Food & Grocery Potential**



Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The above projection of growth in demand and Alberhill Villages retail phasing indicates recurring periods of negative residual potential can be anticipated over the long-term period describing project buildout. The indicated level of negative residual corresponds to a drop in sales per existing establishment ranging from 0.9% to 4.6% of annual sales. By comparison, existing food and grocery retailers have repeatedly overcome periodic declines in sales per establishment ranging from 1.8% to 21.0% of annual sales in 10 out of the past 19 years used to evaluate retail resiliency. Retail development within the Alberhill Villages is not expected to increase the risk of widespread business failure among existing food and grocery retailers beyond precedent conditions that now describe the competing area.

A determination that retail development within the Alberhill Villages does not pose a significant risk of causing widespread business failure is not the same as concluding no existing retailers will suffer business failure after a given phase of retail development is completed and occupied. The existing trade area is characterized by recurring cycles of business influx and business departure describing the existing supply of retailers. In any given year, some level of business failure and attendant

vacancy is to be expected, whether or not retail development occurs within the Alberhill Villages. The prospect that one or more incidents of business failure may occur following a phase of Alberhill Villages retail development represents a much more likely outcome than widespread business failure among existing retail facilities. Whether or not such business failure can be anticipated to lead to storefront vacancy over a protracted period depends on the outlook of future market growth.

**Figure 2.10**

**Vacant Floor Space Replacement Potential - Impacted Retail Facilities**

Retail Store-Group Activity	Ref Period 2015 - 2019	Ref Period 2020 - 2024	Ref Period 2025 - 2029	Ref Period 2030 - 2034
<b>Maximum Vacancy Risk</b>	<b>0</b>	<b>-51,950</b>	<b>-98,250</b>	<b>-44,050</b>
<b>Minimum Residual Potential</b>				
GAFO Retail Activity	663,050	614,700	685,800	780,000
<i>General Merchandising</i>	63,850	--	--	--
<i>Apparel &amp; Accessories</i>	152,700	148,600	156,800	184,500
<i>Furniture &amp; Hshld Elect.</i>	168,200	174,700	196,800	220,900
<i>Specialty Retail</i>	278,300	291,400	332,200	374,600
Hardware & Bldg Materials	55,000	75,600	112,800	146,300
Drug & Sundries	3,100	--	--	--
Misc-Other Retail	171,200	177,000	194,800	217,200
Food & Groceries	19,300	--	--	--
Eating & Drinking	363,900	390,700	460,700	524,700
Auto Parts & Accsy	58,100	62,600	71,600	81,000
<b>Retail - (Exclud Auto/Fuel)</b>	<b>1,333,650</b>	<b>1,320,600</b>	<b>1,525,700</b>	<b>1,749,200</b>

Note:

Maximum vacancy risk identifies maximum amount of retail floor space in any given year indicated by the reduction in annual sales at existing retailers attributed to a potential sales shift to Alberhill Villages retail. Minimum residual potential identifies minimum potential available in any given year after accounting for sales capture by 2011 existing retail, future retail in other trade area locations, and the Alberhill Villages.

Source: Alfred Gobar Associates

As shown above, the minimum amount of residual retail potential (described in terms of supportable floor space) projected for any given year in each reference period far exceeds the maximum amount of floor space describing sales shift attributed to retail development within the Alberhill Villages. There is negligible risk that future retail potential captured by retail development within the Alberhill Villages will result in protracted vacancy within existing facilities given the anticipated level of retail opportunity available to occupy vacated space with a replacement retail activity.

## Environmental Impact of Alberhill Villages Retail

The Alberhill Villages retail has been evaluated extensively in terms of economic impacts likely to result from its phased development over the next 24 years. Prolonged vacancy is a condition that significantly contributes to blight because it creates financial conditions that diminish property owner motivation to maintain vacant space. The property owner commitment to maintain property is significantly challenged when a substantial portion of rental space remains vacant longer than is customarily required to find a replacement tenant. The blight process generally takes several years to materialize because property owners have an economic motivation to remedy the loss of rental income by marketing space to prospective replacement tenants and maintaining facilities for remaining tenants before ultimately choosing to forego property maintenance expense.

When widespread business failure occurs, the physical effects of blight can spread beyond the initial vacated space, first to adjoining space within the same center or location, and subsequently to adjacent retail properties. Significant blight, however, is not the result of a single property standing vacant over a one- to two-year period in an otherwise attractive market setting. The economic analysis acknowledges that the possibility remains for one or more existing retailers to suffer business failure subsequent to a potential shift in sales attributed directly to the Alberhill Villages. The economic analysis has identified periodic and precedent declines in sales per establishment among existing retailers that rivals or greatly exceeds the corresponding sales impact attributed to the Alberhill Villages. These factors provide a strong indication there is negligible potential for widespread business failure resulting from retail development within the Alberhill Villages.

Finally, there is negligible risk that an isolated business failure will result in protracted vacancy within existing storefronts because the volume of retail floor space that can be supported with future growth in the trade area population and consumer spending substantially exceeds planned retail development within the Alberhill Villages and in other locations of the trade area. Proposed retail development with the Alberhill Villages can be expected to have a quantifiable economic impact that affects many existing retailers throughout the surrounding trade area, but no significant environmental impact is expected in the form of blight.

# Chapter III

## Retail Market Potential

### Alberhill Villages Retail Development Program

As the name implies, Alberhill Villages is envisioned as a network of neighborhoods and activity centers serving the immediate community and surrounding area. In addition, retail development within the Alberhill Villages is largely envisioned as a land use that is closely connected or integrated with other types of land use (office, educational, residential, etc.) in a mixed-use setting. The community village location, street location, and principal market focus of retail development envisioned within the Alberhill Villages is summarized below:

**Figure 3.1**  
**Alberhill Retail Development Program**

Community Location	Gross Floor Area	Street Access / Exposure	Market Orientation-Focus
University Town Center-I	650,000	Lake St / So of I-15 Freeway	Sub-Regional
University Town Center-II	50,000	Temescal Cnyn Rd	Neighborhood
Alberhill Town Center-I	294,500	Lake St / Nichols Rd (Ext)	Neighborhood-Community
Alberhill Town Center-II	294,500	Lake St / Nichols Rd (Ext)	Neighborhood-Community
Lakeside Village	382,000	4-Lane Major Roadway	Village Retail District
<b>Total Alberhill Retail</b>	<b>1,671,000</b>		

Source: Alberhill Villages Specific Plan

Retail facilities within each community location will be developed in a series of phases over a 24-year development period (discussed later in this report). Due to the long-term timeframe anticipated, it remains too early for a concerted tenant solicitation effort that produces schematic drawings of building configuration or prospective tenant merchandising mix for each phase of retail development. The overall scale of retail development (1.67 million square feet), however, requires this impact analysis to assess a broad spectrum of retail activity that currently describes existing retail facilities within a large geographic area of Southwestern Riverside County.

### Retail Related Trends

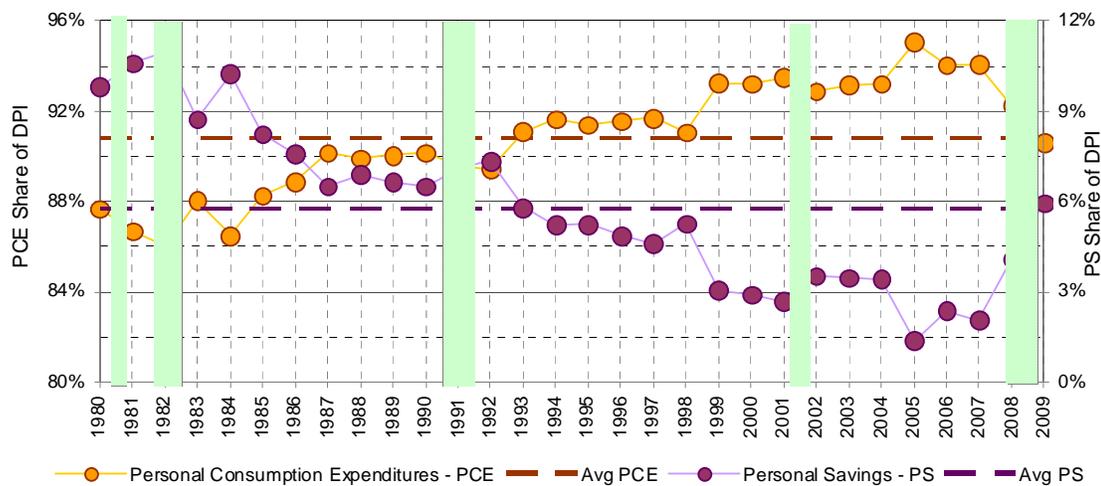
Retail activity is driven by consumer spending and, with limited exception, reflects a form of discretionary spending. That is, retail spending is generally limited to the

amount of income that is available after first satisfying household responsibilities, such as a rent or mortgage payment, car payment, income tax payment, etc. In this regard, retail potential is affected by household income and economic cycles that affect the broader economy. Exhibit III-1 illustrates economic cycles affecting Southern California and the Riverside County area over the past 20 years. Trends describing Southern California clearly show that a decline in overall employment and rise in the unemployment rate should be expected after a period of economic contraction in the US economy. By comparison, the overall employment level in Riverside County did not follow the expected pattern of decline after the 1990-91 recession because the job loss driving up the local unemployment rate was largely offset by an influx of new residents taking jobs in the construction, warehouse distribution, and manufacturing sectors. Following the latest recession, however, Riverside County experienced a significant decline in overall employment and sharp rise in claims for unemployment benefits.

### Retail Sales and Spending

In a down cycle, the dual impact of fewer employed consumers and depressed household income has a significant effect on the per capita level of consumer spending, as illustrated below:

**Figure 3.2**  
**Personal Consumption & Savings As Share Of Per Capita Disposable Income**



Note: DPI - Disposable Personal Income, is the after-tax income available to people for spending and savings.

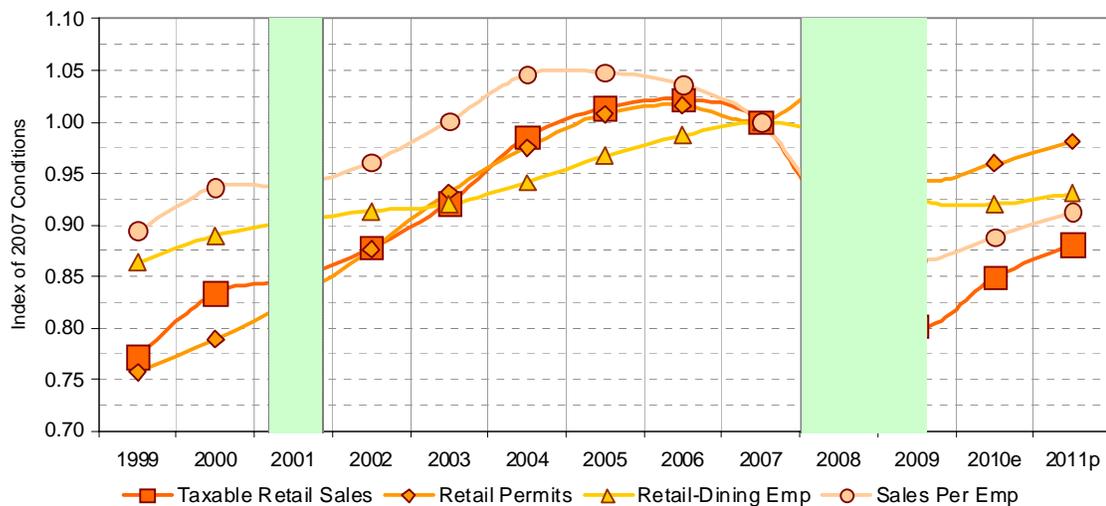
Areas shaded in green reflect periods of economic contraction impacting the US economy.

Source: Bureau of Economic Analysis - NIPA; Alfred Gobar Associates

Over the 30-year period illustrated above, per capita consumption spending as a share of disposable (after tax) income has consistently declined following a period of economic contraction. Between 1999 and 2007, the overall level of consumption spending significantly exceeded the historic long-term average. This period of historically high per capita spending was due in large part to the perceived wealth effect of rapidly-rising home values and easy credit which allowed consumers to leverage short-term spending with long-term debt. The recent housing market crash and subsequent recession has forced consumer spending to fall back to a level that more closely reflects the long-term historic average.

The economic recession and the current period of tentative recovery have fostered an uncertain economic and financial environment affecting many households throughout Southern California and the Inland Empire in particular. Many household consumers now face a complex mix of issues that include; reduced work hours or hourly wages, principal mortgage balance that exceeds home value, high credit debt balance, rigid underwriting standards that limit options for debt consolidation, and persistent uncertainty surrounding household finances. The broad effect of this latest economic cycle on retail employment, retail business permits, and retail sales throughout California is illustrated below:

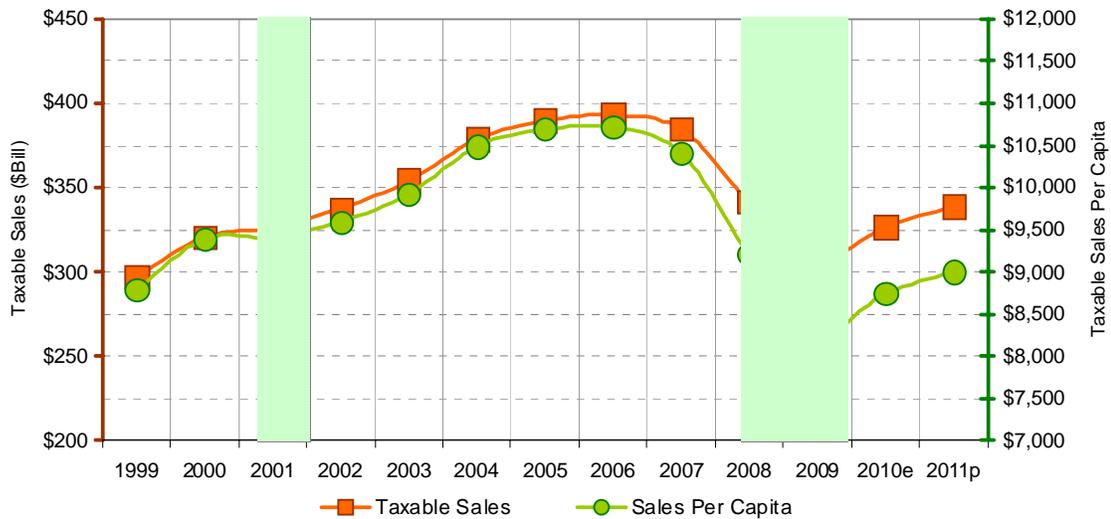
**Figure 3.3**  
**Selected Trends Affecting Overall Taxable Retail Sales - California**



Note: Indexed employment reflects actual through June 2011; shaded areas indicate period of economic contraction  
 Source: CA-SBOE ; CA-EDD; CA-DOF; USCensus-County Bus Patterns; Alfred Gobar Associates

After an extended period of rapidly increasing sales, the overall level of retail sales declined sharply between 2007 and 2009 due to the unfolding housing, financial, and economic crisis impacting the State. It is important to note that during the recession period, the overall level of retail employment declined further than the overall level of retail business permits. This indicates many existing retail operators were forced to make sharp cuts in staffing in order to maintain business operations. At the household level, the effect of the recession on discretionary spending has been even more pronounced, as indicated by a larger decline in per capita sales shown below:

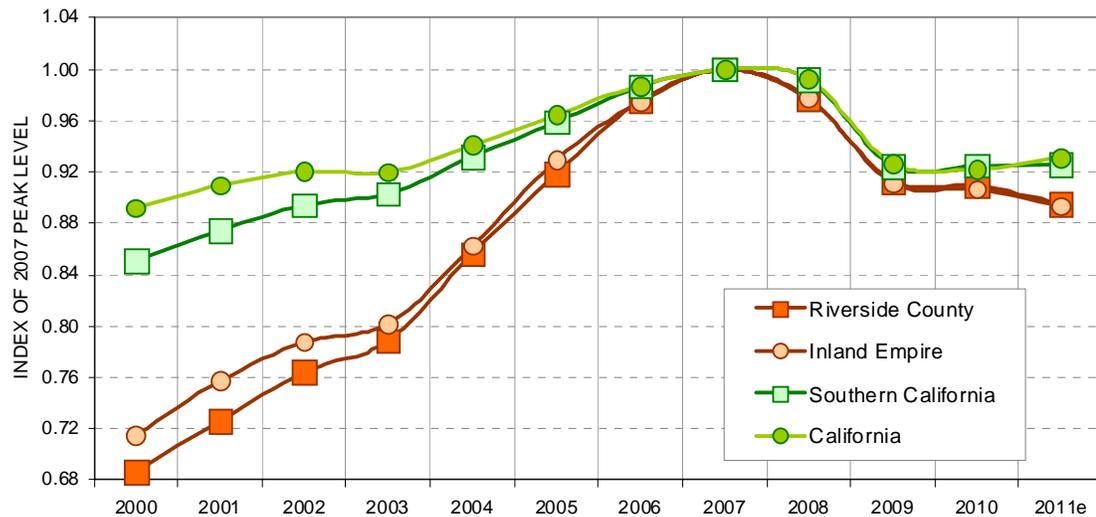
**Figure 3.4**  
**Retail Trends Describing Total and Per Capita Spending - California**



Note: Figures include spending on automobiles and gasoline but exclude spending on personal-repair services  
 Source: CA-SBOE ; CA-EDD; CA-DOF; US Census-County Business Patterns; Alfred Gobar Associates

Retail employment provides good insight about the pace and strength of retail growth that can be expected over the near-to-mid term because empirical employment data is reported on a much more timely basis (generally lagging by three months) than sales performance data (generally lagging by at least two years). Shown below is the indexed change in retail merchandising and food service employment for selected regions of California between 2000 and mid-year 2011:

**Figure 3.5**  
**Indexed Retail & Dining Employment Trends - Selected Regions**



Note: All figures reflect annualized trend based on EDD reporting through June.

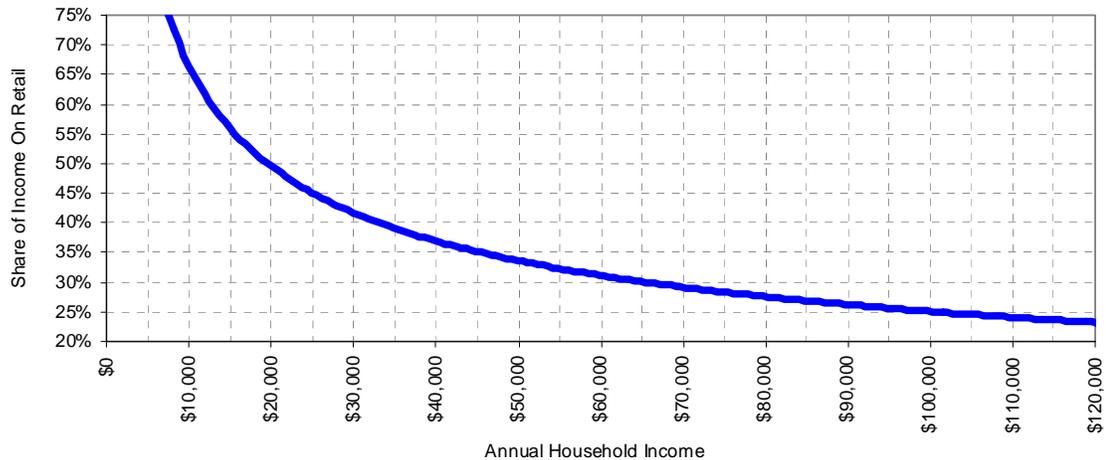
Source: California Employment Development Department - Monthly Release Data; Alfred Gobar Associates

As shown, the indexed level of retail related employment describing California and Southern California have closely tracked one another since the peak period of employment in 2007. Overall indexed changes in employment provide an indication that overall retail activity throughout Southern California is increasing at a modest pace since the recession officially ended in mid-year 2009. By comparison, retail employment within the Inland Empire and Riverside County is again on the decline (as of mid-year 2011).

The recent dip in retail employment within Riverside County dims the prospect for a rapid retail recovery over the mid-term. During the recession, retail sales in all regions declined more rapidly than retail employment (refer to Figure 3.3), an indication that retailers had cut employment to a minimum floor-level necessary to maintain store operations. A floor level of employment results when, despite declining sales, additional employment cuts only serve to undermine the viability of needed store operations (stocking, ordering, cashiering, etc.). At the onset of a recovery, it is necessary to first increase sales volume before hiring on additional workers, thereby increasing effective sales per employee. By comparison, a recent decline in retail employment within Riverside County is an indication that existing retailers continue to face challenges increasing effective sales per employee.

The US Bureau of Labor Statistics (BLS) conducts annual surveys of US households to assess the spending behavior of consumers, including the purchase of goods and services that reflect retail spending. Data from the latest 2009 survey indicates the overall level of spending on retail products varies by household income level, as illustrated below:

**Figure 3.6**  
**Household Retail Spending as Share of Annual Income**



Note: Indicated spending level is for taxable and non-taxable items and includes automobile and gasoline purchases  
Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; Alfred Gobar Associates

Lower-income households spend a significantly higher proportion of total household income on retail products than is true of higher income households, although the absolute level of retail spending is greater for higher-income households, as illustrated by the indexed profile of household spending behavior shown in Exhibit III-2: As shown, households reporting \$150,000 or more in annual income spend nearly 1.7 times as much on retail products as the average household (households with reported income between \$70,000 and \$80,000 per year). By comparison, households reporting less than \$30,000 in annual income spend less than 0.50 times as much on retail products as the average consumer household, although they spend a substantially higher share of income on such items.

Also shown in Exhibit III-2 is the proportionate mix of self-reported consumer spending directed to distinct store-group categories of merchandise. While specific spending habits of a given household are unique, the BLS data offers a good qualitative profile of consumer product consumption. As shown, products that fall

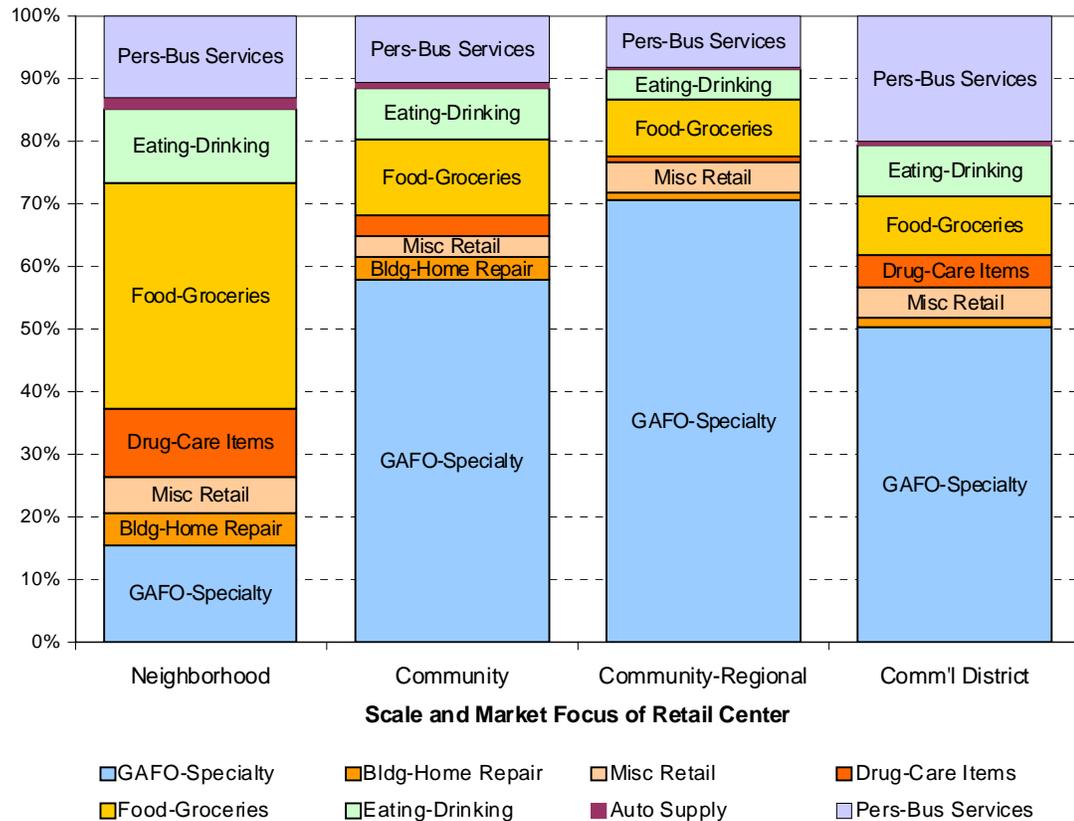
within the GAFO store-group category generally account for the largest share of spending, not including automobile or gasoline purchases. GAFO is a widely-recognized industry classification of the store-group that includes (G) general merchandising, (A) apparel, shoes and accessories, (F) home furnishings, appliances, and electronics, and (O) other specialty retail products (toys, pets, jewelry, etc.).

### **Retail Business Activity**

A specific description of the mix and configuration of retail space within each retail component of the Alberhill Villages cannot be determined in advance with any reasonable certainty due to the long-term timeframe (24 years) that describes anticipated development. It is reasonable to expect, however, that future retail development within the Alberhill Villages and in other locations of the surrounding region will reflect contemporary space configurations based on the functional design requirements of modern retailing. This retail impact analysis relies on bi-annual and comprehensive sampling data compiled by the Urban Land Institute (ULI) and International Council of Shopping Centers (ICSC) that describes store mix, floor space, sales performance, and related operating parameters for different type retail centers.

The latest available data from the *2008 ULI-Dollars and Cents of Shopping Centers* audit is summarized in Exhibit III-3 by four baseline retail center classifications and major store-group activity used to describe the retail industry. As shown, the overall amount of occupied floor space, number of storefront businesses, and mix of store-group activity varies according to the market focus of the retail center. In general, anchor-scale retailers (store operations that generally exceed 10,000 square feet) account for the largest share of occupied floor space (roughly 50% to 60%) but a minor share of storefront businesses (roughly 3% to 8%) within a given center, regardless of size or market focus. In addition, retail merchandising (as distinct from personal and business service activities) generally accounts for the vast majority of occupied floor space (roughly 85% to 95%) and total retail sales (roughly 90% to 97%) within a given center, regardless of size or market focus. The composition of store-group activities is more varied based on the scale and market focus of retail activity, as summarized below:

**Figure 3.7**  
**Characteristic Floor Area Mix of Contemporary Retail Centers & Districts**



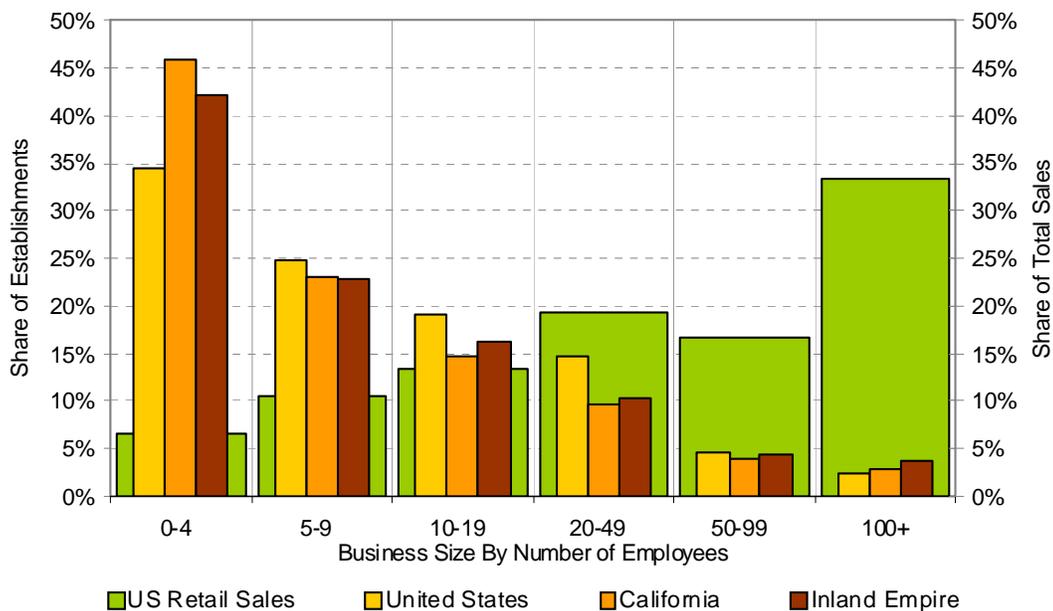
Source: Urban Land Institute 2008 Dollars and Cents of Shopping Centers; Alfred Gobar Associates

The composite store-group mix of occupied floor space described above is based on the ULI-ICSC data series and the Consultant’s experience auditing retail floor space and tenant mix composition within conventional retail centers during the past 25 years. Contemporary store space requirements and retail center configurations are constantly adapting to changing economic trends and consumer attitudes. The identified profiles are not intended as a rigid prescription of floor space allocation but provide a general characterization about the composition of floor space that can be reasonably assigned to represent the competitive influence of future retail development in the absence of site-specific design plans or tenancing strategies.

Identifying anchor-scale retailers is an important part of assessing the extent consumer support potential within a given trade area may be available for a site-specific retail program. The distinction between anchor and non-anchor retailers is important because larger stores must capture a larger volume of sales support to

cover higher fixed costs associated with standing inventory, occupied property, and hired labor. The US Economic Census and annual State Employment Development Department each provide periodic reporting data that describes the size distribution of retail establishments across the US and within more localized regions such as the Inland Empire, as illustrated below:

**Figure 3.8**  
**Distribution of Retail Establishments and Sales**



Source: US Bureau of Census - 2007 Economic Census; State of California 2009 Labor Market Information

Retail storefront businesses with fewer than 10 employees consistently account for 60% to 70% of all competing retail operations. The operating threshold that defines an anchor-scale operation is different for different store-group activities, but it is rare to encounter an anchor-scale operation with fewer than 20 employees, but otherwise common for anchor-scale retailers to employ 50 or more workers. Full-service restaurant operations are a notable exception but are not customarily treated as retail anchor operations. The above distribution shows that although retail establishments with 50 or more employees account for less than 10% of all retail establishments, they capture roughly 50% of total retail sales. By comparison, retail operations with 20 or more employees account for roughly 20% of retail establishments and capture roughly 70% of total sales. The level of retail anchor representation within the area surrounding the Alberhill Villages will be an important factor in determining the extent

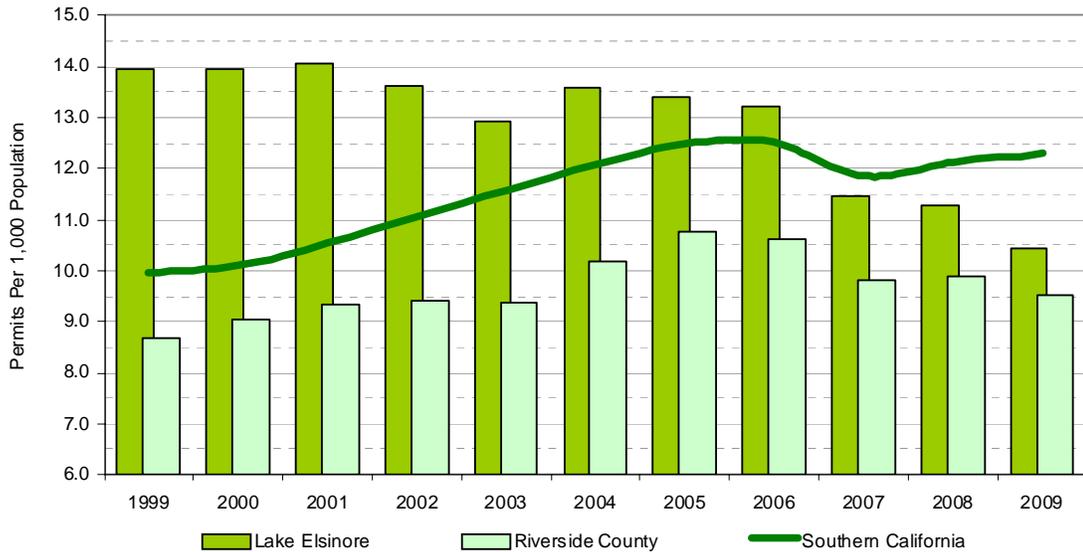
anchor and non-anchor retail facilities are affected by any sales impact associated with Alberhill Villages retail development.

### **Surrounding Area Retail Strength**

Lake Elsinore is situated roughly mid-point between Murrieta (to the south) and Corona (to the north) along the I-15 Corridor of Western Riverside County. The Lake Elsinore area of Western Riverside County remains a promising and tactical destination for future household and employment growth as the available supply of undeveloped land in Corona, Murrieta, and Temecula continues to decline. It is useful to assess the relative strength and representation of existing retailers within a broad geographic region that surrounds the Alberhill Villages as an indication about the future competitive environment.

Exhibit III-4 identifies retail establishment representation, described in terms of number of active permits per 1,000 residents, within a 4-City area surrounding the Alberhill Villages, Riverside County, and Southern California. The 4-City area includes the City of Lake Elsinore, City of Corona, City of Perris, and City of Murrieta. The multi-year trends reflect the latest annual data reported by the State Board of Equalization (SBOE). Retail representation gauges the relative abundance of purchase options available to consumers within a given area. As shown, the overall level of retail representation describing the 4-City area and Riverside County has been consistently lower than is true for Southern California as a whole. The low level of representation can be attributed in part to relatively new retail growth (last 30 years) throughout much of Riverside County, which has placed an emphasis on franchise, chain store, and anchor store operations within planned centers over independent start-up businesses along strip-commercial corridors. It is important to note that since 2007 there has been a modest rebound in level of retail representation for Southern California as a whole, but retail representation throughout Riverside County and in the 4-City area continues to decline. A similar assessment describing the overall level of retail representation within the City of Lake Elsinore is illustrated below:

**Figure 3.9**  
**2009 Retail Establishment Permit Representation**



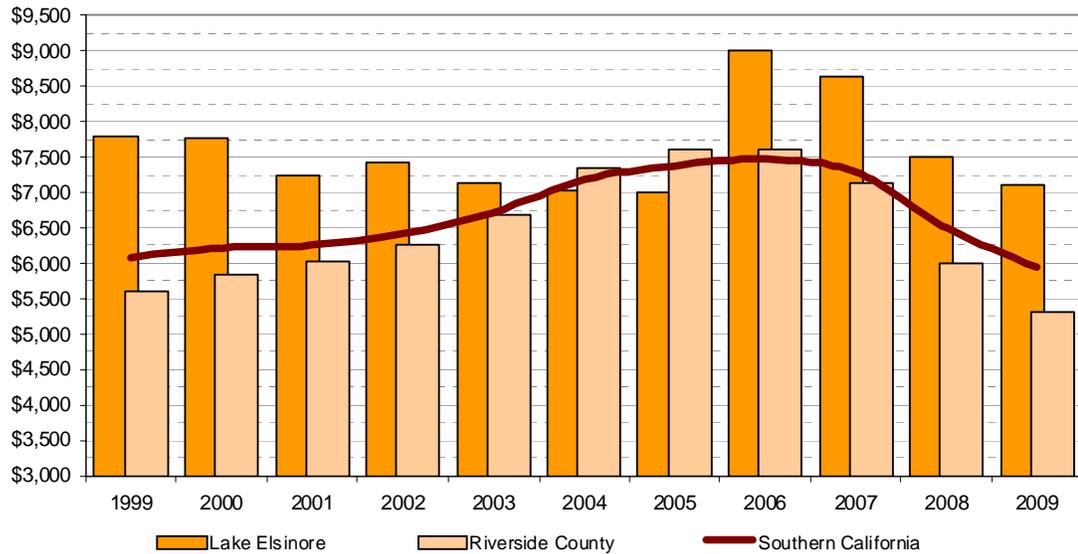
Note: Indicated level of representation excludes permits for automobile & gasoline sales.

Source: State Board of Equalization; CA-Department of Finance; Alfred Gobar Associates

The above graph shows that Lake Elsinore had a very high level of retail representation until 2006, one year following the peak in area housing construction. The high level of representation can be attributed in part to the Lake Elsinore Outlet Center, which competes within a minimum 30- to 50-mile trade area. Since the onset of the recession, retail representation within the City of Lake Elsinore has also been on the decline.

Exhibit III-5 identifies per capita sales support trends, described in terms of 2009 constant (inflation-adjusted) dollars for the 4-City area, Riverside County, and Southern California. Per capita sales trends are useful in determining the ability of existing retail facilities to compete for sales support from surrounding area consumers. As shown, per capita sales describing retailers within the 4-City area have consistently exceeded or matched the overall average that describes Riverside County and Southern California. The above-average rate of per capita sales indicates retailers within the 4-City area have done an effective job in capturing sales support potential from surrounding area consumers despite a relatively low level of representation. A similar assessment describing the relative strength of retailers within the City of Lake Elsinore is illustrated below:

**Figure 3.10**  
**2009 Constant Dollar Taxable Retail Sales - Per Capita Capture**



Note: Indicated level is for taxable sales only and excludes automobile & gasoline sales.

Source: State Board of Equalization; CA-Department of Finance; Alfred Gobar Associates

The historic cycle of per capita sales within Lake Elsinore reflects the step-function nature of retailing within a small market setting. Overall per capita sales were very high in 1999 and 2000, illustrating the competitive strength of the outlet center but fell below the average for Southern California and Riverside County by 2004, despite rapid housing development in the surrounding area. In 2006, per capita sales surged once again after the completion of a large home improvement center and discount department store at the intersection of Highway 74 and the I-15 Freeway. Unfortunately, per capita sales have been on the decline due to the housing market crash and recession but still remain above the average for Southern California and Riverside County. The ability to achieve persistently high levels of per capita sales support in an economic downturn reflects the competitive role of Lake Elsinore retail facilities in serving consumers from surrounding unincorporated areas and the City of Canyon Lake.

Strengths and weaknesses that describe retail facilities within the 4-City area can be further assessed with an inflow-outflow analysis of taxable retail sales. An inflow-outflow analysis simply compares the theoretical level of sales support that should be captured by City-based retailers (given the underlying City population and average per capita expenditure describing Southern California) against the actual level of

taxable sales reported by the SBOE in 2009. Exhibit III-6 provides a detailed assessment of the inflow and outflow of retail sales potential for the 4-City area as a whole and each individual community. Evident from the assessment is that retail facilities within the City of Lake Elsinore and the City of Corona attracted overall levels of sales support that exceeded potential by about 20% and 15%, respectively. By comparison, the City of Perris suffered an outflow of sales equal to approximately 35% of potential suggested by the town's resident population. Retail facilities within the City of Murrieta also failed to capture a level of retail support equating to nearly 5% of support potential associated with its resident population. On a combined basis, retail facilities describing the 4-City area as a whole generated a modest inflow of sales support that exceeded support potential by approximately 2%.

The inflow-outflow analysis highlights the competitive strength of existing retailers located within Lake Elsinore and Corona, and relative weakness of existing retailers located in Perris and Murrieta. In all likelihood, the competitive strength of Murrieta-based retailers has been hamstrung by the scale and proximity of retail facilities within the City of Temecula, which includes the Promenade Mall (a super-regional center). By comparison, the weak performance of existing retailers within the City of Perris reflects a multitude of problems including low retail representation and weak sales per establishment. The relative strength of retailers in Corona, Murrieta, and Perris will influence the geographic limits of competitive influence that characterizes new retail facilities developed within the Alberhill Villages.

## Retail Demand

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### **Relevant Trade Area**

The 4-City area clearly identifies the outermost limit of geographic area from which future Alberhill retail development can anticipate significant consumer support to originate. This does not preclude an individual merchandiser from competing for consumer support within a greatly expanded area. The Lake Elsinore Outlet Mall clearly caters to shopping demand that originates well beyond trade area limits that define most forms of retail development. The 4-City area merely identifies an initial limit from which significant consumer support cannot be realistically anticipated. Within most metropolitan regions of the Pacific-Southwest, the relevant trade area

environment for contemporary forms of retail development can be generally described as follows:

**Figure 3.11**  
**Typical Retail Trade Area Settings**

Type of Center and Market Focus	Relevant Trade Area
Convenience Center	0.5 to 1.0 Miles
Neighborhood Center	1.5 to 2.0 Miles
Community-Power Center	3.0 to 5.0 Miles
Regional Center	5.0 to 7.0 Miles
Super-Regional Center	5.0 to 10.0 Miles
Outlet Center	30 to 50 Miles Minimum

Source: Alfred Gobar Associates

These relevant boundaries merely typify geographic limits where a particular type retail development can be expected to significantly influence consumer shopping behavior. The actual trade area that describes a given site location is affected by several factors including site exposure, surrounding population density, geographic distribution of competing retail concentrations, physical barriers that limit access, etc. Within a dispersed low-density setting such as the Temescal-Lake Elsinore-Wildomar area, the geographic limit that describes a relevant trade area will be significantly larger than suggested above.

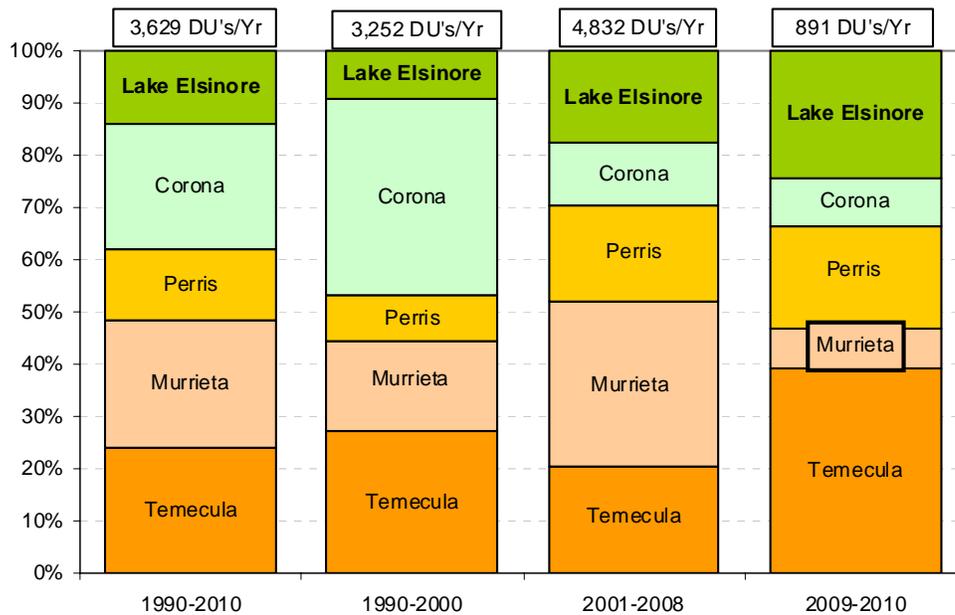
Exhibit III-7 identifies major retail concentrations within the area of Southwest Riverside County that surrounds the Alberhill Villages site location. As shown, Lake Elsinore is situated roughly midway between the Murrieta-Temecula area and the Corona-Riverside area. The Corona-Riverside area (roughly 13 miles north) hosts a substantial base of retail facilities, including the Galleria at Tyler (Super-Regional), Corona Crossings (Regional), and Dos Lagos (Regional) centers. The Murrieta-Temecula area (roughly 17 miles south) hosts a large base of retail facilities including the Promenade Mall (Super-Regional). The Lake Elsinore area is flanked to the west by the Santa Ana Mountain Range, offering minimal population and difficult access. The Lake Elsinore area is conveniently accessed from the City of Canyon Lake and surrounding unincorporated areas along Highway 74. Further east, the City of Perris (roughly 15 miles) and Sun City-Menifee area (roughly 15 miles) do not host a formidable base of retail facilities but are more conveniently located to the Moreno Valley area to the north and Murrieta-Temecula area to the south and do not represent a significant base of potential support for future Alberhill retail development.

Exhibit III-8 identifies the relevant trade area setting for the spectrum of retail development likely to occupy space within the Alberhill Villages Specific Plan.

### Trade Area Growth

Market potential for retail development within Alberhill Villages will be significantly influenced by future increases in the resident population of the trade area. The Alberhill Villages community will exist as a collection of neighborhoods within the City of Lake Elsinore. As such, the prospect of growth within the trade area can be understood by considering the role played by Lake Elsinore in capturing historic and projected growth within the Southwest region of Riverside County. Five principal communities have played a dominant role in the Southwest area of Riverside County in terms of the respective share of housing growth captured by each city during the past 20 years, as illustrated below:

**Figure 3.12**  
**New Home Construction Permits (SFD/MFA Units)**



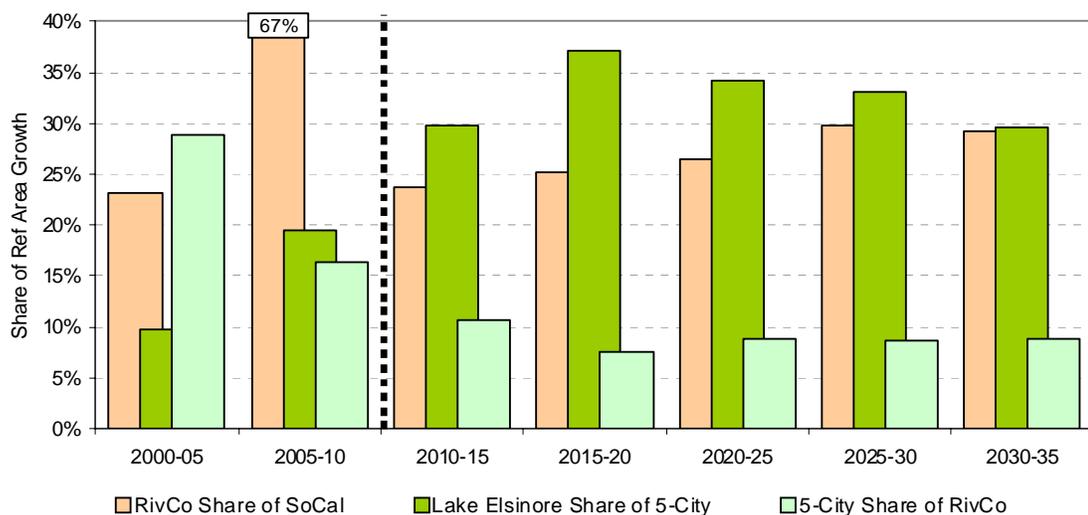
Source: U.S. Census - Manufacturing and Construction Division; AGA

As shown above, Lake Elsinore has played an increasing role as a growth destination within Southwest Riverside County between 2001 and 2008 (a period of historically rapid growth) and 2009 and 2010 (a period of historically slow growth). Historically, the three gateway communities of Corona, Murrieta, and Temecula have captured the

lion’s share of housing growth due to their strategic location adjacent to the large and employment-rich markets of Orange County and San Diego County. By comparison, a diminishing supply of undeveloped land characterizing the three gateway communities has led to increasing shares of growth captured within the Lake Elsinore, Perris, and Menifee (not included due to its recent incorporation) communities over the past decade. Updated General Plan policies, which now provide for significantly more future growth within the City of Lake Elsinore, effectively ensure the community will have an increasingly important role in hosting future growth within Southwest Riverside County.

The envisioned role of Lake Elsinore as a more dominant location for future area growth is not strictly based on the historic pattern of housing construction activity. The Southern California Association of Governments (SCAG) prepares long-term projections of micro-area growth in order to facilitate more orderly and coordinated growth throughout the entire economic region of Southern California. Current SCAG projections of population and household growth (2008 RTP projections) also anticipate Lake Elsinore will have an increased role in hosting future growth, as illustrated below:

**Figure 3.13**  
**Historic and Projected Share of Incremental Household Growth**



Note: 5-City area includes Lake Elsinore, Corona, Perris, Murrieta, & Temecula  
 Source: SCAG 2008 RTP; DOF County Projections; Alfred Gobar Associates

The long-term projections prepared by SCAG do not take into account recent General Plan policy changes within the City of Lake Elsinore that serve to further increase the area's role as a growth location within Southwest Riverside County. The long-term outlook for population growth within the Alberhill Villages trade area is identified below based on Census Tract level projections prepared by SCAG and the Alberhill Villages household population (anticipated to represent 27,700 additional residents over a 24-year period):

**Figure 3.14**  
**Projected Population For Selected Areas (000's)**

Reference Area	2010	2015	2020	2025	2030	2035
Southern California	22,461	23,654	24,829	25,989	26,949	27,881
Riverside County	2,243	2,509	2,809	3,090	3,344	3,597
WRCOG Region	1,735	1,919	2,097	2,263	2,414	2,551
5-City Area	460	493	526	556	581	603
City of Lake Elsinore	51	61	71	86	102	120
<b>Alberhill Trade Area</b>	<b>132</b>	<b>149</b>	<b>169</b>	<b>194</b>	<b>219</b>	<b>245</b>

Note: 5-City area includes Lake Elsinore, Corona, Perris, Murrieta, & Temecula

Source: SCAG 2008 RTP; DOF County Projections; Alfred Gobar Associates

## Trade Area Consumers

Selected demographic characteristics that describe consumers within the Alberhill Villages trade area are detailed in Exhibit III-9 and summarized below. Demographic characteristics that describe existing trade area consumers can also provide some qualitative insight about future consumers who will reside within the Alberhill Villages and surrounding area. Selected demographic characteristics that are expected to reflect qualitative attributes of future trade area residents are summarized below:

- The trade area has a relatively strong family orientation with family households accounting for nearly 79% of total households compared to 73% for Riverside County. The strong presence of family households also contributes to a larger average household size (3.24 persons per household) than is true for Riverside County (3.13 persons per household).
- Despite the notoriety of Riverside County as a destination for newly-retired households, there are significantly fewer retirement age (65 years plus) residents in the Alberhill trade area. Retirement age residents account for less than 10% of the total population within the trade area compared to 13% for Riverside County. Prime working age adults (age 25 to 54) account for 42% of area residents compared to 39% for Riverside County. The family orientation of the trade area is evident from a relatively large share of dependent children. Minors and very

young adults (under 20 years of age) account for nearly 34% of trade area residents compared to 31% for Riverside County.

- Homeownership is an important part of what has attracted households to the trade area. Homeowners account for more than 76% of occupied housing in the trade area compared to 68% for Riverside County. Similarly, the trade area hosts a relatively large share of households with 3 or more vehicles. Nearly 24% of trade area households have three or more vehicles compared to 19% for Riverside County.
- A relatively high rate of homeownership and vehicles per household is consistent with a trade area environment that includes a relatively large number of workers per household, which translates to more income sources per household. Despite the impact of the economic recession, there was an average of 1.16 workers per household within the trade area in 2010 compared to 1.06 workers per household for Riverside County.
- The occupational profile of working age residents within the trade area closely reflects the regional profile of Riverside County. About 24% of trade area residents are employed in “Blue Collar” jobs (construction, manufacturing, distribution, etc.), 18% in “Service” jobs (health technicians, personal services, repair services, etc.), and 58% in “White Collar” jobs (management, finance, sales, administrative support, etc.).
- Educational achievement in the trade area generally resembles the regional profile for Riverside County. Relatively, fewer trade area residents have not completed high school (17.4%) than is true for Riverside County (20.5%), but more only have a high school education (30.4%) than is true of Riverside County (28.3%). A greater share of trade area residents have some college education or an associate degree (33.9%) than is true of Riverside County (30.9%), but relatively fewer hold a bachelor or graduate degree (18.3%) than is true of Riverside County (20.2%).
- Active workforce participation is a factor contributing to relatively high average household incomes. The estimated average household income was \$74,050 per year in 2010 compared to \$67,980 per year for Riverside County. Despite a relatively larger household size, per capita income (better indicator of consumer spending power) is also notably higher within the trade area at \$23,120 per person compared to \$22,040 per person for Riverside County.

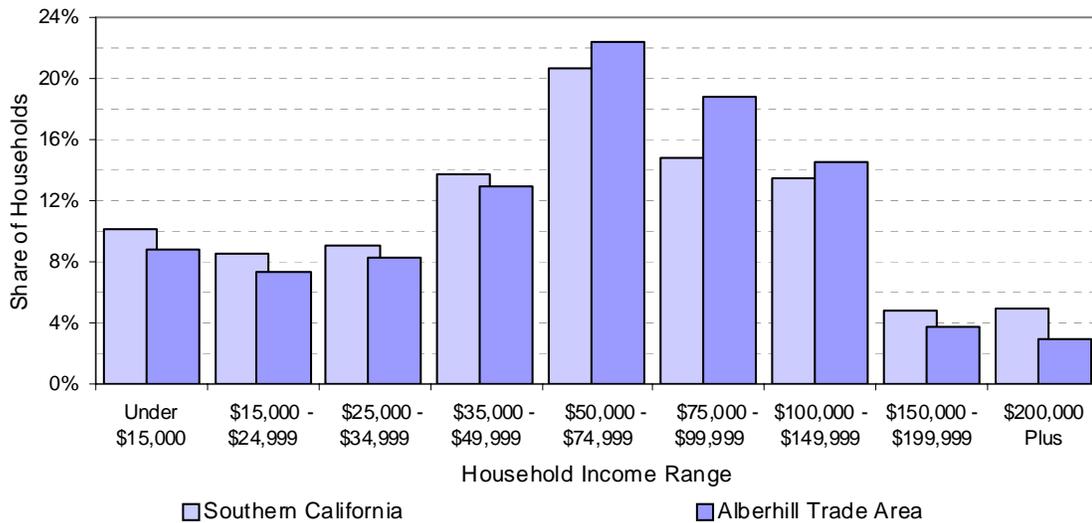
## Consumer Spending Potential

Statistical research of consumer spending behavior (US Bureau of Economic Analysis – Personal Consumption Expenditures [refer to Figure 3.2]; Bureau of Labor Statistics – Survey of Household Expenditures [refer to Figure 3.6]) underscores the discretionary nature of retail and the influence of income on spending behavior. The relevant consumer base of a trade area is not simply limited to households and their related income but encompasses all household members, regardless of employment status or age, that generate demand for retail products and services. For purpose of

this study, estimated per capita spending is the measure used to assess retail support potential within the Alberhill Villages trade area.

Sales data describing a self-contained regional economy, such as Southern California, provides a reliable reference measure of consumer expenditure potential, if adjusted to account for household income distribution and household size within the a given trade area. Average household size within the trade area (3.24 persons per household) is slightly larger than is true for Riverside County and Southern California (3.13 persons per household). The median level income (one-half above, one-half below) of households within the trade area (\$63,050 per year in 2010) compares favorably to the median household income level for Southern California (\$59,440 per year) and Riverside County (\$54,760 per year). More importantly, however, household income distribution within the trade area compares favorably to Southern California for income categories above \$50,000 per year, as illustrated below.

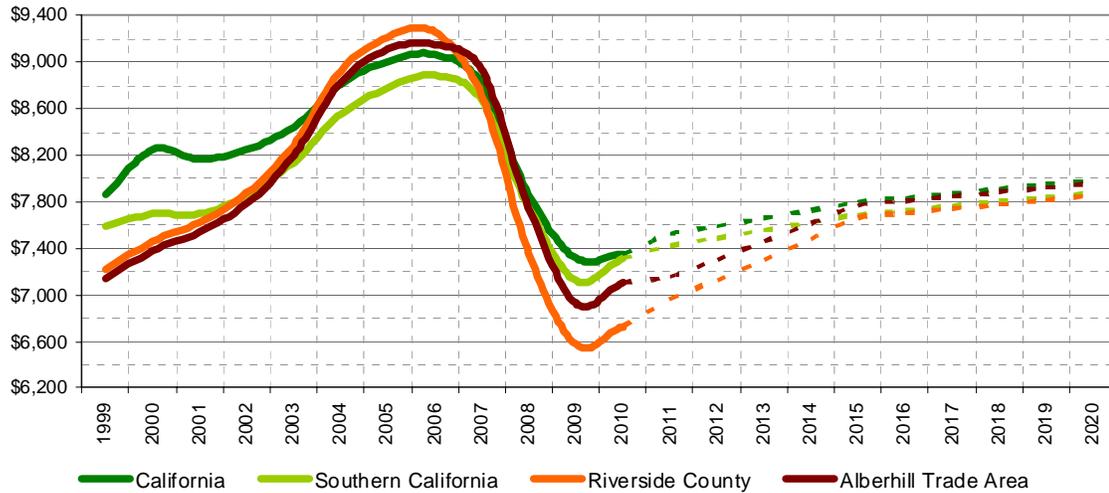
**Figure 3.15**  
**Alberhill Trade Area - 2010 Household Income Distribution**



Source: ESRI; AGA

In terms of aggregate retail spending, the historic and projected outlook for consumer spending within the Alberhill Villages trade area is illustrated below in comparison to Riverside County, Southern California, and the State of California:

**Figure 3.16**  
**Annual Per Capita Spending Potential**



Note: Indicated values are for taxable and non-taxable spending, excluding automobile and gasoline purchases.

Indicated spending levels reflect inflation-adjusted constant dollars based on 2009 reporting data.

Source: SBOE; DOF; EDD; Alfred Gobar Associates

The overall level of per capita spending potential that describes the trade area is greater than is true for Riverside County as a whole but below the reference level describing Southern California and the State of California. Equally important, the historic and projected level of per capita spending describing consumer support potential reveals the adverse effect that the recent recession and struggling recovery is having on the ability to purchase many discretionary retail items. As shown above, the rise in inflation-adjusted spending prior to 2007 was steep, reflecting the rapidly-increasing nature of consumer spending. The sharp rise was followed by an even sharper decline due to the drop in home values, inability to leverage consumer spending, and job losses from the recession. The outlook is for per capita spending to recover at a tepid pace compared to the pace of growth experienced prior to 2007. As shown above, it will be 2015 before per capita spending potential within the trade area achieves the same level of spending experienced in 2002.

From a merchandising standpoint, the above outlook of per capita spending potential within the trade area reflects a conservative interpretation of future retail opportunity. Immediate term (2011) spending potential across the spectrum of store-group activities used to evaluate retail development opportunity within the Alberhill Villages trade area is identified below in comparison to Riverside County and Southern California.

**Figure 3.17**  
**Per Capita Retail Spending Potential - 2011**

Retail Store-Group Activity	Southern California		Riverside County		Alberhill Trade Area	
	Per Capita	Index of SoCal	Per Capita	Index of SoCal	Per Capita	Index of SoCal
GAFO Retail Activity	\$3,091	1.00	\$2,880	0.93	\$2,956	0.96
<i>General Merchandising</i>	1,294	1.00	1,206	0.93	1,237	0.96
<i>Apparel &amp; Accessories</i>	684	1.00	637	0.93	654	0.96
<i>Furniture &amp; Hshld Appl/Elect.</i>	460	1.00	429	0.93	440	0.96
<i>Other Specialty Retail</i>	653	1.00	609	0.93	625	0.96
Building Materials	536	1.00	500	0.93	519	0.97
Drug & Sundries	436	1.00	408	0.93	415	0.95
Miscellaneous Retail	386	1.00	361	0.94	374	0.97
Food & Groceries	1,422	1.00	1,415	0.99	1,430	1.01
Eating & Drinking	1,402	1.00	1,262	0.90	1,315	0.94
Auto Parts & Accsy	148	1.00	144	0.97	148	1.00
<b>Retail - Excl'd Fuel-Auto Sales</b>	<b>\$7,421</b>	<b>1.00</b>	<b>\$6,969</b>	<b>0.94</b>	<b>\$7,156</b>	<b>0.96</b>
Service stations	1,177	1.00	1,139	0.97	1,162	0.99
Auto & Vehicle Sales	1,240	1.00	1,188	0.96	1,244	1.00
<b>All Retail Activity Combined</b>	<b>\$9,838</b>	<b>1.00</b>	<b>\$9,296</b>	<b>0.94</b>	<b>\$9,561</b>	<b>0.97</b>

Note: Identified potential is for taxable and non-taxable expenditures combined

Source: State Board of Equalization; BLS 2009 Expenditure Survey; Alfred Gobar Associates

Overall immediate-term spending potential describing the current 2011 mid-year population of the Alberhill Villages trade area is summarized below:

**Figure 3.18**  
**Alberhill Trade Area Sales Potential - 2011**

Retail Store-Group Activity	Per Capita Spending	Total Spending Potential (\$000's)
GAFO Retail Activity	\$2,956	\$399,904
<i>General Merchandising</i>	1,237	167,381
<i>Apparel &amp; Accessories</i>	654	88,487
<i>Furniture &amp; Hshld Appl/Elect.</i>	440	59,532
<i>Other Specialty Retail</i>	625	84,505
Building Materials	519	70,177
Drug & Sundries	415	56,136
Miscellaneous Retail	374	50,589
Food & Groceries	1,430	193,433
Eating & Drinking	1,315	177,889
Auto Parts & Accsy	148	20,059
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>\$7,156</b>	<b>\$968,189</b>
Bus-Leisure-Pers Srvcs	154	20,836
<b>All Retail Activity Combined</b>	<b>\$7,310</b>	<b>\$989,025</b>

Note: Sales potential based on 2011 mid-year population of 135,300 residents.

Indicated spending is for taxable and non-taxable expenditures

Source: Alfred Gobar Associates

## Retail Supply

### Trade Area Retail Facilities

In July 2011, the Consultant conducted an in-field audit of all storefront businesses occupying retail space within the trade area. The field audit serves to identify the existing baseline supply of retail facilities that will compete with Alberhill Villages retail development for consumer sales support. General results from the in-field audit of trade area retail facilities are summarized below.

**Figure 3.19**  
**Field Audit Summary of Existing Retail Facilities**

Retail Store-Group Activity	Retail Storefronts Audited			Estimated Retail Floor Space (Sq Ft)		
	Non-Anch	Anchors	Total	Non-Anch	Anchors	Total
Retail Merchandising	336	35	371	802,038	1,459,886	2,261,924
Bus-Leisure-Pers Svcs	246	3	249	471,381	119,847	591,228
<b>Occupied Retail</b>	<b>582</b>	<b>38</b>	<b>620</b>	<b>1,273,420</b>	<b>1,579,733</b>	<b>2,853,153</b>
Vacant Retail	104	5	109	213,946	89,558	303,504
<b>Total Audited Retail</b>	<b>686</b>	<b>43</b>	<b>729</b>	<b>1,487,366</b>	<b>1,669,291</b>	<b>3,156,657</b>
Effective Vacancy	15.2%	11.6%	15.0%	14.4%	5.4%	9.6%

Note: Anchors describe retail stores generally occupying a minimum of 10,000 square feet

Source: July 2011 Field Audit by Alfred Gobar Associates

In all, nearly 730 storefront locations representing about 3.16 million square feet of retail space were identified during the in-field audit. The in-field audit identified nearly 110 vacant storefront locations representing over 303,000 square feet of space and an overall vacancy rate of 9.6%. The identified level of vacancy compares favorably with an overall retail vacancy rate of 11.6% for the Inland Empire overall and 11.3% rate for South Riverside County, according to a 2011 2<sup>nd</sup> Quarter Retail Research Report by Marcus & Millichap. By comparison, 2011 2<sup>nd</sup> Quarter reporting by CB Richard Ellis estimates an overall retail vacancy rate of 11.0% for the Inland Empire as whole but only 8.9% in South Riverside County. Both sources indicate that retail vacancy rates have been fluctuating above the 10.0% mark since the middle of 2009 after rising sharply in the middle of 2008 from levels consistently below the 6.0% vacancy mark.

Also as part of the in-field audit, each storefront location was classified into one of 134 unique store-type activities used to describe the trade area as summarized below according to major store-group activities describing retail land use:

**Figure 3.20**  
**Store Mix Summary of Existing Retail Facilities**

Retail Store-Group Activity	Retail Storefronts			Retail Floor Space (Sq Ft)		
	Non-Anch	Anchors	Total	Non-Anch	Anchors	Total
GAF0 Retail Activity	152	17	169	349,727	608,323	958,050
<i>General Merchandising</i>	2	6	8	2,777	450,846	453,623
<i>Apparel &amp; Accessories</i>	59	5	64	189,112	57,852	246,964
<i>Furniture &amp; Hshld Elect.</i>	27	3	30	50,080	45,194	95,274
<i>Other Specialty Retail</i>	64	3	67	107,758	54,431	162,189
Building Materials	7	2	9	16,230	260,282	276,512
Drug & Sundries	4	6	10	2,628	125,771	128,399
Misc-Other Retail	19	2	21	43,176	30,264	73,440
Food & Groceries	17	8	25	27,014	435,246	462,260
<i>Supermarkets</i>	6	8	14	2,953	435,246	438,199
<i>All Other Food Stores</i>	11	0	11	24,061	0	24,061
Eating & Drinking	130	0	130	335,381	0	335,381
Auto Parts & Supplies	7	0	7	27,882	0	27,882
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>336</b>	<b>35</b>	<b>371</b>	<b>802,038</b>	<b>1,459,886</b>	<b>2,261,924</b>
Bus-Leisure-Pers Srvcs	246	3	249	471,381	119,847	591,228
<b>Existing Trade Area Retail</b>	<b>582</b>	<b>38</b>	<b>620</b>	<b>1,273,420</b>	<b>1,579,733</b>	<b>2,853,153</b>

Note: Anchors describe retail stores generally occupying a minimum of 10,000 square feet

Source: July 2011 Field Audit by Alfred Gobar Associates

A listing and description of anchor-scale storefront facilities identified during the in-field audit is also summarized in Exhibit III-10. The above summary shows that 40% of audited storefronts (249 out of 620) and 21% of occupied space (0.59 million out of 2.85 million square feet) host business, leisure, and personal service establishments. By contrast, about 60% of audited storefronts and 79% of audited retail space hosts retail merchandising activity most closely associated with core retail functions generating retail sales tax. The indicated share of existing storefront locations and occupied retail space hosting service-related activity is higher than suggested by the ULI-ICSC survey of contemporary retail centers (refer to Exhibit III-3). A high proportion of service-related business activity throughout the trade area is to be expected since the existing supply of retail facilities reflects more than 50 years of retail evolution and land use development patterns, rather than contemporary retail shopping center design. By contrast, future retail center development within the Alberhill Villages and throughout the trade area can be reasonably expected to more closely reflect the space composition of contemporary retail centers, including a

unique “Commercial District” profile used to characterize a heavy mixed-use design orientation within the Lakeside Village (refer to Figure 3.7).

### Trade Area Sales Capture

Future retail development will need to compete with the existing supply of retail facilities for sales support originating from within the surrounding trade area. For purpose of this impact study, consumer sales support that already flows to existing retail facilities represents a captured element of demand not available to retail development within the Alberhill Villages. The portion of consumer demand available to support future retail development is regarded as “Residual Potential.” To identify residual market potential, it is first necessary to estimate the current level of consumer spending potential captured by the existing supply of retail facilities. Identified below is the projected amount of 2011 consumer sales potential captured by existing retail facilities:

**Figure 3.21**

#### 2011 Estimated Sales Capture By Existing Trade Area Retailers

<b>Retail Store-Group Activity</b>	<b>Audited Storefronts</b>	<b>Occupied Space (Sq Ft)</b>	<b>2011-Proj. Sales (\$000's)</b>	<b>Gr. Sales Per Estab (\$000's)</b>
GAFO Retail Activity	169	958,050	207,160	\$1,226
<i>General Merchandising</i>	8	453,623	125,935	15,742
<i>Apparel &amp; Accessories</i>	64	246,964	42,393	662
<i>Furniture &amp; Hshld Elect.</i>	30	95,274	13,467	449
<i>Other Specialty Retail</i>	67	162,189	25,365	379
Building Materials	9	276,512	53,912	5,990
Drug & Sundries	10	128,399	50,832	5,083
Misc-Other Retail	21	73,440	15,184	723
Food & Groceries	25	462,260	168,115	6,725
Eating & Drinking	130	335,381	75,491	581
Auto Parts & Supplies	7	27,882	6,060	866
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>371</b>	<b>2,261,924</b>	<b>576,753</b>	<b>\$1,555</b>
Bus-Leisure-Pers Svcs	249	591,228	88,684	356
<b>Existing Trade Area Retail</b>	<b>620</b>	<b>2,853,153</b>	<b>665,437</b>	<b>\$1,073</b>

Note: Projected sales capture describes both taxable and non-taxable receipts.

Source: California State Board of Equalization; US Census Bureau - 2007 Economic Census; 2008 ULI-ICSC Dollars and Cents of Shopping Centers; Alfred Gobar Associates

The above estimate of sales capture is based on 2009 reporting data for taxable retail sales describing total sales and per establishment sales within Lake Elsinore and each of the other 4-City communities. Sales performance indices based on 2009 reporting has been further adjusted to account for reported changes in retail employment for Southern California, and estimated changes in total and per

establishment sales for California. Over the two-year timeframe used to estimate 2011 sales capture, Southern California has seen a modest rise in overall retail employment, while the corresponding level of retail employment within Riverside County has actually declined (refer to Figure 3.5). In this regard, the above estimate of 2011 sales capture by existing retail facilities is optimistic, meaning the projected level of retail merchandising sales capture (\$576.75 million) assigned to existing retail facilities would need to be adjusted down if the precedent pattern of retail employment throughout Riverside County is taken into account.

## Residual Market Potential

When understood as the net interaction of demand and supply, residual market potential is simply what remains available to support retail development within the Alberhill Villages and surrounding trade area. Given an identified level of retail demand (refer to Figure 3.18) and retail supply (refer to Figure 3.21), immediate-term support potential for future retail development is summarized below:

**Figure 3.22**  
**2011 Residual Market Potential For Future Retail Development**

Retail Store-Group Activity	Residual Potential (\$000's)	Targeted Sales Performance (2011-Sales/SF)	Equiv. Retail Floor Space Support
GAFO Retail Activity	\$112,764	\$210	537,000
<i>General Merchandising</i>	7,970	206	39,000
<i>Apparel &amp; Accessories</i>	28,397	230	123,000
<i>Furniture &amp; Hshld Elect.</i>	34,158	235	145,000
<i>Specialty Retail</i>	42,239	184	230,000
Building Materials	2,230	210	11,000
Drug & Sundries	-309	334	0
Misc-Other Retail	25,288	184	137,000
Food & Groceries	5,975	357	38,000
Eating & Drinking	66,820	250	267,000
Auto Parts & Accsy	9,987	216	46,000
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>\$222,755</b>	<b>\$241</b>	<b>1,036,000</b>
Bus-Leisure-Pers Services	30,896	154	201,000
<b>Residual Retail Potential</b>	<b>\$253,651</b>	<b>\$226</b>	<b>1,237,000</b>

Source: Urban Land Institute 2008 Dollars and Cents of Shopping Centers; Alfred Gobar Associates

Immediate-term potential is described above in terms of the estimated dollar value of retail sales support not already captured by existing retail facilities (\$253.6 million) and in terms of the equivalent amount of retail floor space that can be occupied (1.24

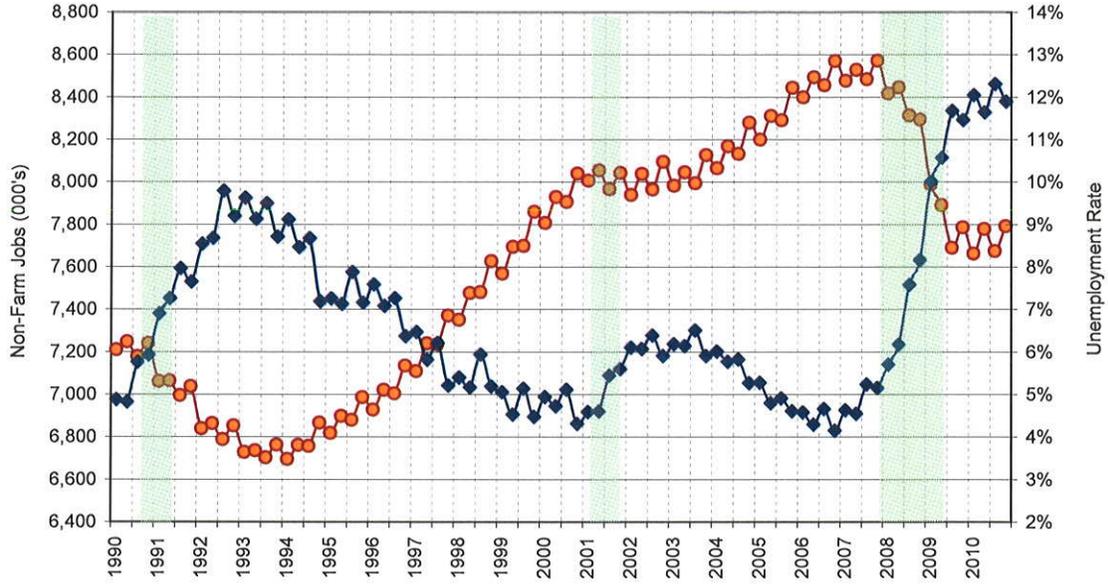
million square feet) and still achieve a target level of per square foot sales performance.

To provide meaningful comparison of estimated sales opportunity and proposed retail development, it is necessary to translate estimates of residual sales into corresponding support for retail space. The target level of sales per square foot used to estimate floor space potential reflects median sales performance for distinct store-group activities included in the ULI-ICSC 2008 survey of retail centers, further adjusted to reflect changes in per establishment sales describing California since the end of 2008 (generally resulting in a 10% downward adjustment, on average). In addition, the above estimated level of residual sales potential (\$253.6 million) reflects a 20% market loss allowance to account for dissipating sales opportunity at the periphery of the Alberhill Villages trade area. Retail markets do not exist in isolation. Even though Lake Elsinore retailers as a whole attract a net inflow of sales from the surrounding area (refer to Exhibit III-6) and the Alberhill Villages is located several miles from major competing retail concentrations (refer to Exhibit III-7), not all trade area consumers will restrict their purchase choices to trade area stores. A higher proportion of consumers residing at the periphery of the trade area can be expected to routinely shop outside the trade area than is true of consumers who live near its center.

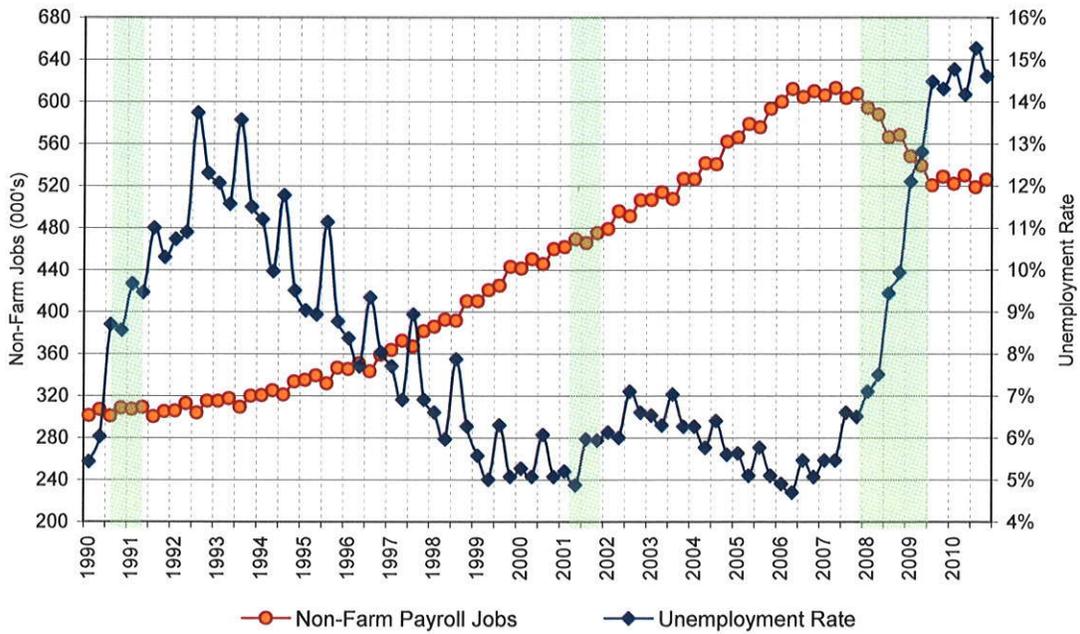
The above analysis of residual market potential identifies the amount of retail development that can be supported in the immediate term (2011 to 2012). Identified potential does not account for several expected occurrences including future population growth, future retail development throughout the trade area; or phased retail development within the Alberhill Villages. To identify any potential impact associated with the development and occupancy of Alberhill Villages retail facilities, the above analysis must be further modified to simulate conditions expected to exist when future phases of retail development are scheduled to be completed over the next 24 years.

**EXHIBIT III-1  
ECONOMIC AND EMPLOYMENT TRENDS - SELECTED REGION**

**Southern California Employment Trends**



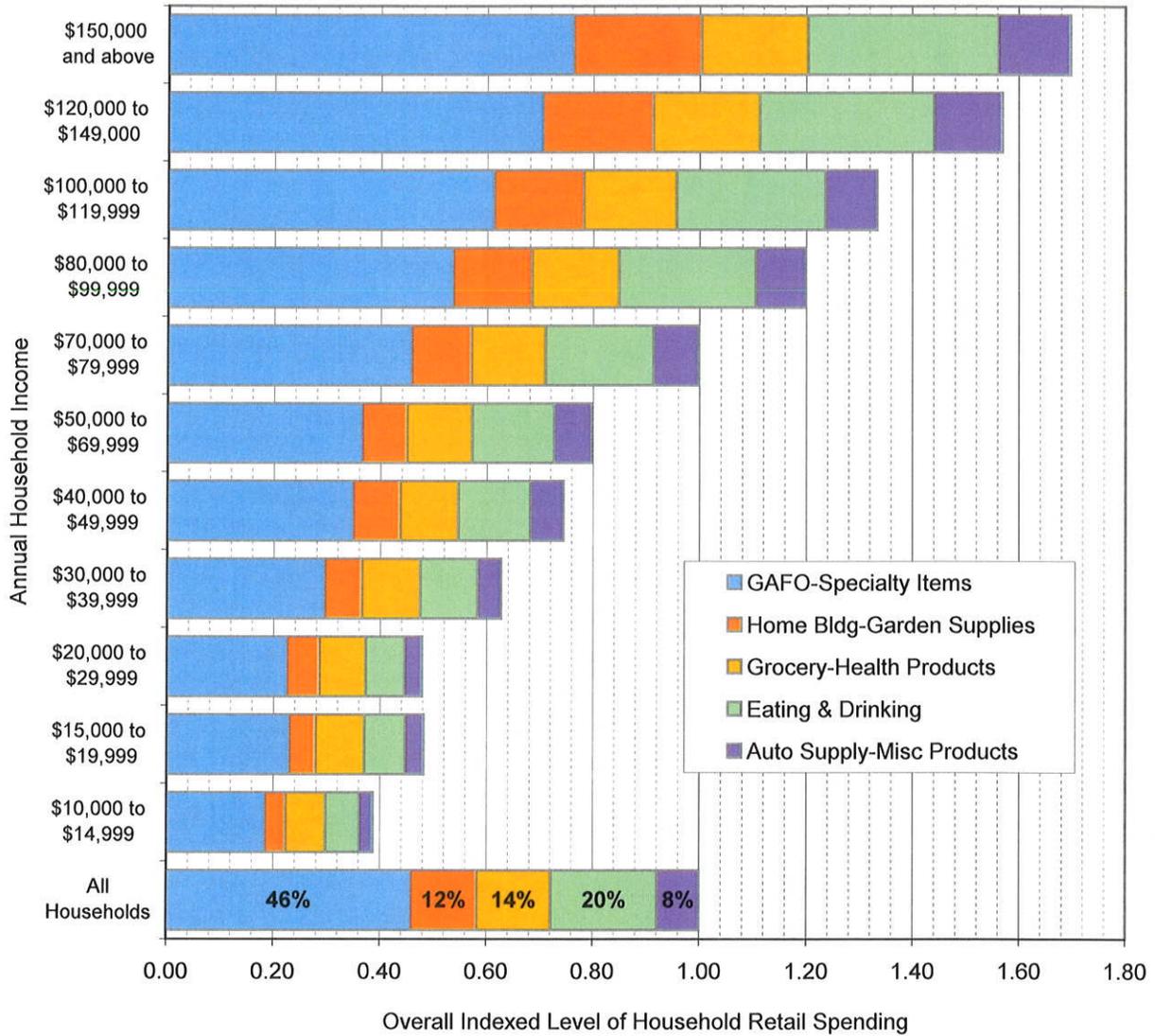
**Riverside County Employment Trends**



Note: Green shaded areas reflect periods of contraction in the national economy.

Source: California Employment Development Department; Alfred Gobar Associates

**EXHIBIT III-2  
HOUSEHOLD RETAIL SPENDING BEHAVIOR BY INCOME LEVEL**



Note: - Indexed spending levels exclude automobile-gasoline purchases and spending on personal-repair services.  
 - GAFO includes general merchandise, apparel & shoes, furnishings & appliances, and other specialty products.  
 - Average 2010 retail spending per household in Southern California is estimated at \$18,750 per year, excluding automobile and gasoline purchases; and \$25,400 per year including these items.

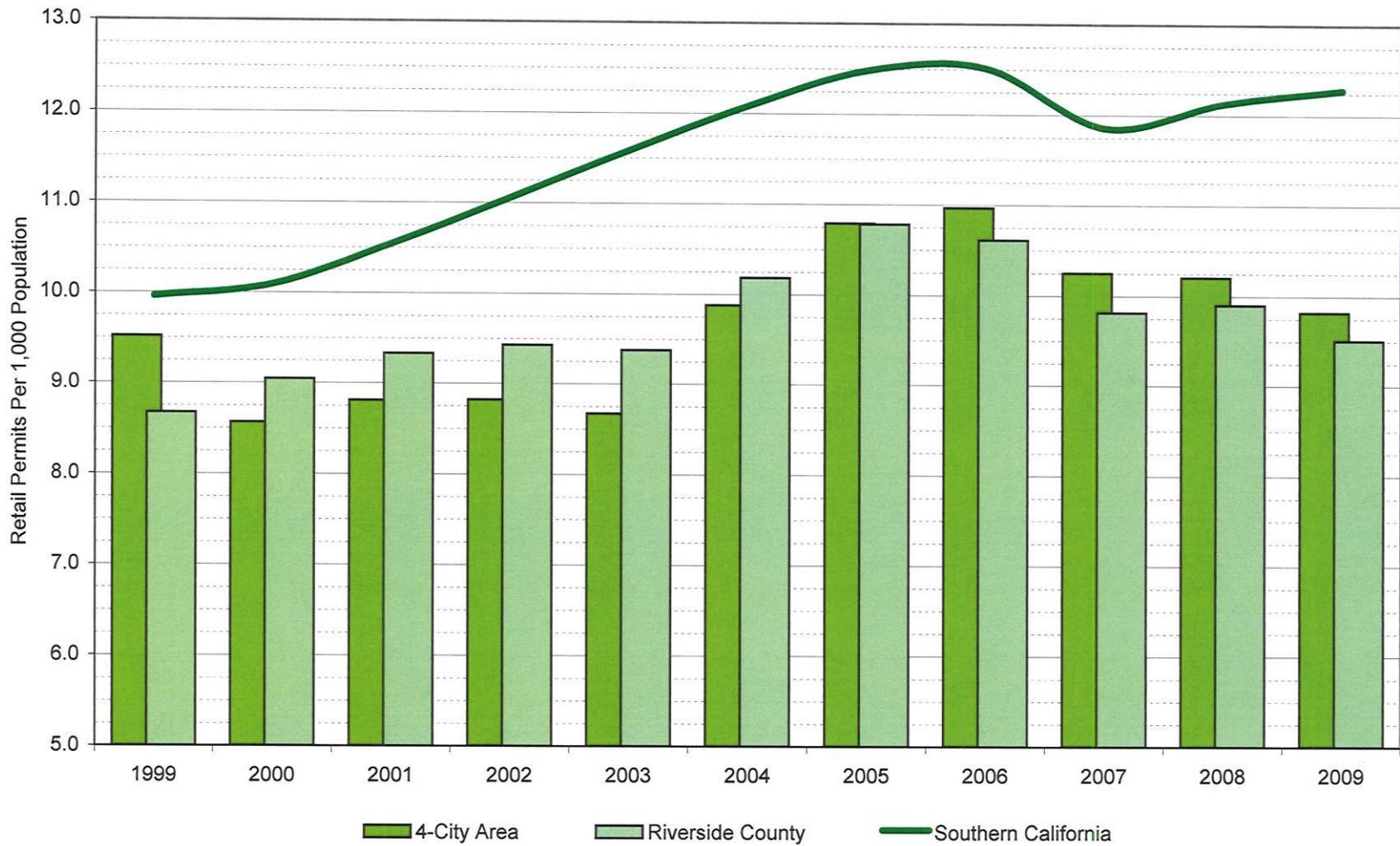
Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, October, 2010; Alfred Gobar Associates

**EXHIBIT III-3  
RETAIL CENTER SALES-STOREFRONT-FLOOR SPACE COMPARISONS**

Retail Center Store-Type Activity	Neighborhood Centers			Community Centers			Regional Centers			Super Regional Centers		
	Gross Sales Mix	Store-front Mix	Floor Area Mix	Gross Sales Mix	Store-front Mix	Floor Area Mix	Gross Sales Mix	Store-front Mix	Floor Area Mix	Gross Sales Mix	Store-front Mix	Floor Area Mix
GAFO Retail Activity	10%	20%	21%	44%	38%	58%	71%	59%	78%	84%	72%	88%
<i>General Merchandising</i>	2%	2%	7%	19%	4%	30%	24%	3%	44%	31%	4%	52%
<i>Apparel &amp; Accessories</i>	3%	3%	5%	10%	11%	11%	25%	30%	20%	31%	37%	24%
<i>Furniture &amp; Hshld Elect.</i>	1%	4%	2%	6%	8%	7%	5%	6%	4%	5%	7%	3%
<i>Specialty Retail</i>	4%	11%	7%	10%	15%	10%	16%	20%	10%	17%	24%	9%
Building Materials	3%	10%	5%	7%	7%	7%	5%	11%	5%	2%	3%	<1%
Drug & Sundries	14%	2%	11%	6%	1%	3%	<1%	<1%	<1%	<1%	<1%	<1%
Food & Groceries	56%	5%	39%	24%	3%	14%	9%	<1%	4%	<1%	<1%	<1%
Eating & Drinking	8%	23%	12%	10%	20%	8%	10%	17%	6%	11%	15%	5%
Auto Parts & Misc Retail	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>91%</b>	<b>61%</b>	<b>87%</b>	<b>92%</b>	<b>70%</b>	<b>89%</b>	<b>95%</b>	<b>87%</b>	<b>92%</b>	<b>96%</b>	<b>90%</b>	<b>94%</b>
Bus-Leisure-Pers Services	9%	39%	13%	8%	30%	11%	5%	12%	8%	3%	9%	5%
<b>Overall Retail Composition</b>	<b>100%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>98%</b>
Retail Anchors (>=10K SF):	70%	8%	50%	49%	8%	47%	35%	4%	53%	32%	3%	56%
Other Stores(<10K SF):	30%	92%	50%	51%	92%	53%	65%	96%	47%	68%	97%	44%
Retail Merchandising:	91%	61%	87%	92%	70%	89%	95%	88%	92%	97%	91%	95%
Pers & Bus Services:	9%	39%	13%	8%	30%	11%	5%	12%	8%	3%	9%	5%
Tenant Storefronts:		(Approximate) 20 - 40			(Approximate) 40 - 70			(Approximate) 70 - 120			(Approximate) 140 - 200	
Leasable Floor Area (Sq Ft):		90,000 - 150,000			250,000 - 400,000			500,000 - 700,000			800,000 - 1,100,000	

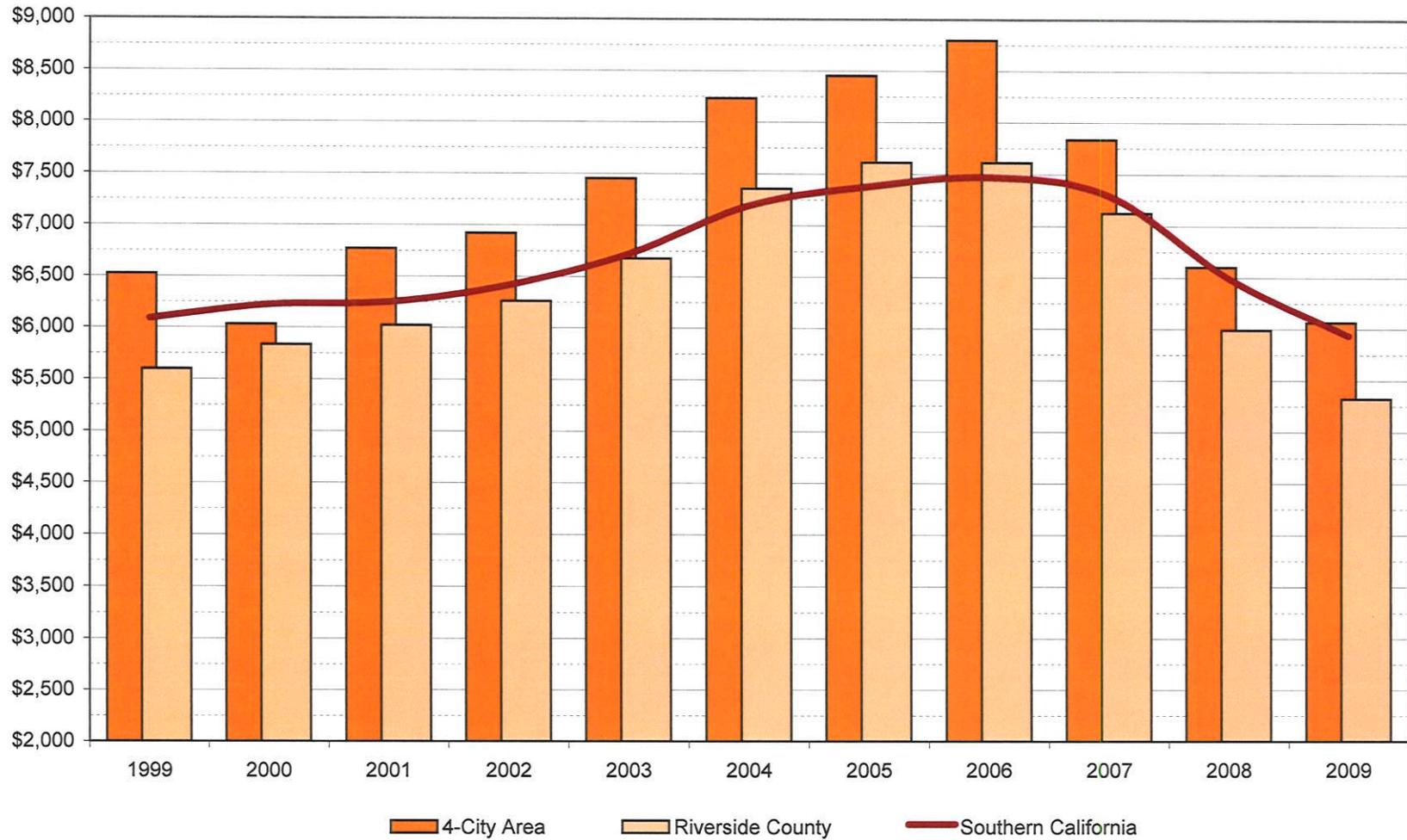
Source: Urban Land Institute 2008 Dollars and Cents of Shopping Centers; Alfred Gobar Associates

**EXHIBIT III-4  
RETAIL ESTABLISHMENT PERMIT TRENDS  
FOR ALL RETAIL STORE-GROUP ACTIVITIES EXCLUDING AUTO SALES-SUPPLIES-FUEL**



Source: State Board of Equalization; CA-Department of Finance; Alfred Gobar Associates

**EXHIBIT III-5  
2009 CONSTANT DOLLAR PER CAPITA SALES TRENDS  
FOR ALL RETAIL STORE-GROUP ACTIVITIES EXCLUDING AUTO SALES-SUPPLIES-FUEL**



Source: State Board of Equalization; CA-Department of Finance; Alfred Gobar Associates

**EXHIBIT III-6  
2009 TAXABLE RETAIL SALES FLOWS DESCRIBING 4-CITY AREA  
BASED ON SOUTHERN CALIFORNIA EXPENDITURE POTENTIAL**

Store Group Retail Activity	Lake Elsinore	Corona	Perris	Murrieta	4-City Area
<b>Mid-Year Population (000's)</b>	<b>50.7</b>	<b>149.6</b>	<b>54.8</b>	<b>101.2</b>	<b>458.7</b>
<b>Reported Retail Sales (\$000's)</b>					
Apparel-Shoes-Accessories	\$41,236	\$77,097	\$3,179	\$25,196	\$146,709
General Merchandise	131,026	307,853	59,558	171,868	670,304
Grocery-Specialty Foods	32,516	89,277	45,337	48,712	215,842
Eating-Snacks-Drinking	64,337	208,647	43,102	88,392	404,478
Home Furnishings-Appl-Elect	9,974	95,439	6,932	80,363	192,708
Building & Garden Supplies	43,102	119,144	26,248	71,540	260,034
Auto Dealers-Parts Supplies	69,707	243,858	29,612	71,431	414,608
Service Stations	85,702	222,325	79,538	103,979	491,544
Other-Specialty Merchandise	37,146	121,276	25,590	85,877	269,889
All Retail Store-Groups	\$514,746	\$1,484,916	\$319,096	\$747,358	\$3,066,116
<b>Excl'd Auto-Fuel Sales</b>	<b>\$359,337</b>	<b>\$1,018,733</b>	<b>\$209,946</b>	<b>\$571,949</b>	<b>\$2,159,964</b>
Share Excl'd Auto-Fuel	17%	47%	10%	26%	100%
<b>Potential Retail Sales (\$000's)</b>					
Apparel-Shoes-Accessories	\$36,242	\$107,032	\$39,180	\$72,380	\$254,834
General Merchandise	58,476	172,695	63,217	116,784	411,172
Grocery-Specialty Foods	28,177	83,215	30,462	56,273	198,127
Eating-Snacks-Drinking	67,655	199,804	73,140	135,116	475,715
Home Furnishings-Appl-Elect	29,337	86,639	31,715	58,589	206,279
Building & Garden Supplies	29,185	86,191	31,551	58,286	205,212
Auto Dealers-Parts Supplies	60,440	178,495	65,340	120,705	424,980
Service Stations	50,898	150,314	55,024	101,649	357,884
Other-Specialty Merchandise	51,556	152,259	55,736	102,964	362,515
All Retail Store-Groups	\$411,966	\$1,216,643	\$445,364	\$822,745	\$2,896,718
<b>Excl'd Auto-Fuel Sales</b>	<b>\$300,629</b>	<b>\$887,835</b>	<b>\$325,001</b>	<b>\$600,391</b>	<b>\$2,113,855</b>
Share of 4-City Area Excl'd Auto-Fuel	14%	42%	15%	28%	100%
<b>Inflow-(Outflow) of Potential (\$000's)</b>					
Apparel-Shoes-Accessories	\$4,994	(\$29,935)	(\$36,001)	(\$47,183)	(\$108,125)
General Merchandise	72,550	135,157	(3,659)	55,084	259,132
Grocery-Specialty Foods	4,338	6,063	14,875	(7,561)	17,715
Eating-Snacks-Drinking	(3,318)	8,843	(30,038)	(46,724)	(71,237)
Home Furnishings-Appl-Elect	(19,363)	8,800	(24,783)	21,775	(13,571)
Building & Garden Supplies	13,917	32,953	(5,303)	13,254	54,822
Auto Dealers-Parts Supplies	9,267	65,363	(35,727)	(49,275)	(10,372)
Service Stations	34,804	72,011	24,514	2,330	133,660
Other-Specialty Merchandise	(14,410)	(30,983)	(30,146)	(17,087)	(92,626)
All Retail Store-Groups	\$102,780	\$268,273	(\$126,268)	(\$75,387)	\$169,398
<b>Excl'd Auto-Fuel Sales</b>	<b>\$58,709</b>	<b>\$130,898</b>	<b>(\$115,055)</b>	<b>(\$28,442)</b>	<b>\$46,110</b>
<b>Inflow-(Outflow) As Share of Potential</b>					
Apparel-Shoes-Accessories	13.8%	(28.0%)	(91.9%)	(65.2%)	(42.4%)
General Merchandise	124.1%	78.3%	(5.8%)	47.2%	63.0%
Grocery-Specialty Foods	15.4%	7.3%	48.8%	(13.4%)	8.9%
Eating-Snacks-Drinking	(4.9%)	4.4%	(41.1%)	(34.6%)	(15.0%)
Home Furnishings-Appl-Elect	(66.0%)	10.2%	(78.1%)	37.2%	(6.6%)
Building & Garden Supplies	47.7%	38.2%	(16.8%)	22.7%	26.7%
Auto Dealers-Parts Supplies	15.3%	36.6%	(54.7%)	(40.8%)	(2.4%)
Service Stations	68.4%	47.9%	44.6%	2.3%	37.3%
Other-Specialty Merchandise	(27.9%)	(20.3%)	(54.1%)	(16.6%)	(25.6%)
All Retail Store-Groups	24.9%	22.1%	(28.4%)	(9.2%)	5.8%
<b>Excl'd Auto-Fuel Sales</b>	<b>19.5%</b>	<b>14.7%</b>	<b>(35.4%)</b>	<b>(4.7%)</b>	<b>2.2%</b>

Note:

Retail sales potential based on Southern California per capita expenditure level and mid-year population of each city.

- XXX - Indicated (Outflow) exceeds 33% of potential.
- XXX - Indicated Inflow exceeds 33% of potential.

# EXHIBIT III-7 SOUTHWEST RIVERSIDE COUNTY REGION MAJOR RETAIL CONCENTRATIONS

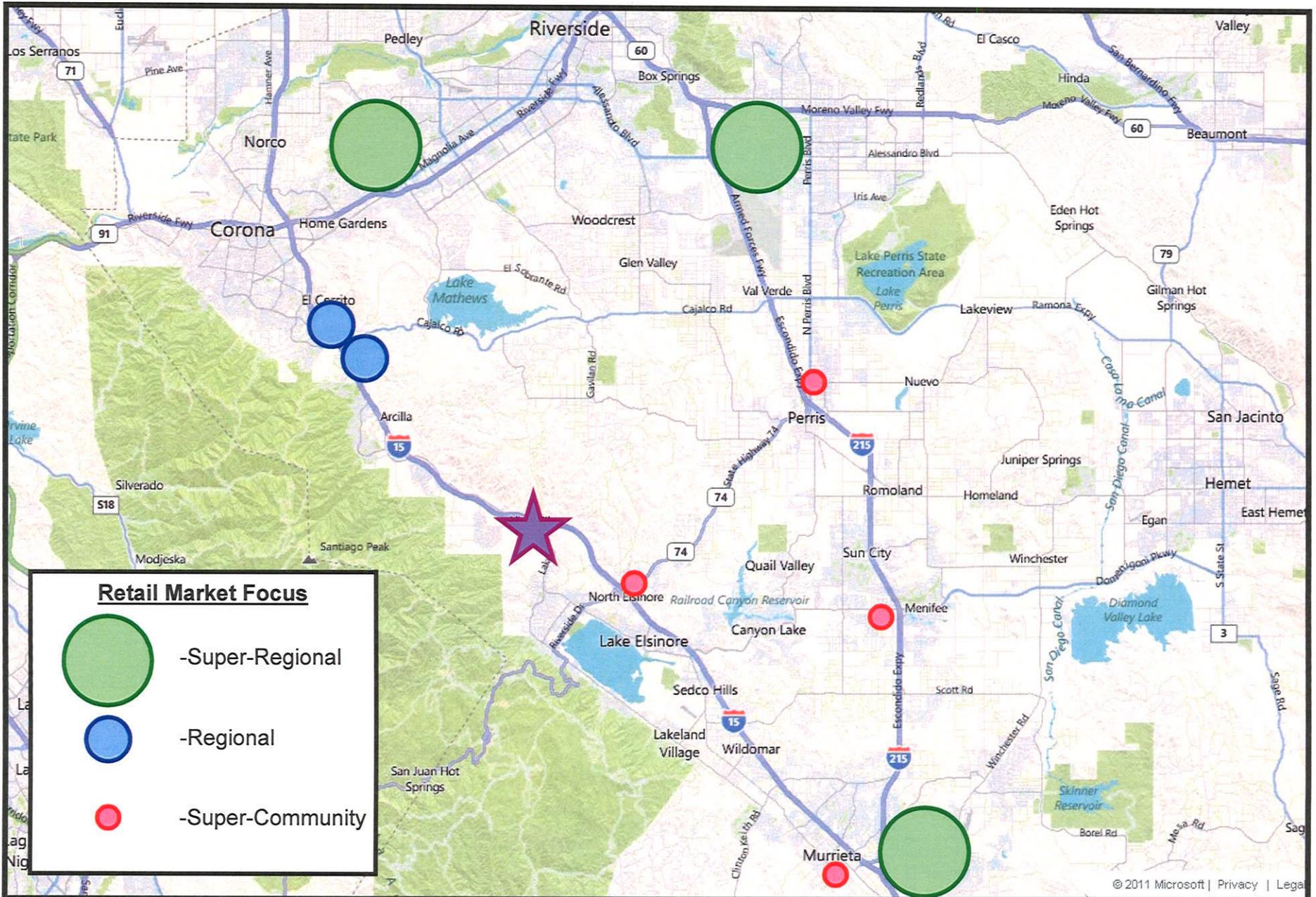


EXHIBIT III-8  
ALBERHILL VILLAGES TRADE AREA REGION



Source: Bing Maps and AGA

**EXHIBIT III-9  
DEMOGRAPHIC AND INCOME COMPARISONS  
ALBERHILL VILLAGES, LAKE ELSINORE, CA**

Demographic Variables	City of Lake Elsinore	Alberhill Trade Area	Riverside County
2015 Population	61,045	148,844	2,374,034
2010 Population	51,821	132,213	2,173,606
2000 Population	28,928	106,382	1,545,387
% Change in Population 2010-2015	17.8%	12.6%	9.2%
% Change in Population 2000-2010	79.1%	24.3%	40.7%
2015 Households	18,149	45,573	754,212
2010 Households	15,239	40,805	693,993
2000 Households	8,817	33,859	506,218
% Change in Households 2000-2010	72.8%	20.5%	37.1%
2010 Persons in Household			
1 Person Household	17.0%	16.2%	21.6%
2 Person Household	26.7%	30.8%	31.7%
3 Person Household	18.0%	17.2%	15.7%
4 Person Household	19.5%	19.3%	16.2%
5 Person Household	12.5%	11.4%	9.9%
6+ Person Household	6.3%	5.1%	4.9%
2010 Average Household Size	3.40	3.24	3.13
Household Mix By Family Status			
Family	77.0%	78.6%	73.5%
Non-Family	23.0%	21.4%	26.5%
2010 Estimated Average Family Size	3.68	3.59	3.59
2010 Ethnicity			
White	60.2%	65.9%	58.2%
Black	5.1%	5.0%	6.2%
American Indian Alone	1.3%	1.1%	1.2%
Asian/Hawaiian/Pacific Islander	3.6%	4.4%	5.9%
Some Other Race Alone	23.8%	18.2%	23.4%
Two or More Races	6.0%	5.4%	5.1%
Hispanic Origin	46.5%	39.0%	45.3%
2010 Detailed Population by Age Group			
0-19	34.5%	33.5%	30.7%
20-24	7.7%	6.0%	6.8%
25-34	15.7%	13.1%	13.5%
35-54	26.0%	28.8%	25.7%
55-64	8.3%	9.2%	10.2%
65-74	4.4%	5.1%	6.7%
75+	3.4%	4.4%	6.4%
2010 Median Age Total Population	29.5	32.9	34.2

Source: ESRI and AGA

**EXHIBIT III-9 (Cont'd)**  
**DEMOGRAPHIC AND INCOME COMPARISONS**  
**ALBERHILL VILLAGES, LAKE ELSINORE, CA**

Demographic Variables	City of Lake Elsinore	Alberhill Trade Area	Riverside County
<b>2010 Household Income Distribution</b>			
Less than \$14,999	12.6%	8.8%	10.7%
\$15,000 - \$24,999	9.9%	7.4%	9.3%
\$25,000 - \$34,999	10.1%	8.3%	10.5%
\$35,000 - \$49,999	13.4%	13.0%	14.5%
\$50,000 - \$74,999	22.0%	22.4%	22.0%
\$75,000 - \$99,999	15.9%	18.9%	15.5%
\$100,000 - \$149,999	10.7%	14.5%	11.4%
\$150,000 - \$199,999	3.3%	3.8%	3.3%
\$200,000 and Greater	2.1%	2.9%	2.8%
2010 Average Household Income	\$64,991	\$74,051	\$67,972
2010 Median Household Income	\$54,374	\$63,037	\$54,762
2010 Per Capita Income	\$20,012	\$23,117	\$22,040
<b>2010 White Collar Employment</b>			
Mgmt/Business/Finance	10.8%	13.3%	11.9%
Professional	15.5%	17.2%	18.8%
Sales	14.2%	13.8%	12.5%
Administrative Support	13.3%	13.2%	13.6%
2010 Service Employment	19.1%	18.3%	20.1%
<b>2010 Blue Collar Employment</b>			
Farming/Fishing/Forestry	0.4%	0.3%	1.1%
Construction/Extr/Mainten	13.6%	12.4%	11.0%
Production/Transp./Materials	13.0%	11.5%	11.1%
<b>Estimated Number of Households by Vehicles</b>			
No Vehicles	6.8%	4.4%	7.1%
One Vehicle	30.2%	28.0%	34.7%
Two Vehicles	40.1%	43.8%	39.3%
Three or more Vehicles	23.0%	23.7%	19.0%
<b>2010 Population 25+ by Education</b>			
Elementary Up To 8th Grade	9.8%	7.5%	10.0%
Some High School	12.2%	9.9%	10.5%
High School Graduate	32.4%	30.4%	28.3%
Some College	25.6%	25.6%	23.4%
Associate Degree	7.2%	8.3%	7.5%
Bachelor Degree	9.7%	13.4%	13.4%
Graduate/Professional Degree	3.1%	4.9%	6.8%
<b>2010 Total Housing Units</b>			
Owner-Occupied	66.3%	76.4%	67.9%
Renter-Occupied	33.7%	23.6%	32.1%

Note: Details may not add to "100.0%" due to independent rounding.

Source: ESRI and AGA

**EXHIBIT III-10  
EXISTING RETAIL ANCHORS - JULY 2011  
ALBERHILL VILLAGES, LAKE ELSINORE, CA AND VICINITY**

Store Name	Street Address	Square Footage	Dist. From Site
<b><u>Women's Apparel</u></b>			
Vanity Fair Outlet	17600 Collier	18,725	2.1
Susie's Deals	29229 Central	7,612	3.0
<b>Total:</b>		<b>26,337</b>	
<b><u>Family Apparel</u></b>			
Old Navy	17600 Collier	10,505	2.1
Nike Factory Store	17600 Collier	11,007	2.1
Gap Outlet	17600 Collier	10,003	2.1
<b>Total:</b>		<b>31,515</b>	
<b><u>Drug Stores</u></b>			
Rite Aid	16491 Lakeshore	17,584	1.9
Walgreens	18296 Collier	14,628	3.0
CVS	11950 Campbell Ranch	12,852	4.5
CVS	2091 E. Lakeshore	15,492	6.0
Walgreens	160 Diamond	13,678	6.2
Rite Aid	32261 Mission Trail	19,120	6.4
CVS	29985 Canyon Hills	15,145	7.6
Rite Aid	32450 Clinton Keith	17,272	11.5
<b>Total:</b>		<b>125,771</b>	
<b><u>Grocery Stores</u></b>			
Stater Brothers	16750 Lakeshore	29,129	2.1
Albertson's	30901 Riverside	48,773	2.2
Lake Elsinore Market	15887 Grand	8,620	3.9
Ibarra's Market	217 N. Main	14,559	4.5
Vons	11800 Campbell Ranch	48,307	4.6
Stater Brothers	32281 Mission Trails	41,215	6.4
Stater Brothers	31952 Mission Trail	23,922	6.4
Von's Grocery	31564 Grape	50,605	6.4
Stater Brothers	29995 Canyon Hills	42,949	7.6
Canyon Lake Market	31682 Railroad Canyon	9,217	8.1
Stater Brothers	36010 Hidden Springs	42,508	11.3
Barons - The Marketplace (Grocer)	32310 Clinton Keith	18,247	11.5
Albertson's	23893 Clinton Keith	57,195	11.7
<b>Total:</b>		<b>435,246</b>	
<b><u>General Merchandising</u></b>			
Costco	29315 Central	141,271	2.9
Target	18287 Collier	124,226	3.0
99 Cent or Less	18286 Collier	17,717	3.0
Dollar Tree	29229 Central	11,272	3.1
Big Lots	32241 Mission Trails	29,970	6.4
Walmart	31700 Grape	126,390	6.4
<b>Total:</b>		<b>450,846</b>	

**EXHIBIT III-10 (Cont'd)**  
**EXISTING RETAIL ANCHORS - JULY 2011**  
**ALBERHILL VILLAGES, LAKE ELSINORE, CA AND VICINITY**

Store Name	Street Address	Square Footage	Dist. From Site
<b><u>Bedding &amp; Houseware Stores</u></b>			
Bed, Bath, and Beyond	29233 Central	23,394	3.1
<b>Total:</b>		<b>23,394</b>	
<b><u>Home Furnishings/Furniture Stores</u></b>			
Kirkland Home	29229 Central	7,612	3.0
Designer Furniture	31660 Grape	14,188	6.4
<b>Total:</b>		<b>21,800</b>	
<b><u>Building Materials</u></b>			
Lowe's	29225 Central	141,073	2.9
Home Depot	18282 Collier	104,127	3.0
Ace Hardware	23881 Clinton Keith	15,082	11.7
<b>Total:</b>		<b>260,282</b>	
<b><u>Miscellaneous-Other Retail Stores</u></b>			
The Motherlode - Thrift Store	32391 Riverside	8,870	2.9
Staple's	29227 Central	21,394	2.9
Petsmart	29229 Central	20,175	3.0
Petco	18290 Collier	17,314	3.0
Big 5 Sports	18298 Collier	16,942	3.1
<b>Total:</b>		<b>84,695</b>	
<b>Retail Merchandising-Anchors:</b>		<b>1,459,886</b>	
<b><u>Personal-Leisure Services</u></b>			
LA Fitness	18550 Dexter	41,188	3.3
Trevi Lanes (Bowling)	32250 Mission Trails	52,824	6.5
Diamond 8 Cinema	32266 Mission Trails	25,835	6.6
<b>Total:</b>		<b>119,847</b>	
<b><u>Vacant Anchor Space</u></b>			
Vacant	17600 Collier	12,033	2.1
Vacant	17600 Collier	10,008	2.1
Vacant	17600 Collier	25,589	2.1
Vacant	18294 Collier	19,528	3.0
Vacant	2495 E. Lakeshore	22,400	6.0
<b>Total:</b>		<b>89,558</b>	
<b>Total Retail Anchor Space:</b>		<b>1,669,291</b>	

Source: October-2009 Field Audit by Alfred Gobar Associates

# Chapter IV

## Competitive Impact of Project Retail

The analysis of retail market potential discussed in Chapter III provides a thorough assessment of several demand and supply factors used to estimate residual potential available for retail development within the Alberhill Villages over a near-term timeframe (next 1 to 2 years). By comparison, the full scope of retail development envisioned for the Alberhill Villages will be built over a long-term phasing period of more than 20 years. In order to evaluate the competitive impact of Alberhill Villages on existing retail facilities, it is first necessary to assess: the long-term phasing of retail development within the project; future increases in the supply of retail suggested by the pipeline supply of existing projects; and expected growth in consumer spending potential and sales capture describing the trade area over a long-term timeframe.

Whether or not retail development envisioned for the Alberhill Villages will cause significant physical deterioration of existing retail facilities within the trade area depends on the chain of events that can be realistically expected at each phase of development leading to project buildout in 2034. Retail development within the Alberhill Villages is not even scheduled to begin until 2016. In the interim, future retail development occurring in the surrounding area will add to the supply of existing retail facilities competing for sales support. Consumer sales support captured by existing retail facilities reduces the amount of residual sales support (sales demand minus sales capture) available for retail development within the Alberhill Villages. If residual sales potential is too low then there is a strong likelihood that retail development within the Alberhill Villages will end up shifting sales away from existing retail facilities. The competitive impact of Alberhill Villages retail development depends on the magnitude of any sales shift that may occur.

This competitive impact analysis addresses a series of events that generally describe how Alberhill Villages retail development may affect existing retailers in the surrounding trade area. The principal events addressed by this analysis are identified and summarized below according to the likely sequence order of occurrence:

Sales Shift – reflects the amount of sales support previously captured by existing retailers that will likely flow (shift) to retail within the Alberhill Villages. Whether or not sales support is shifted from existing retailers to the Alberhill Villages is significantly influenced by the amount of residual potential (potential sales support) that is available over the long-term phasing period. If the amount of residual potential is not enough to fully support planned retail development, sales shift is required in order for retail within the Alberhill Villages to succeed. The level of decline in sales depends on the amount of sales shift required and base of existing retailers from which sales are shifted. The time that lapses before sales are recovered is influenced by the magnitude of decline and pace at which future trade area sales growth enables sales to increase at existing retailers. The primary focus of this analysis is to evaluate the effect on existing retailers that can be expected if Alberhill Villages retail is developed and successful.

Risk of Business Failure – reflects the likelihood the indicated sales shift and corresponding drop in sales per establishment will lead to widespread business failure among existing retailers and trigger attendant vacancy. The prospect of business success or failure is influenced by a complex array of issues specific to each individual business enterprise. For purpose of this study, the risk of business failure is assessed in terms of the demonstrated resiliency of area establishments when faced with a decline in sales. To the extent a decline in sales associated with Alberhill Villages retail significantly exceeds precedent conditions that existing retailers have overcome, there is an increased risk of business failure that can be attributed to Alberhill Villages retail.

Risk of Protracted Vacancy – describes the final episode of events that would lead to significant physical deterioration of existing retail facilities. The risk that vacated facilities remain vacant over a protracted period is influenced by the rate of growth in trade area support potential and the time that is likely to lapse before sufficient new potential exists to occupy the vacated space with a similar or alternate retail activity. The longer the period of vacancy, the greater the risk that vacated facilities will suffer the effect of neglect, disinvestment, and property crime associated with physical deterioration.

The principal purpose of this impact analysis is to determine if retail development within the Alberhill Villages will have a significant environmental impact on existing retail facilities in the form of physical deterioration. It's important to recognize that the incidence of a shift in sales, business failure, or vacancy independently do not constitute an environmental impact. The incidence of sales shift, business failure, and vacancy reflect inherent outcomes of retail competition that occur nearly as often as sales growth, profitability, and business expansion. This analysis addresses a series of normal competitive retailing interactions that can have a significant environmental impact in the form of physical deterioration when occurring concurrently, at unprecedented levels, and over a protracted period.

## Future Retail Development Outlook

An assessment of recognized retail development programs within the surrounding trade area was conducted based on a review of the Draft Lake Elsinore General Plan; Planning Department data describing projects processed for approval; Planning Department Staff insights about future retail development in the area; and an October 2011 field audit of existing retail facilities as summarized below.

**Figure 4.1**  
**Future Retail Development Outlook**

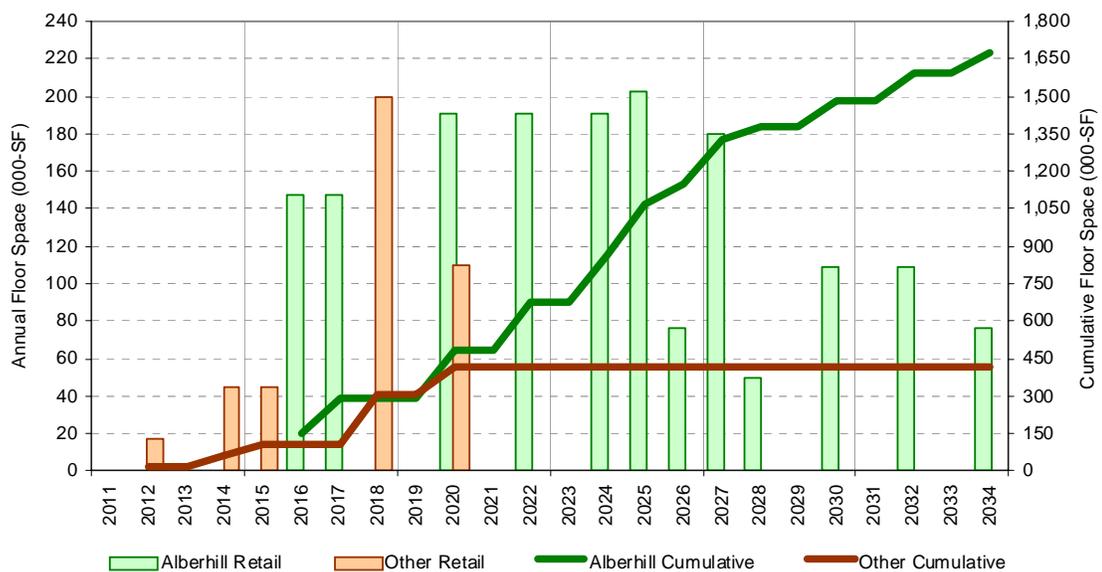
Project-Specific Plan Reference	Ret-Comm'l Acreage	Project Status-Description
A1 Alberhill Villages SP	74.0	Subject Project Location
A2 Summerhill SP	12.5	Existing Retail Development
A3 Canyon Hills SP	30.7	Existing Retail Development
A4 Canyon Hills Estate SP	--	No Designated Retail Acreage
A5 Cape of Good Hope SP	--	No Designated Retail Acreage
A6 Cottage Lane SP	--	No Designated Retail Acreage
A7 The Diamond SP	30.1	310,000 SF Conceptual Plan
A8 East Lake SP	--	No Designated Retail Acreage
A9 Elsinore City Center	32.6	Existing Retail Development
A10 La Laguna Estates	--	No Designated Retail Acreage
A11 Lakeshore Villages	--	No Designated Retail Acreage
A12 Murdock Ranch	30.8	Land Use Designation Only
A13 North Peak SP Amendment	23.0	Land Use Designation Only
A14 Elsinore Outlet Expansion	3.3	Existing Retail Development
A15 Ramsgate SP	2.7	Land Use Designation Only
A16 Spyglass SP	--	No Designated Retail Acreage
A17 Tuscanny SP	5.2	Land Use Designation Only
A18 Villages at Lakshore SP	--	No Designated Retail Acreage
A19 Waters Edge Mixed Use	10.0e	89,600 SF Conceptual Plan
A20 Stater Bro's Tenant Impvts	1.5e	17,220 SF Net Dev Increase
	<b>256.4</b>	
Existing Retail Development	79.1	Part of October 2011 Field Audit
Alberhill Retail Development	74.0	1,671,000 SF of Future Retail
Conceptual-Scheduled Dev	41.6	416,820 SF of Future Retail
Designated Acreage Only	61.7	Indefinite development status

Note: All identified acreage includes pro-rata share of mixed-use assigned to retail development

Source: Draft Lake Elsinore General Plan Update - Appendix A; AGA-October 2011 Field Audit

Retail-commercial building space within existing development areas (79.1 acres) has been included as part of the October 2011 field audit of existing retail facilities (refer to Figure 3.9-Chapter III). Retail-commercial acreage describing the Alberhill Villages (74.0 acres) reflects the focus of this retail impact analysis. For purpose of this analysis, retail-commercial acreage defined by conceptual site plans (41.6 acres) contemplated for development over the mid-term can be expected to add to the existing supply of competing retail facilities. Finally, several specific plan projects listed above include acreage that has been approved for retail-commercial land use (61.7 acres) but otherwise have existed as vacant land since original entitlement approval. Due to an absence of activity that would indicate serious market interest in site construction (conceptual site plans, tenant letters of intent, building plan submittals, concerted brokerage activity, etc.), the development status of such acreage remains indefinite and has not been added to the supply of existing retail facilities. The projected increase in retail floor space that describes the expected increase in existing retail facilities and retail development within the Alberhill Villages is illustrated below.

**Figure 4.2**  
**Future Retail Development Outlook - Alberhill and Other Trade Area Locations**



Source: Alberhill Villages DEIR; City of Elsinore Draft General Plan; City of Elsinore Planning Department

The interim increase in existing retail facilities illustrated above reflects the following three projects—Stater Bros. relocation, the Waters Edge mixed-use project, and The Diamond Specific Plan. In all, these three projects represent a 417,000-square-foot

increase in the supply of existing retail facilities. A description of each interim development adding to existing retail facilities is provided below.

- Stater Bros. Markets is currently making tenant improvements to a 41,215-square-foot vacant anchor within the Lake Elsinore Town Center Shopping Center along Mission Trail. The close proximity of the new store to an existing 23,995-square-foot Stater Bros. store in the Mission Trails Center indicates it is a replacement facility representing a 17,200-square-foot net increase in the existing supply of food and grocery retail space. The new store is scheduled to open in early 2012.
- Waters Edge is a 76-acre mixed-use project planned to include a 300-slip marina, hotel lodging, residential condos, and up to 89,600 square feet of ground-level retail with a strong specialty-dining orientation. The marina is expected to be operational in 2013, and the City continues to work with the development sponsor, local water authorities, and County to bring the entire project to fruition. For purpose of this analysis, the retail component of the project is projected for phased completion in 2014 and 2015 and is expected to host a mix of retail activities characterizing a specialty-commercial district.
- The Diamond Specific Plan was originally approved as Area #1 within the East Lake Specific Plan, which consisted of the Area #1 commercial-recreation hub and several residential neighborhoods. The Diamond Specific Plan describes a mixed-use program designed around the Lake Elsinore Diamond Stadium located south of the Railroad Canyon Road freeway exit. The development is intended to serve retail demand associated with sporting-recreation visitors and planned residential development within in East Lake Specific Plan. Envisioned retail development consists of three phased components including: an existing retail center (PA1) on 7.1 acres; 200,000 square feet of retail on 18.4 acres (PA2); and 110,000 square feet of retail on 11.7 acres (PA3), to be completed over a 7- to 10-year timeframe. For purpose of this analysis, the PA2 component is projected for completion in 2018 with a community-oriented retail mix, and the PA3 component is projected for completion in 2020 with a neighborhood-oriented retail mix.

The Alberhill Villages is envisioned to host a diverse mix of retail development in multiple locations throughout the planned community. In all, cumulative retail development within the Alberhill Villages represents a 1,671,000-square-foot increase in the supply of trade area retail facilities. Phased development previously illustrated in Figure 4.2 is further described below in terms of projected year of completion, retail village identity, building area capacity, village cross-street location, and characteristic market and merchandising focus of development:

**Figure 4.3**

**Alberhill Villages Retail Development Assumptions**

Year Built	Alberhill Retail Village	Retail Space (SF)	Alberhill Location	Retail Market Focus & Merchandising Mix
2016	Alberhill Town Center	147,250	Lake-Nichols	Neighborhood
2017	Alberhill Town Center	147,250	Lake-Nichols	Community
2020	University Town Center	191,176	Lake-S/O Freeway	Regional
2022	University Town Center	191,176	Lake-S/O Freeway	Regional
2024	University Town Center	191,176	Temescal Cnyn	Neighborhood
2025	Lakeside Village	202,235	4-Lane Roadway	Comm'l District
2026	University Town Center	76,471	Lake-S/O Freeway	Regional
2027	Lakeside Village	179,765	4-Lane Roadway	Comm'l District
2028	University Town Center	50,000	Temescal Cnyn	Neighborhood
2030	Alberhill Town Center	109,074	Lake-Nichols	Neighborhood
2032	Alberhill Town Center	109,074	Lake-Nichols	Neighborhood
2034	Alberhill Town Center	76,352	Lake-Nichols	Community
		<b>1,671,000</b>		

Source: Alberhill Villages Specific Plan; Alfred Gobar Associates

As shown above, a retail market focus characterizing each phase of retail development has been identified for purpose of this impact analysis. Absent conceptual site plans that identify the floor space configuration or a concerted tenant solicitation program that identifies a prospective store mix, it is necessary to characterize the composition of store group activities likely to compete with existing retail facilities for consumer sales support. A characteristic floor area mix describing the store-group activities associated with each distinct retail market focus is used as a comparison framework for this analysis. Characteristic store-group activities associated with each retail market focus has been previously identified (refer to Figure 3.7-Chapter III) based on the ULI-ICSC data series describing contemporary retail centers.

## Retail Demand-Supply Outlook

As noted above, the floor area supply of existing retail facilities seeking to capture sales support is projected to increase prior to and during the early phases of retail development within the Alberhill Villages. Similarly, retail demand driving consumer sales support and sales capture describing existing retail facilities is also expected to increase over the long-term timeframe that describes retail development within the Alberhill Villages. Component drivers used to simulate projected growth in trade area demand and supply are summarized below in comparison to precedent trends describing the California retail market as a whole.

**Figure 4.4**

**Historic & Projected Retail Demand-Supply Assumptions (Annual Rates)**

Reference & Selected Areas	Actual 2000-07	Actual 2007-09	Estimated 2009-11	Projected 2011-15	Projected 2015+
<b>California</b>					
Demand Drivers					
Consumer Population	1.1%	0.3%	0.7%	--	--
Sales Per Capita	1.5%	-10.7%	4.1%	--	--
Supply Drivers					
Overall Sales Capture	2.6%	-10.5%	4.8%	--	--
Sales Per Estab	-0.8%	-8.0%	3.0%	--	--
<b>Alberhill Trade Area</b>					
Demand Drivers					
Consumer Population	6.1%	0.8%	2.9%	2.4%	1.9%
Sales Per Capita	--	--	1.6%	2.1%	0.5%
Supply Drivers					
Overall Sales Capture	--	--	3.4%	1.1%	1.1%
Sales Per Estab	--	--	1.5%	1.1%	1.1%

Note: Overall sales capture reflects baseline projection for 2011 existing retail only. Future retail development occurring after 2011 effectively increases overall sales capture above indicated rate.

Indicated rates reflect projected "real" growth excluding the effect of inflation.

Source: SBOE; EDD; BLS 2009 Expenditure Survey; SCAG 2008 RTP; AGA

Historically, rapid population growth and appreciating home value throughout the Inland Empire has driven annual increases in per capita spending and overall sales capture at rates exceeding the State as a whole. Moving forward, the overheated retail environment that characterized much of the Inland Empire during the past decade is expected to be more reflective of spending capacity defined by household income growth. The annual rates identified above reflect projected "real" growth, meaning historic and future changes anticipated after adjusting for inflation.

From a demand standpoint, annual population growth describing the Alberhill Villages trade area is expected to reflect the precedent attraction of the Southwest Riverside County region (1.9% to 2.4% per year over the long term). As previously discussed, a recovery in retail spending throughout Riverside County has been lagging the recovery evident for the State as a whole moving out of the recession (2009 to 2011). A recovery in trade area per capita spending is anticipated over the mid-term (2012 to 2015) but at an annual rate (2.1% annually) that is significantly lower than has typified the Statewide recovery (4.1% annually) to date.

From a supply standpoint, the estimated annual increase in sales per establishment within the Alberhill Villages trade area (1.5% per year) has been lagging the corresponding rate describing the State as a whole (3.0% annually) moving out of the recession (2009 to 2001). Historically, sales per establishment describing most store-group activities have been declining over the past decade. As shown above, effective sales per establishment for the State overall declined at an average annual rate of 0.8% between 2000 and 2007, a period of rapid retail expansion and spending growth. For purpose of this analysis, it is assumed the long-term declining trend in same-store sales growth within the trade area is reversed, growing instead at a 1.1% annual rate in the future.

Retail growth assumptions used to describe the trade area reflect a conservative interpretation of the competitive retail environment that will characterize the area moving forward. The outlook of per capita consumer spending growth is lower than precedent performance describing the State overall, and the outlook for same-store sales growth (capture of trade area consumer potential) describing existing retail facilities is projected to reverse a long-term decline describing the retail industry. This conservative interpretation of consumer spending potential and existing retail sales performance effectively limits overall residual sales potential available to support retail development within the Alberhill Villages during any given year.

## Residual Potential and Competitive Shift

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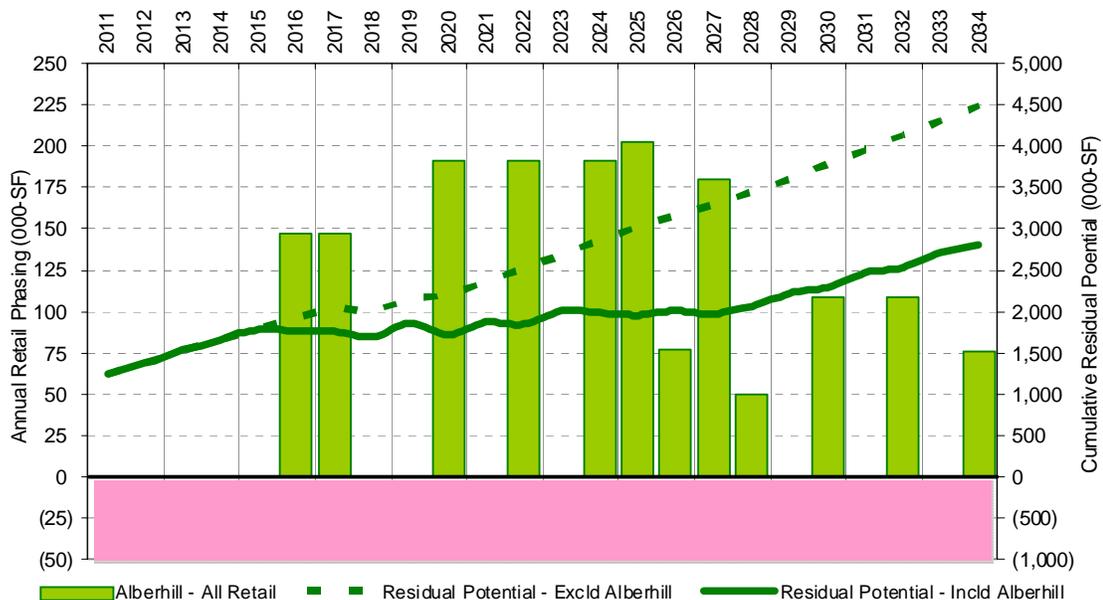
The net interaction of demand-supply dynamics results in a positive or negative level of residual consumer support indicating available potential for additional retail development within the Alberhill Villages. The net product of consumer sales support less existing retail sales capture is commonly described as a level of residual sales

potential that can be captured by new retail development without having to reduce sales within existing stores below a precedent level of performance. The analysis of residual market potential describing the trade area in 2011 identified about \$253.0 million in residual sales support representing enough potential for approximately 1.24 million square feet of additional retail building space hosting a diverse mix of store-group activities (refer to Figure 3.22-Chapter III). Because proposed retail development within the Alberhill Villages is defined in terms of aggregate floor space (1.67 million square feet), it is useful to illustrate the interaction of demand-supply dynamics summarized above in terms of the corresponding volume of retail floor space describing residual sales support or competitive sales shift.

### All Retail Combined

The long-term outlook of growth in trade area sales support, sales capture, and residual potential is illustrated below in terms of total floor space describing all unique retail store-group activities combined.

**Figure 4.5**  
**Simulated Impact Of Alberhill Retail on All Retail Potential**



Note: All Retail includes personal-recreation-leisure services but excludes automobile and gasoline sales potential.

Negative residual indicates likely sales shift and potential for retail impact

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

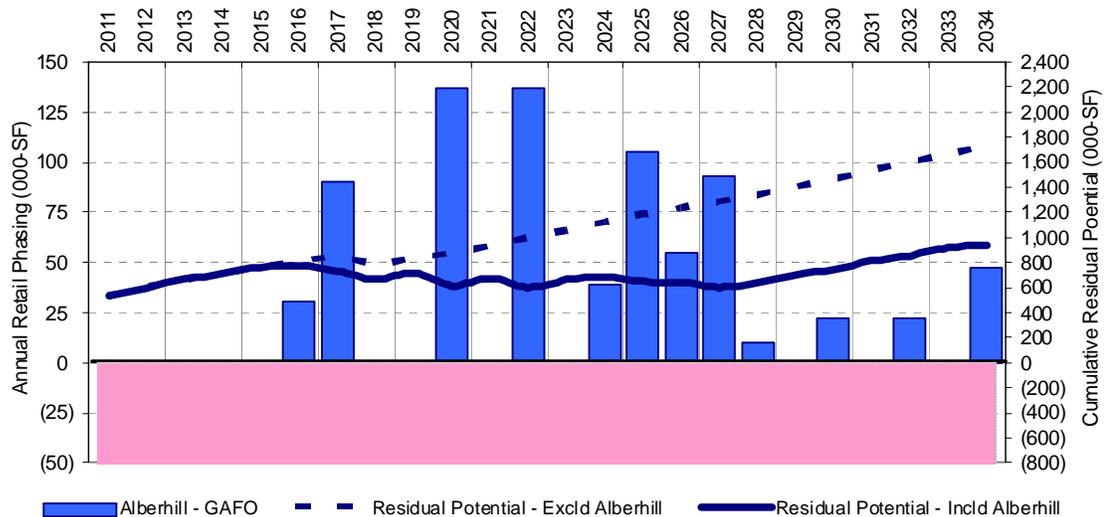
Identified above is year-to-year phasing of retail development within the Alberhill Villages (colored bars) and residual market potential (described in terms of

cumulative retail floor space that can be supported) absent the Alberhill Villages (dashed line) and after each phase of retail development (solid line). As shown by the solid line above, overall residual potential increases until such time as Alberhill Villages retail development begins (2016). Over the phasing period, enough growth in residual market potential is anticipated without a significant risk of inducing a competitive sales shift that is otherwise expected if a negative level of residual market potential is indicated.

Retailing is not a homogenous event, meaning demand for groceries is not the same as demand for clothing, though both are generally classified as a form of retail demand. To properly assess the competitive impact of the Alberhill Villages, it is also necessary to evaluate the potential impact by distinct store-group activities used to define retail development.

### GAFO Retail

**Figure 4.6**  
**Simulated Impact Of Alberhill Retail on GAFO Potential**



Note: Negative residual indicates likely sales shift and potential for retail impact

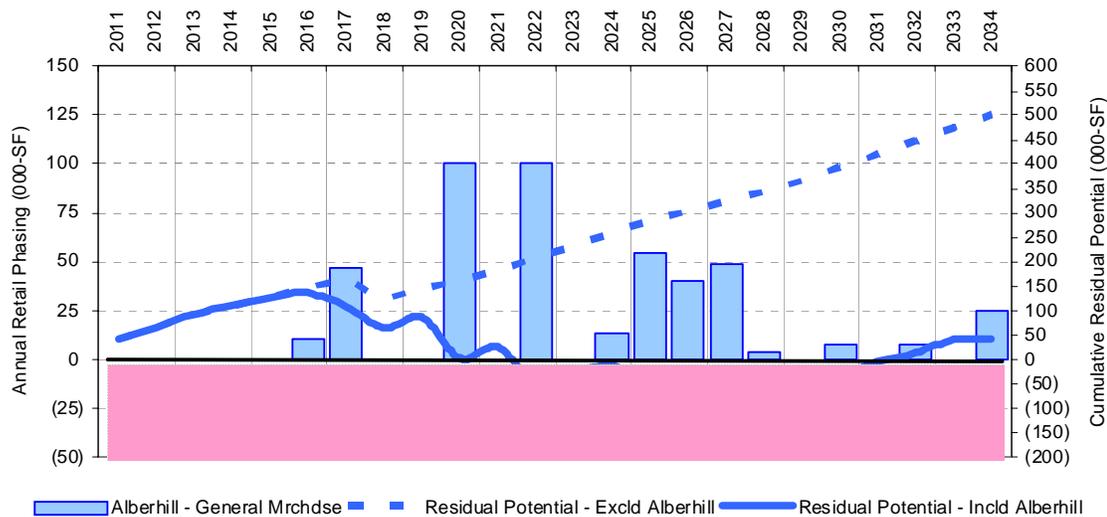
Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The same demand-supply interaction used to describe overall retail potential is illustrated above with respect to all GAFO store-group activities combined (general merchandising, apparel and shoes, furniture and home furnishings-electronics, and other specialty merchandise). The combined GAFO store-group represents an important component of consumer support (40% of sales demand) describing the

surrounding trade area. GAFO is used to describe core retailing activities associated with volume discount retailers such as Costco, Walmart, Target, etc., and more traditional department stores such as jcpenny, Sears, Macy's, etc. The combined GAFO store-group also accounts for roughly 60% to 80% of retail floor space occupied within community-oriented and regional-oriented retail centers. As shown above, projected growth in residual potential describing GAFO store-group activity is sufficient to support the probable volume store space (roughly 790,00 square feet) occupied by GAFO related store-group activity within the Alberhill Villages.

### General Merchandise Retail

**Figure 4.7**  
**Simulated Impact Of Alberhill Retail on General Mrchdse Potential**



Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

General merchandising accounts for more than 40% of consumer sales demand associated with all GAFO store-group activities combined. General merchandising is also the store-group activity most closely associated with price-variety, volume-discount, and traditional department store retailers. The above illustration shows sufficient residual potential exists to accommodate up to 180,000 square feet of general merchandising activity within the Alberhill Villages through 2021. The addition of another 100,000 square feet of general merchandising retail space in 2022 exceeds the available pool of residual support, resulting in negative residual potential (and associated sales shift) equal to approximately 52,000 square feet of general merchandising retail activity. By 2024, future growth in trade area demand nearly

offsets the shift in sales created two years previous. Between 2024 and 2027, scheduled phasing of retail development within the Alberhill Villages again begins another cycle of negative residual (and associated sales shift) equal to 92,000 square feet of general merchandising activity by 2027 before future growth in trade area demand finally offsets the induced shift in sales by 2032. The cycle of negative residual and associated sales shift illustrated above is quantified below in terms of total annual sales shift from all existing retailers, estimated sales shift as a share of existing retail store sales, and the equivalent amount of competitive floor space affected.

**Figure 4.8**  
**Estimated Sales Shift From Existing General Mrchdse Retailers**

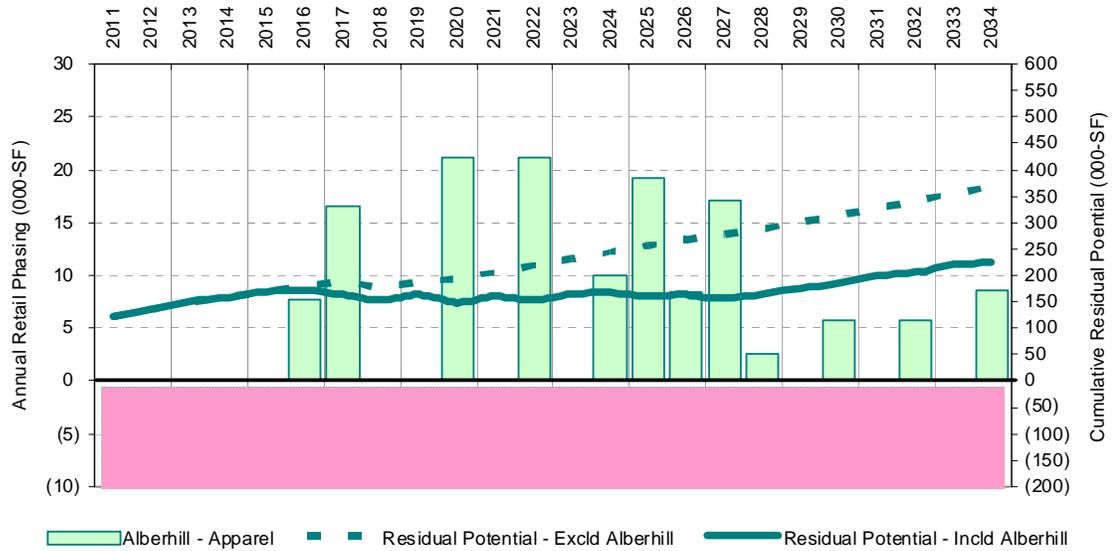
Sales Shift Assessment	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Sales Shift (\$000's)	(11,445)	(5,935)	(3,098)	(9,668)	(14,570)	(21,041)	(17,212)	(12,147)	(7,558)	(1,431)	2,997
Share of Existing Sales	-7.0%	-3.6%	-1.9%	-5.7%	-8.6%	-12.2%	-9.9%	-6.9%	-4.3%	-0.8%	--
Equiv. Space (000-SF)	(52)	(27)	(14)	(43)	(64)	(92)	(75)	(53)	(33)	(7)	13

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

A shift in sales between new and existing retailers reflects an inherent outcome of retail competition and by itself does not constitute an environmental impact. Whether the indicated shift represents a significant impact with realistic potential of bringing about the physical deterioration of existing retail facilities is addressed later.

## Apparel Retail

**Figure 4.9**  
**Simulated Impact Of Alberhill Retail on Apparel Potential**

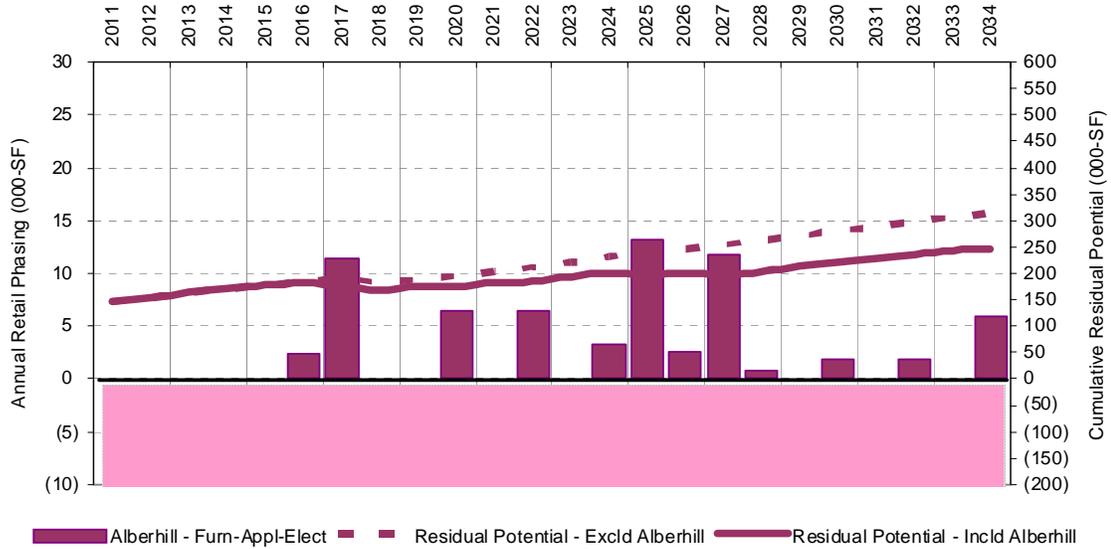


Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The apparel, shoes, and clothing accessories group generally accounts for 20% to 25% of consumer sales demand associated with all GAFO store-group activities combined. As shown above, projected growth in residual potential describing apparel store-group activity is sufficient to support the probable volume of store space occupied by these type establishments (roughly 145,000 square feet) within the Alberhill Villages over the long-term phasing period identified. The potential for a significant shift in sales from existing apparel retail establishments is remote.

## Furniture and Home Furnishings-Electronics Retail

**Figure 4.10**  
**Simulated Impact Of Alberhill Retail on Furn-AppI-Elect Potential**

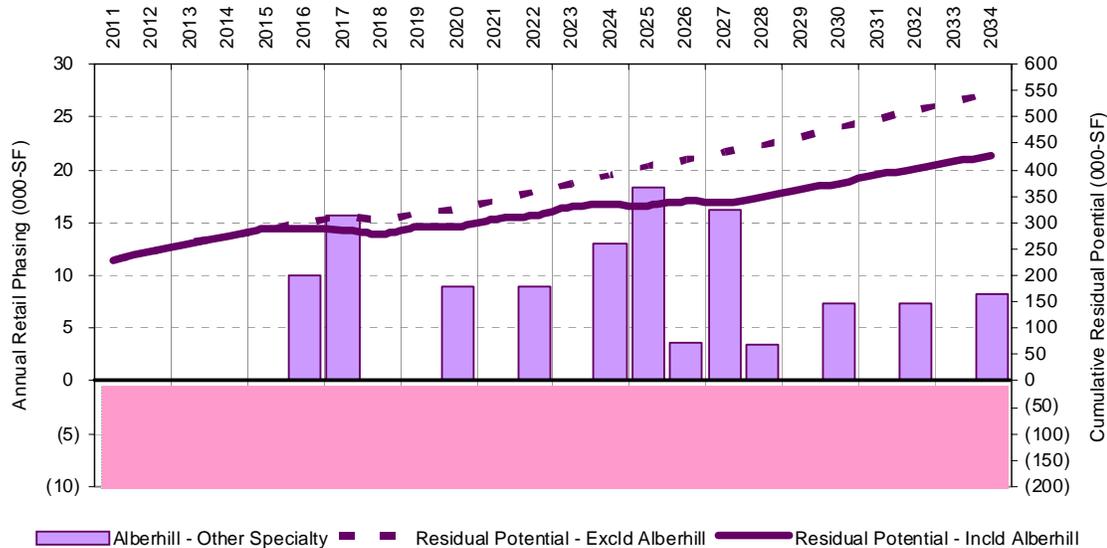


Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The furniture, home furnishings-electronics group generally account for 15% of consumer sales demand associated with all GAFO store-group activities combined. As shown above, projected growth in residual potential describing furniture store-group activity is sufficient to support the probable volume of store space occupied by these type establishments (roughly 70,000 square feet) within the Alberhill Villages. The potential for a significant shift in sales from existing furniture and home furnishings-electronics establishments is remote.

## Other Specialty Retail

**Figure 4.11**  
**Simulated Impact Of Alberhill Retail on Other Specialty Potential**



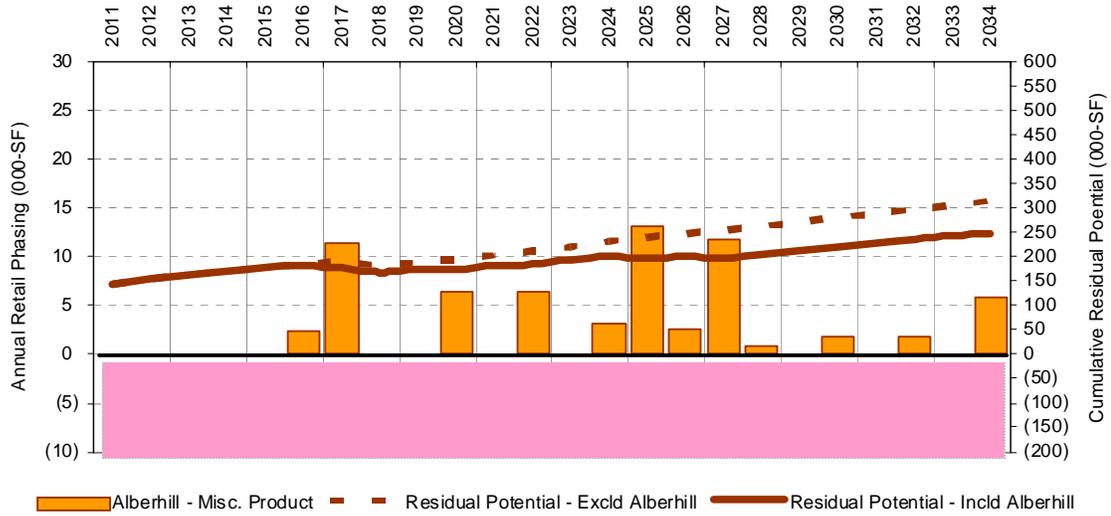
Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

Other specialty retail activity, such as toys, pets, hobbies, books, music, gifts, jewelry, etc., generally accounts for 20% of consumer sales demand associated with all GAFO store-group activities combined. As shown above, projected growth in residual potential describing specialty store-group activity is sufficient to support the probable volume of store space occupied by the type of establishments (roughly 120,000 square feet) within the Alberhill Villages. The potential for a significant shift in sales from existing specialty retail establishments is remote.

## Hardware and Building Materials Retail

The composition of existing trade area retailers is dominated by Home Depot and Lowe’s, the two largest national chain home improvement retailers. These two volume-discount chain store operations account for the vast majority of sales activity (roughly \$54 million in 2011) describing the surrounding trade area and, as such, projected phasing for this type store-group activity within the Alberhill Villages assumes a development focus that emphasizes more traditional style hardware and garden supply stores that rarely occupy more than 15,000 square feet of contiguous building space.

**Figure 4.12**  
**Simulated Impact Of Alberhill Retail on Hardware & Bldg Mat Potential**



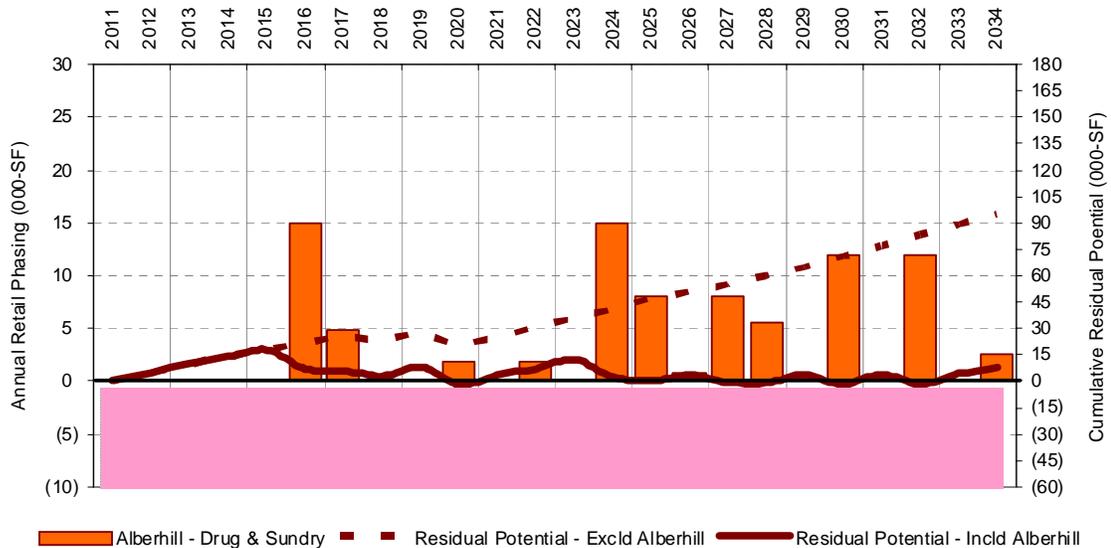
Note: Negative residual indicates likely sales shift and potential for retail impact

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

Projected growth in residual potential describing the hardware and building materials store-group indicates the potential for a significant shift in sales from existing hardware and building material (home improvement) establishments is remote.

### Drug and Sundry Retail

**Figure 4.13**  
**Simulated Impact Of Alberhill Retail on Drug & Sundry Potential**



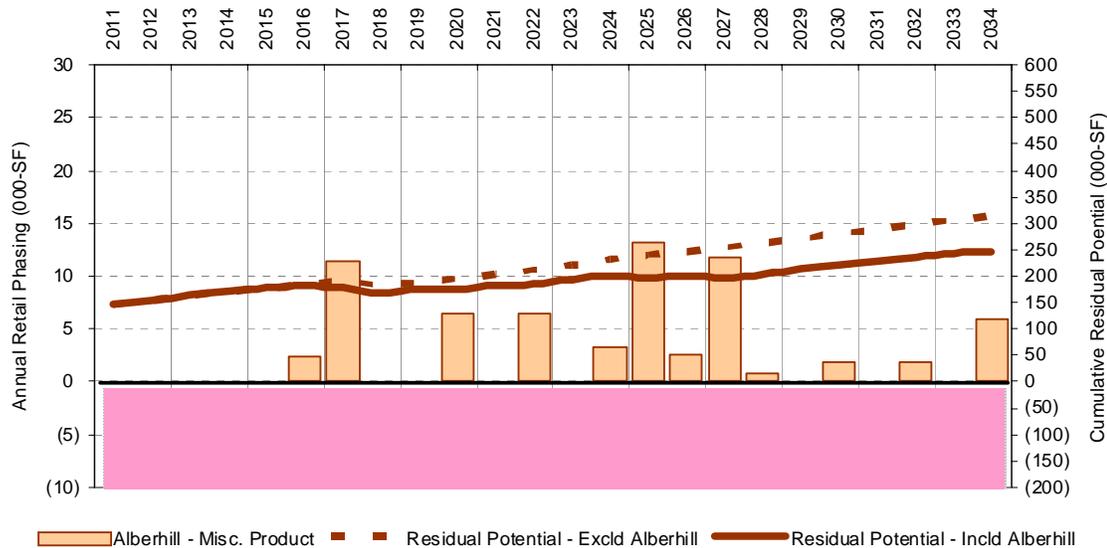
Note: Negative residual indicates likely sales shift and potential for retail impact

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

As shown above, projected growth in residual potential describing the drug and sundry store-group is sufficient to support the probable volume drug store space (roughly 90,000 square feet) that will be represented within the Alberhill Villages. Technically, the projected phasing of retail development within the Alberhill Villages results in a minimum amount of negative residual potential initially in Year 2020 and intermittently between 2027 and 2032. In any given year, the indicated negative residual represents less than 1.0% of total sales describing existing drug store facilities. The potential for a significant shift in sales from existing drug and sundry retail establishments is remote.

### Miscellaneous Products Retail

**Figure 4.14**  
**Simulated Impact Of Alberhill Retail on Misc. Product Potential**

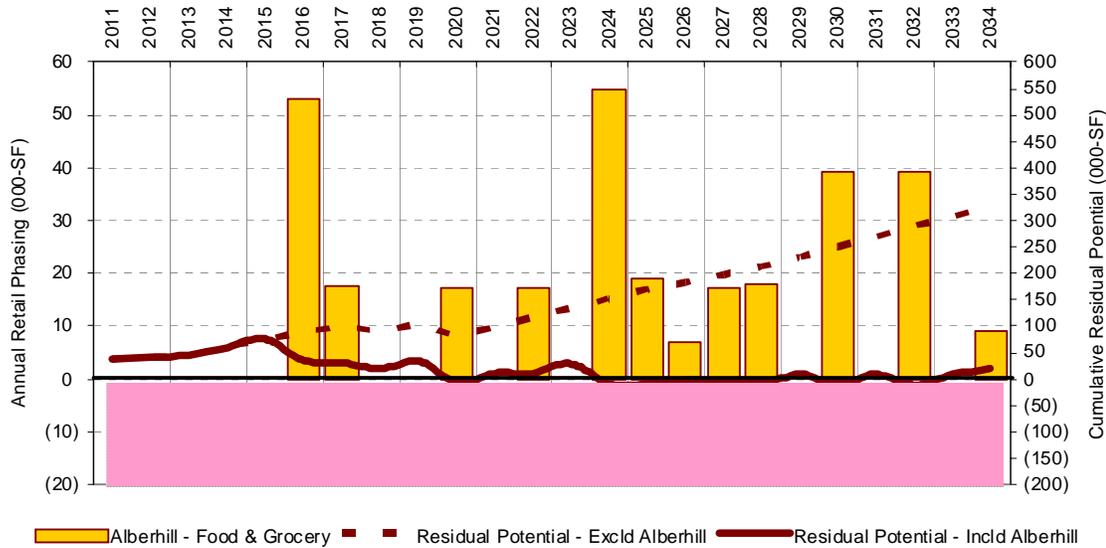


Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The miscellaneous products store-group reflects a mixed bag of retail operations not readily classified in other store group categories. The eclectic mix of miscellaneous product includes establishments that sell office supplies, tobacco, art, lawnmowers, trailers, fuel and ice, motorcycles, used merchandise, etc. As shown above, projected growth in residual potential describing the miscellaneous store-group is sufficient to support the probable volume of space occupied by these type establishments (roughly 70,000 square feet) within the Alberhill Villages. The potential for a significant shift in sales from similar existing establishments is remote.

## Food and Grocery Retail

**Figure 4.15**  
**Simulated Impact Of Alberhill Retail on Food & Grocery Potential**



Note: Negative residual indicates likely sales shift and potential for retail impact

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

As shown above, projected growth in residual potential describing the food and grocery store-group is generally sufficient to support the projected volume of retail space (roughly 310,000 square feet) occupied by food stores within the Alberhill Villages. As shown above, a single year of negative residual potential is projected to occur in 2020 but is offset by anticipated growth in trade area demand in the following year. For much of the last 10 years of simulated development phasing, the amount of floor space occupied by food and grocery stores effectively offsets anticipated growth in retail demand, which results in negative residual potential as summarized below:

**Figure 4.16**  
**Estimated Sales Shift From Existing Food & Grocery Retailers**

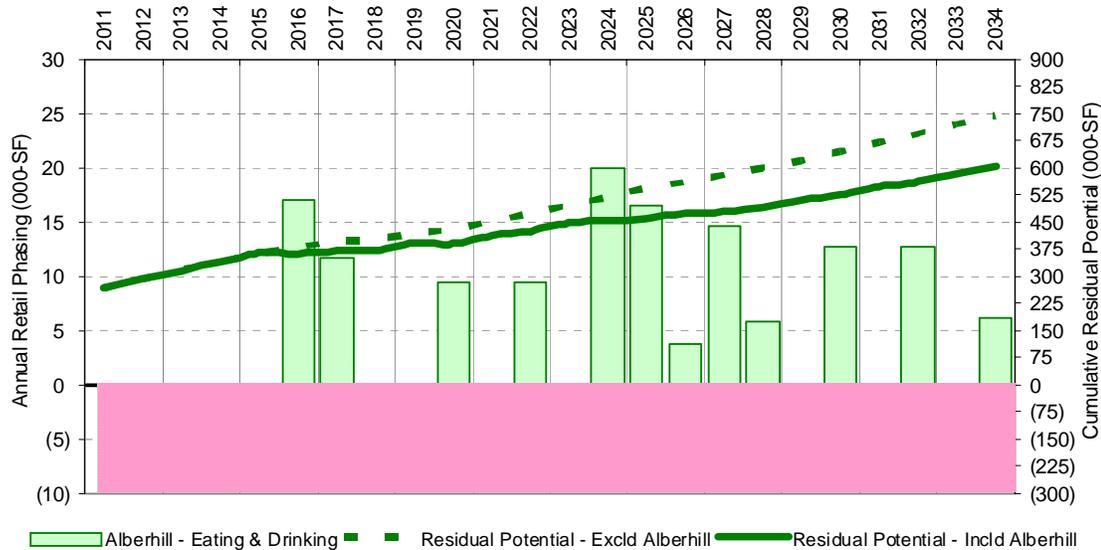
Sales Shift Assessment	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sales Shift (\$000's)	(8,009)	(8,603)	(6,050)	(7,054)	(8,560)	(2,269)	(10,390)	(2,845)	(11,415)	(3,713)	508
Share of Existing Sales	-3.5%	-3.7%	-2.6%	-3.0%	-3.6%	-0.9%	-4.3%	-1.2%	-4.6%	-1.5%	--
Equiv. Space (000-SF)	(8)	(9)	(3)	(5)	(8)	9	(10)	8	(11)	8	19

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

Whether or not the indicated level of negative residual potential (and associated sales shift) poses a serious risk for the physical deterioration of existing retail facilities is addressed later in this analysis.

## Eating and Drinking Retail

**Figure 4.17**  
**Simulated Impact Of Alberhill Retail on Eating & Drinking Potential**



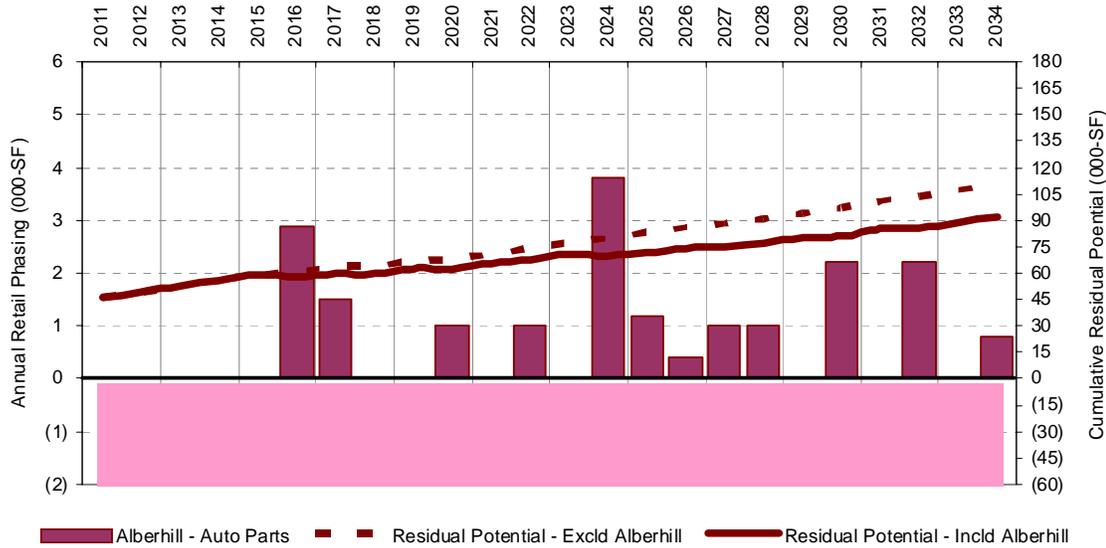
Note: Negative residual indicates likely sales shift and potential for retail impact  
 Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

The eating and drinking store-group is most commonly recognized to include full-service and limited-service restaurants but also includes snack and beverage shops (Starbucks, Baskin Robbins, Winchell’s Donuts, etc.) and drinking establishments. As shown above, projected growth in residual potential describing the eating and drinking store-group is sufficient to support the probable volume of space occupied by these type establishments (roughly 140,000 square feet) within the Alberhill Villages. The potential for a significant shift in sales from similar existing establishments is remote.

## Automotive Parts and Supply Retail

Automotive parts and supply stores are commonly grouped with automobile sales establishments but account for a significant share of taxable sales activity on their own (about 15% of automotive sales in Riverside County). As shown below, projected growth in residual potential describing the auto parts and supply store-group is sufficient to support the probable volume of space occupied by these type establishments (roughly 20,000 square feet) within the Alberhill Villages. The potential for a significant shift in sales from similar existing establishments is remote.

**Figure 4.18**  
**Simulated Impact Of Alberhill Retail on Auto Parts Potential**



Note: Negative residual indicates likely sales shift and potential for retail impact

Source: Alberhill Villages DEIR; City of Elsinore Planning Department; Alfred Gobar Associates

## Retail Resiliency and Risk of Business Failure

The above assessment of residual potential and competitive shift serves to determine if enough residual retail potential remains in any given year to support the volume of retail development envisioned within the Alberhill Villages. If the residual level of retail support is lacking then negative residual potential can be anticipated, which increases the risk that new retail development within the Alberhill Villages will shift sales away from existing retailers in order to operate successfully. A competitive shift is sales results in a corresponding drop in sales per establishment describing existing retail operations. The magnitude of the sales shift strongly influences the extent of the competitive impact that can be expected to affect existing retail facilities. The above assessment of potential sales shift addresses the first sequence order of events (sales shift and sales decline at existing retailers) that could potentially lead to a significant environmental impact in the form of physical deterioration. Whether or not the indicated sales shift increases the risk of widespread business failure depends on the precedent resiliency of existing area retailers. This component of the analysis assesses the risk of widespread business failure among store-groups affected by the indicated shift in sales activity.

The specific risk of business failure for an individual business that can be attributed to a shift in sales cannot be objectively determined using publicly available data. The capacity of individual merchandisers to withstand a reduction in sales depends on a multitude of factors besides the reduction in sales itself. Factors that affect an individual retailer's ability to weather sales fluctuations include, but are not limited to, business solvency, operating overhead, turnover of sales inventory, store location, promotional and merchandising prowess, available financial reserves, and a host of other operating considerations. Objectively evaluating the economic impact of a sales reduction on an individual business involves the review and assessment of confidential accounting information that cannot be readily obtained from business operators themselves or legally disclosed in a public document such as an EIR. This study seeks to determine whether the expected shift in sales and corresponding decrease in sales per existing establishment places retailers within distinct store-groups at significant risk of widespread business failure leading to retail vacancies.

Exhibit IV-1 identifies year-to-year growth and decline in sales per establishment, number of establishments, and overall retail sales describing the resiliency of existing retail establishments within selected store-groups. Due to the long-term timeframe of development within the Alberhill Villages, the resiliency of existing retailers is identified over a 19-year period, described in terms of 2009 constant dollars (inflation adjusted), and includes Lake Elsinore and the three nearest cities surrounding the relevant Alberhill Villages trade area. The trends identified in Exhibit IV-1 provide an empirical look at how periodic declines in sales per establishment have affected the supply of establishments seeking to compete for consumer support in the surrounding area. Identified fluctuations in sales per establishment reflect operating challenges and opportunities facing individual retailers. As such, these trends serve as a good indicator of the resiliency of existing retailers including their willingness to continue competing for sales support and their ability to overcome sales declines.

Only three distinct store-group activities are projected to be at significant risk of a competitive sales shift associated with a negative level of residual retail potential (refer to Figure 4.7 – General Merchandise, Figure 4.13 – Drug and Sundry, and Figure 4.15 – Food and Grocery). The extent to which a projected shift in sales poses a significant risk of widespread business failure among store-group retailers is discussed below.

## General Merchandise Retail

Existing general merchandise retailers are projected to experience a shift in sales ranging from 0.8% to 12.2% of total annual sales over a 10-year portion of the long term phasing period envisioned for the Alberhill Villages (refer to Figure 4.8). As a matter of reference, an 8.33% sales shift is the same as a one-month loss in annual sales activity. Precedent increases and declines in sales per establishment indicate existing general merchandise retailers in the area represent a very resilient group of competitors. Between 1991 and 1993 (refer to Exhibit IV-1), effective sales per establishment declined substantially (nearly 49% in three years) despite an increase in overall sales activity (nearly 16% in three years) due to a large increase in supply of retailers (over 80% in three years) entering the area to compete for sales support. Two years following the earlier surge in supply of retailers (1995), the total number of retailers dipped again by 6%. In 1996 and 1997, effective sales per establishment again declined (28% in two years) despite an increase in overall sales (nearly 17% in two years), due to a sharp increase in number of competing retailers (nearly 60% in two years). The sharp increase in retailers was followed the next year by a drop in the supply of retailers (nearly 11% decline in 1998) despite a rise in overall sales (7% in 1998). The one-year (1998) decline in supply of retailers was then offset the following year by another increase (12% in 1999), fueled by an increase in overall sales (10% in 1999). In 2003 and 2004, an influx of competing retailers again lead to a decline in effective sales per establishment despite increases in overall sales activity but did not trigger an associated decline in number of retailers during the following two years (2005 and 2006) as overall sales activity continued to increase.

Most recently, an influx of competing general merchandise retailers between 2006 and 2008 (nearly a 32% increase in three years) drove down effective sales per establishment by nearly 16% in 2007 and by 29% over the three-year period. In contrast to previous competitive retail cycles, the area suffered three consecutive years of decline in total sales (over 11% from 2007 to 2009) leading to a sharp decline in supply of retailers (nearly 32% decline in 2009) but corresponding jump in effective sales per establishment (nearly 43% in 2009). Quarterly data releases from the SBOE indicate overall retail sales activity increased in 2010. Similarly, the projected growth outlook is that overall sales activity in the trade area will continue to

experience positive growth, characteristic of the long-term trend of positive growth during 15 of the last 19 years evaluated.

Precedent trends describing the resiliency of general merchandise retailers identifies repeating cycles of influx and departure describing the existing supply of retailers seeking to compete for sales support from trade area consumers. The departure of an existing retailer is synonymous with a business failure. As precedent trends indicate, periodic incidences of widespread business departure (a net reduction in supply of retailers) is integral to the competitive dynamics of retailing, even during periods of overall sales growth (refer to Exhibit IV-1). Precedent trends also show that a periodic decline in supply of competing establishments is generally preceded by an influx of new competitors (an event associated with new retail development in the Alberhill Villages). Periodic declines in the supply of surrounding area retailers, however, have been consistently offset by an influx of new competitors within one to two years following the decline, particularly when overall sales activity is growing. Existing retailers have demonstrated the ability to withstand a minimum 28% decline in total sales (1996 and 1997) before triggering a one-year decline in the supply of competing retailers (1998). By comparison, existing retailers have also demonstrated the ability to withstand a 49% decline in sales (1991 to 1993) before eventually triggering a one-year decline in supply of competing retailers (1995).

The level of general merchandise sales shift attributed to the Alberhill Villages fluctuates from year-to-year based on the phasing of development but can represent a 6% average drop in sales (ranging from 0.8% to 12.2% decline) per establishment during any given year of decline (refer to Figure 4.8). By comparison, sales per general merchandise establishment has represented an 11.5% average drop in sales (ranging from 1.6% to 27.7% decline) per establishment in 11 out of the 19 years evaluated (refer to Exhibit IV-1). The projected shift in sales from existing retailers that can be directly attributed to Alberhill Villages retail development in any given year is roughly half the decline in sales per establishment describing precedent performance within the surrounding area. Retail development within the Alberhill Villages is not expected to increase the risk of widespread business failure among general merchandise establishments beyond conditions that currently describe the competing area.

## **Drug and Sundry Retail**

Existing drug and sundry retailers are projected to experience a negligible level of sales shift (less than 1.0% of total annual sales) on a periodic basis as the Alberhill Villages develops over multiple phases. At the city level, trends that describe the resiliency of existing area drug and sundry stores are not reported separately from the broader general merchandise store-group due to SBOE data reporting limits. Precedent trends used to describe the resiliency of existing drug and sundry stores are, therefore, based on broader County level trends. Regardless, the projected decline in existing drug and sundry store sales attributed to the Alberhill Villages ranges from 0.1% to 1.1% in only 4 out of 20 years describing phased retail development. Precedent trends describing Riverside County (refer to Exhibit IV-1) indicate that during periods of growth in overall sales activity, a net decline in the supply of competing retailers will not be triggered until existing retailers incur a nearly 13% decline in sales (2% decline in establishments during 2007). In years when total sales are in decline, the potential exists for a decline in the supply of competing establishments without a preceding decline in sales per establishment (7% decline in 1996). Moving forward, however, an absolute decline in total retail sales activity is not projected for the drug and sundry store group. Retail development within the Alberhill Villages is not expected to increase the risk of widespread business failure among drug and sundry establishments beyond conditions that currently describe the competing area.

## **Food and Grocery Retail**

Existing food and grocery retailers are projected to experience a shift in sales ranging from 0.9% to 4.6% of total annual sales over a 10-year portion of the development phasing period (refer to Figure 4.16). Precedent trends that describe increases and decreases in sales per establishment (refer to Exhibit IV-1) underscore the resiliency of existing food and grocery retailers. Existing retailers have incurred more than an 8% average drop in sales (ranging from 1.8% to 21.0% decline) per establishment in 9 out of the 19 years evaluated. Despite periodic and significant declines in sales per establishment, the overall number of retailers seeking to compete for consumer sales support has increased by 4.3% annually during the past 19 years. During periods of overall growth in total sales activity, a net decline in the existing supply of retailers is not triggered until existing retailers incur a minimum 16% decline in sales per

establishment. By comparison, a 2% decline in sales per establishment can be enough to trigger a one-year decline in the supply of existing retailers during or following years there is an absolute decline in total sales activity. Moving forward, however, an absolute decline in total retail sales activity is not projected for the food and grocery store group. Finally, between 2007 and 2009, total absolute sales activity declined by more than 16%, but the overall supply of competing retailers increased by nearly 11% over the same period, while sales per establishment decreased by more than 24%. Retailers have demonstrated a strong ability and willingness to serve surrounding area demand for food and grocery products in the face of increased competition and declining sales per establishment. Retail development within the Alberhill Villages is not expected to increase the risk of widespread business failure among food and grocery establishments beyond conditions that currently describe the competing area.

### Risk of Protracted Vacancy

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The above assessment of sales shift and existing retailer resiliency indicates retail development within the Alberhill Villages does not pose a significant risk of causing widespread business failure and attendant vacancy. Such a determination is not the same as concluding no existing retailers will suffer business failure after a given phase of retail development within the Alberhill Villages is completed and occupied. As indicated above, the competitive trade area is characterized by recurring cycles of business influx and business departure describing the existing supply of retailers. In any given year, some level of business failure and attendant vacancy is to be expected, whether or not retail development occurs within the Alberhill Villages.

Over the near-term (next one to two years), some area retailers are likely to fail as the industry seeks to recover from the latest recession which drove down total sales for nearly all forms of retail activity between 2007 and 2009. Over the long term, competitive trends that have placed downward pressure on sales per establishment (refer to Exhibit IV-1) can be expected to continue, thereby increasing the risk of failure among retailers who are unable to improve merchandising efficiencies or differentiate store products and services from surrounding area competitors. Since 1990, constant dollar (inflation adjusted) sales per establishment have been on the decline among existing general merchandise retailers (-0.6% annual decline), existing

drug and sundry retailers (-1.8% annual decline), and existing food and grocery retailers (-2.3% annual decline). The downward trend in sales per establishment can be attributed to the relative attraction of the surrounding area, which has increased the supply of competing retailers at a pace that exceeds the corresponding increase in total sales activity.

Barring the ability to evaluate confidential data pertaining to each of the 620 retail merchandising locations audited in the trade area (refer to Figure 3.20-Chapter III), it must be acknowledged that some possibility exists that one or more of the existing retailers in the trade area could fail due to a temporary reduction in sales associated with the Alberhill Villages. The prospect that an isolated incidence of business failure may occur sometime after retail development within the Alberhill Villages begins in 2016 reflects a much more likely outcome than widespread business failure driving an overall reduction in the number of trade area competitors. Whether or not such a business failure leads to storefront vacancy over a protracted period depends on the outlook of future market growth.

Identified below is the maximum vacancy risk and minimum residual retail potential that remains for distinct store-group activities after first accounting for sale capture by existing retail storefronts audited in 2011 (2.26 million square feet), future trade area retail not a part of the Alberhill Villages (0.42 million square feet), and envisioned retail development within the Alberhill Villages (1.67 million square feet). The indicated level of maximum vacancy risk describes the equivalent amount of retail floor space associated with a potential shift in sales from existing retailers to Alberhill Villages retail in any given year during the reference period. Minimum residual potential describes the equivalent amount of retail floor space that can be supported in any given year by future growth in consumer spending not captured by existing trade area retail establishments or by future retail development within the Alberhill Villages. As indicated below, the volume of additional retail floor space that can be supported by future growth in trade area retail potential far exceeds the maximum volume of existing retail space that is at risk of becoming vacant if any sales shift attributed to Alberhill Villages leads to business failure. In effect, there is negligible risk that future retail potential captured by retail activity within Alberhill Villages will result in protracted vacancy within existing retail facilities given the projected level of opportunity available to occupy vacated space with a replacement retail activity.

**Figure 39**  
**Vacant Floor Space Replacement Potential - Impacted Retail Facilities**

Retail Store-Group Activity	Ref Period 2015 - 2019	Ref Period 2020 - 2024	Ref Period 2025 - 2029	Ref Period 2030 - 2034
<b>Maximum Vacancy Risk</b>	<b>0</b>	<b>-51,950</b>	<b>-98,250</b>	<b>-44,050</b>
<b>Minimum Residual Potential</b>				
GAFO Retail Activity	663,050	614,700	685,800	780,000
<i>General Merchandising</i>	63,850	--	--	--
<i>Apparel &amp; Accessories</i>	152,700	148,600	156,800	184,500
<i>Furniture &amp; Hshld Elect.</i>	168,200	174,700	196,800	220,900
<i>Specialty Retail</i>	278,300	291,400	332,200	374,600
Hardware & Bldg Materials	55,000	75,600	112,800	146,300
Drug & Sundries	3,100	--	--	--
Misc-Other Retail	171,200	177,000	194,800	217,200
Food & Groceries	19,300	--	--	--
Eating & Drinking	363,900	390,700	460,700	524,700
Auto Parts & Accsy	58,100	62,600	71,600	81,000
<b>Retail - (Excl'd Auto/Fuel)</b>	<b>1,333,650</b>	<b>1,320,600</b>	<b>1,525,700</b>	<b>1,749,200</b>

Note:

Maximum vacancy risk identifies maximum amount of retail floor space in any given year indicated by the reduction in annual sales at existing retailers attributed to a potential sales shift to Alberhill Villages retail. Minimum residual potential identifies minimum potential available in any given year after accounting for sales capture by 2011 existing retail, future retail in other trade area locations, and the Alberhill Villages.

Source: Alfred Gobar Associates

## Cumulative Effect of Retail Development

The above analysis has focused on the direct impact that can be attributed to 1.67 million square feet of retail space envisioned for development over the next 24 years. In addition to retail envisioned within the Alberhill Villages, other prospective retail development programs have been identified that are progressing toward material development over the next three to five years (refer to Figure 4.1). These other retail projects represent approximately 0.42 million square feet of additional retail space. On a combined basis, recognized retail facilities envisioned within the Alberhill Villages and in other locations of the surrounding trade area represent roughly 2.1 million square feet of future retail development that may have a cumulative environmental impact on existing retail facilities in the form of significant physical deterioration of building and site improvements.

Retail facilities envisioned within the Alberhill Villages account for 80% of cumulative retail development that can be reasonably anticipated based on site-specific

conceptual planning and related progress toward material development. The remaining 20% of retail facilities in the surrounding area that are expected to contribute to cumulative retail development have already been accounted for (treated as existing retail facilities) in assessing the potential risk of sales shift, business failure, and protracted vacancy attributed to the Alberhill Villages. The 2.1 million square feet of future retail development would pose a risk of creating a cumulative environmental impact on current 2011 existing retail facilities (roughly 2.8 million square feet) if the cumulative increase in retail space exceeded the projected cumulative increase in trade area retail potential, meaning no residual opportunity would remain to occupy vacated space with a replacement retail activity. The above assessment of protracted vacancy risk (which takes into account cumulative retail development), however, shows that significant residual retail potential can be anticipated (refer to Figure 4.19) and minimizes the risk existing retail facilities will suffer protracted vacancy leading to significant physical deterioration of building and site improvements.

## Environmental Impact of Alberhill Villages Retail

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The Alberhill Villages retail has been evaluated extensively in terms of economic impacts likely to result from its phased development over the next 24 years. This section addresses the corresponding environmental impact that can be anticipated in the form of significant physical deterioration commonly referred to as “Blight” or “Urban Decay.” For purpose of this analysis, “Blight” is defined as physical conditions brought on by prolonged vacancy that include, but are not limited to, the deterioration of buildings and parking lots that create a haven for litter, graffiti, vandalism, loitering, and homeless populations. Some clearly visible manifestations of blight include plywood-boarded doors and windows; long-term unauthorized parking and abandoned vehicles; broken glass and debris littering the site; severely-eroded parking surfaces and broken parking-circulation barriers; dead trees and shrubs accompanied by weeds; substantial lack of building maintenance; graffiti and evidence of gang and other illicit activity; homeless encampments; and unsightly fencing used to cordon off buildings and storefront entrances.

Prolonged vacancy is a condition that significantly contributes to blight because it creates financial conditions, including protracted periods without rental income, that

diminish property owner incentives to maintain vacant space. Property owners are more likely to provide regular upkeep in and around small amounts of vacant space over extended periods (such as in-line storefront) because adjoining tenants continue to generate rental income and demand a commensurate level of maintenance. Property owners also have a strong incentive to maintain property while actively marketing space to prospective tenants in order to attract interest. Property owner incentives to maintain property improvements are significantly challenged when a substantial portion of rental space remains vacant significantly longer than is customarily required to find a replacement tenant.

The physical effects of blight can spread beyond the initial vacated space, first to adjoining space within the same center or location, and subsequently to adjacent retail properties. It is the spread of blight that can have a reverberating effect in a neighborhood by contributing to shopper avoidance of the impacted center, which further diminishes the appeal of remaining tenants and contributes to the perception that the property is no longer a viable retail venue. The risk that a prolonged vacancy will fuel the spread of blight is influenced by the amount of vacated space and period of vacancy, but also the anchoring effect of the vacated space. If remaining retail tenants are highly dependent on shopper traffic previously generated by the vacated storefront, a prolonged vacancy may significantly increase the risk of store closings in adjacent space and corresponding downward cycle that ultimately causes shoppers to avoid the center in favor of another retail location.

The blight process generally takes several years to materialize because property owners typically seek to remedy the loss of rental income by actively marketing space to prospective replacement tenants and maintaining a functional setting for remaining tenants before ultimately choosing to forego property maintenance expense. Property owners are reluctant to forego the care and maintenance of a property because the re-sale or liquidation value of a property holding is affected by the physical condition of improvements. Financial conditions that contribute to blight can be exacerbated by broader economic decline that may impact an entire market region. Significant blight, however, is not the result of a single property standing vacant over a one- to two-year period in an otherwise attractive market setting that characterizes the Alberhill Villages trade area.

In determining whether or not Alberhill Villages retail will cause a significant environmental impact in the form of blight, an extensive analysis was conducted of the probable chain of economic and physical events likely to occur during the long-term schedule of development phasing. The analysis included a determination of the sales impact directly attributed to phased retail development (sales shift) and likely ability to recover from a reduction in sales per establishment based on precedent trends describing existing retailers (retailer resiliency). The analysis also determined if selected retail store-groups are at unprecedented risk of suffering a significant number of store closings (widespread business failure). Future retail potential was then evaluated to determine the residual level of sales support (described in terms of retail floor space potential) that will remain available in the trade area to re-occupy any vacated retail space with replacement or alternate retail tenants.

The economic analysis indicates that periodic and precedent declines in sales per establishment experienced by existing retailers rivals or greatly exceeds the corresponding sales impact attributed to the Alberhill Villages retail. The economic analysis indicates existing retailers represent an efficient group of merchandisers (as suggested by a net inflow of sales support to City of Lake Elsinore retailers that exceeds support potential associated with the resident population), and a resilient group of competitors (as evidenced by consistent increases in the number of establishments willing to compete for consumer support). These factors provide a strong indication there is negligible potential for widespread business failure resulting from retail development within the Alberhill Villages.

The economic analysis acknowledges that the possibility remains for one or more existing retailers to suffer a business failure, and that such business failure can be anticipated to result from competitive dynamics that describe existing retailers or from a potential shift in sales attributed directly to retail development within the Alberhill Villages. The economic analysis has determined, however, there is negligible risk business failures will result in protracted vacancy of existing storefronts because the volume of retail floor space that can be supported with projected growth in the trade area population and consumer spending substantially exceeds planned retail development within the Alberhill Villages and in other locations of the trade area. Proposed retail development with the Alberhill Villages can be expected to have a quantifiable economic impact that affects many existing retailers throughout the

surrounding trade area, but no significant environmental impact is expected in the form of blight.

**EXHIBIT IV-1  
YEAR-TO-YEAR GROWTH AND DECLINE IN SALES AND ESTABLISHMENT PERMITS - CONSTANT DOLLAR TRENDS  
WITHIN FOUR-CITY AREA SURROUNDING ALBERHILL VILLAGES, CALIFORNIA**

Retail Store-Group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	1990-09 CAGR	1990-99 CAGR	2000-09 CAGR
<b>4-City Population Growth</b>	8.0%	6.5%	4.0%	3.2%	3.2%	3.6%	4.7%	5.4%	18.3%	15.5%	4.4%	7.2%	8.4%	5.8%	4.4%	4.4%	3.3%	1.9%	1.3%	5.9%	6.2%	4.5%
<b>GAFO Related Retail Activity</b>																						
Sales Per Estab	-6.5%	-12.6%	-24.1%	13.9%	13.7%	-0.7%	-20.3%	13.7%	-3.4%	17.9%	16.3%	3.2%	0.2%	-11.4%	3.8%	-3.3%	-13.1%	-10.3%	32.7%	-0.5%	-3.9%	1.1%
Number of Estabs	9.4%	20.1%	6.8%	21.4%	0.2%	-1.3%	15.1%	4.0%	17.8%	5.1%	8.2%	8.8%	6.0%	24.9%	15.3%	4.9%	-5.8%	0.3%	-2.2%	8.0%	10.1%	6.4%
Taxable Retail Sales	-0.5%	10.4%	3.9%	29.1%	10.8%	4.6%	9.9%	6.0%	7.9%	7.5%	27.9%	12.1%	16.9%	16.5%	7.7%	7.9%	-7.9%	-12.3%	-3.6%	7.7%	8.9%	6.5%
<b>General Merchandise</b>																						
Sales Per Estab	-6.9%	-14.6%	-27.7%	15.0%	14.7%	-2.9%	-25.2%	20.1%	-1.6%	23.1%	18.0%	3.5%	-3.9%	-14.9%	6.9%	-3.9%	-15.8%	-9.3%	42.9%	-0.6%	-4.7%	1.3%
Number of Estabs	0.0%	37.5%	45.5%	2.1%	-6.1%	2.2%	57.4%	-10.8%	12.1%	-6.8%	13.0%	12.8%	13.6%	29.0%	1.6%	13.0%	14.2%	4.7%	-31.6%	8.9%	13.3%	6.4%
Taxable Retail Sales	-6.9%	17.4%	5.2%	17.4%	7.6%	-0.8%	17.7%	7.1%	10.3%	14.7%	33.3%	16.7%	9.2%	9.8%	8.6%	8.6%	-3.9%	-5.0%	-2.3%	8.3%	8.0%	7.8%
<b>Apparel &amp; Accsy</b>																						
Sales Per Estab	17.3%	20.4%	-3.1%	-4.1%	8.1%	8.2%	4.2%	-11.2%	-16.5%	-11.5%	-3.6%	-1.3%	57.6%	-5.8%	-6.7%	4.0%	-2.1%	-26.9%	-2.5%	0.0%	1.9%	-0.5%
Number of Estabs	9.8%	47.8%	14.1%	27.4%	-4.2%	0.0%	1.4%	10.7%	8.4%	7.1%	8.3%	9.2%	8.9%	18.5%	19.6%	11.2%	10.9%	11.8%	0.9%	11.2%	11.9%	10.9%
Taxable Retail Sales	28.8%	77.9%	10.6%	22.2%	3.6%	8.2%	5.8%	-1.7%	-9.5%	-5.2%	4.5%	7.8%	71.7%	11.7%	11.6%	15.7%	8.7%	-18.3%	-1.6%	11.2%	14.1%	10.4%
<b>Hshld Furn-Elect-Appl</b>																						
Sales Per Estab	-23.1%	-4.8%	-10.3%	26.2%	6.4%	9.6%	1.3%	-4.0%	-2.6%	7.6%	9.6%	8.2%	7.9%	22.7%	-7.7%	-7.3%	3.5%	3.9%	-5.3%	1.6%	-1.0%	3.5%
Number of Estabs	11.8%	8.7%	8.0%	-3.3%	0.0%	6.8%	11.1%	9.3%	15.7%	0.6%	1.1%	8.9%	24.5%	20.1%	23.5%	10.5%	-7.3%	-6.7%	13.9%	7.9%	7.4%	9.2%
Taxable Retail Sales	-14.0%	3.5%	-3.2%	22.0%	6.4%	17.0%	12.6%	4.9%	12.7%	8.2%	10.9%	17.8%	34.3%	47.3%	14.0%	2.4%	-4.0%	-3.1%	7.8%	9.6%	6.3%	13.1%
<b>Specialty-Misc Retail</b>																						
Sales Per Estab	-2.1%	-23.6%	-1.2%	19.7%	16.3%	10.6%	-11.2%	4.0%	-9.3%	-4.2%	19.6%	-2.7%	11.7%	-6.1%	-9.6%	4.9%	-10.8%	-25.0%	-11.0%	-2.4%	-0.5%	-4.1%
Number of Estabs	9.3%	17.6%	2.6%	27.6%	1.7%	-3.2%	15.7%	3.3%	20.6%	6.5%	9.2%	8.5%	1.9%	26.8%	14.2%	1.9%	-10.6%	-1.4%	-3.4%	7.4%	10.1%	4.7%
Taxable Retail Sales	7.1%	-10.2%	1.4%	52.7%	18.2%	7.0%	2.7%	7.4%	9.3%	2.0%	30.5%	5.5%	13.8%	19.1%	3.2%	6.9%	-20.2%	-26.1%	-14.0%	4.8%	9.5%	0.5%
<b>Building Materials</b>																						
Sales Per Estab	-16.5%	-12.5%	9.1%	59.6%	-2.6%	6.4%	5.5%	22.1%	11.6%	-1.2%	6.2%	4.7%	13.8%	4.4%	-10.7%	3.6%	-5.6%	-24.8%	-28.2%	0.8%	7.4%	-5.1%
Number of Estabs	-6.3%	10.7%	-3.6%	-17.5%	0.0%	4.5%	5.8%	-8.2%	7.5%	8.3%	6.4%	7.2%	9.0%	24.7%	14.0%	3.6%	-12.6%	-4.8%	6.7%	2.5%	-1.2%	5.6%
Taxable Retail Sales	-21.7%	-3.2%	5.2%	31.7%	-2.6%	11.2%	11.6%	12.1%	19.9%	7.1%	13.0%	12.3%	24.0%	30.2%	1.9%	7.4%	-17.5%	-28.5%	-23.4%	3.3%	6.1%	0.2%
<b>Drug &amp; Sundries</b>																						
Sales Per Estab	1.4%	-4.3%	-18.0%	7.1%	2.9%	6.6%	-1.6%	4.3%	-5.7%	-7.0%	-2.2%	11.1%	5.7%	1.5%	-4.2%	-8.6%	3.8%	-16.6%	-4.3%	-1.8%	-1.1%	-1.8%
Number of Estabs	3.5%	6.2%	4.5%	-3.7%	0.6%	-7.0%	1.4%	0.7%	3.4%	5.8%	7.4%	3.4%	1.1%	3.3%	1.6%	11.5%	-1.9%	6.7%	7.6%	2.9%	1.0%	4.4%
Taxable Retail Sales	5.0%	1.6%	-14.3%	3.1%	3.5%	-0.9%	-0.3%	5.0%	-2.5%	-1.6%	5.0%	14.9%	6.9%	4.8%	-2.7%	1.9%	1.9%	-11.1%	2.9%	1.0%	-0.1%	2.5%
<b>Food &amp; Grocery</b>																						
Sales Per Estab	-6.7%	-2.0%	-21.0%	4.4%	-8.0%	-7.9%	8.4%	1.7%	0.1%	4.4%	-1.8%	2.0%	4.6%	-4.8%	10.1%	4.9%	-0.5%	-21.7%	-2.1%	-2.3%	-3.8%	-1.4%
Number of Estabs	12.2%	5.4%	5.2%	9.8%	8.0%	9.9%	-2.3%	-0.8%	9.3%	-0.7%	2.1%	-2.1%	5.7%	2.7%	-1.3%	9.3%	-1.8%	12.4%	0.0%	4.3%	6.2%	2.9%
Taxable Retail Sales	4.7%	3.3%	-17.0%	14.6%	-0.6%	1.3%	6.0%	0.9%	9.4%	3.6%	0.3%	-0.2%	10.6%	-2.2%	8.6%	14.6%	-2.3%	-12.0%	-2.1%	1.9%	2.2%	1.4%

Note: 4-City area includes Cities of Lake Elsinore, Corona, Perris, and Murrieta  
Sales trends reflect taxable sales only, described in terms of 2009 Constant Dollars (inflation adjusted)  
Drug & Sundries store-group reflects trends for Riverside County overall.

XXX - Decline in excess of 8.33% (or an equivalent loss of one-month of activity)  
XXX - Decline in excess of 3.00% but not exceeding 8.33%  
XXX - Increase in excess of 8.33% (or an equivalent gain of one-month of activity)

Source: California State Board of Equalization; Alfred Gobar Associates

**Memorandum**

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To: Jason Simpson CC: Tom Tomlinson  
 From: Pete Piller, Patrick Bourne Hardy Strozier  
 Date: September 18, 2015  
 Subject: Alberhill Villages Specific Plan Fiscal Impact Analysis Executive Summary - Update

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I. Background:

- Development Planning and Financing Group has prepared a fiscal impact analysis (the “FIA”) of the Alberhill Villages Specific Plan (“AVSP”) at the request of the City of Lake Elsinore (“City”).
- Initial drafts of the FIA were previously provided to the City on January 31, 2012 and February 6, 2015 as part of the CEQA EIR AVSP process.
- Cursory AVSP Fiscal Impact Analysis Comments were provided by Jason Simpson, dated February 24, 2015 (“City Comments”).
- Based on the City Comments, a revised FIA dated April 20, 2015 (“April 2015 FIA”), was prepared.
- A Fiscal Impact Analysis review of Alberhill Villages Specific Plan was prepared by Urban Futures Incorporated (“UFI”), dated May 8, 2015 (“UFI Comments”). The UFI comments were discussed with the City and UFI consultants during meetings on August 20, 2015 and August 31, 2015. (“City Meetings”)
- A revised FIA, dated September 18, 2015, (“September 2015 FIA”) has been prepared to address the City comments, UFI comments, and discussions from the City meetings.

II. AVSP Overview:

The AVSP encompasses approximately 1,400 acres and will be built out in six phases. Phase I of the AVSP is anticipated to consist of 1,388 dwelling units and 3,444,000 square feet of non-residential land uses. At build-out, the AVSP is expected to comprise 8,244 dwelling units and 4,007,000 square feet of non-residential land uses.

III. Fiscal Impact:

The September 2015 FIA includes a time phased analysis showing the net annual surplus to the City’s General Fund for Phase 1 and over the estimated 27 year build-out period of the AVSP. Based on the results of the September 2015 FIA, the AVSP is expected to generate a Net Annual Surplus to the City for Phase I, and in each of the 27 years through build-out of the AVSP. Key results are shown in Table I:

**Table I**

	Total	Per Unit
Phase I Annual Net General Fund Surplus at build-out	\$ 4,936,094	\$ 3,556
AVSP Annual Net General Fund Surplus at build-out	\$ 3,159,237	\$ 383
Aggregate Net General Fund Surplus (Years 1- 27)	\$ 55,465,845	\$ 6,728
Minimum Annual Net General Fund Surplus (AVSP results in a surplus to the General Fund every year)	\$ 553,217	\$ 2,088

The September 2015 FIA did not evaluate the “multiplier” effects of the revenue, AVSP employee and home owner house hold spending inside the City. This multiplier “effect”, as is often calculated through models such as Implan, will see other considerable direct and indirect revenues flowing into the City and to other City businesses by virtue of the AVSP development.

IV. Key Updates to the September 2015 Analysis:

Key updates included in the preparation of the September 2015 FIA are discussed below:

- **Retail and Business Park Sq. Ft.** – Commercial sq. ft. have been reduced by 319,500 sq. ft. based on the Commercial Land Use Absorption addendum (“2015 Market Study Addendum”). Timing of commercial land uses has also been adjusted to reflect the 2015 Market Study Addendum.
- **Retail Taxable Sales**– The September 2015 FIA assumes commercial sales of \$280 per square foot per the Lake Elsinore Retail Sales Performance Benchmark memo received from Alonzo Pedrin of Alfred Gobar Associates dated September 10, 2015.
- **Police Costs** – The number of sworn officers has been increased from 34 to 47.62 per conversations during the City Meetings.
- **Fire Costs** – Costs have been increased to \$2,150,000 to reflect current estimates discussed in the City Meetings. In the event the AVSP is required to provide a fire station, the September 2015 FIA assumes the full cost of the fire station will be incurred in year 14 of the AVSP.
- **Per Capita Analysis** – Per discussions in the City meetings, the marginal increase of Lake Aeration and Reclaimed Water Fill Lake has been increased to 50%.

**Exhibit A - Phase 1 (FY 2014/15 Budget)**

**Table 1**

**Fiscal Impact Analysis Summary**

**Alberhill Villages Specific Plan**

**September 18, 2015**

	<b>Table Ref.</b>	<b>Phase 1 Buildout</b>	<b>Percent of Total</b>	<b>All Phases Buildout</b>	<b>Percent of Total</b>
<b>Recurring Revenues</b>					
Property Tax	4	\$ 285,540	4.4%	\$ 1,022,752	9.2%
Property Transfer Tax	4	40,880	0.6%	165,251	1.5%
Property Tax In Lieu of Sales Tax	4	-	0.0%	-	0.0%
Off-Site Sales and Use Tax	5	150,715	2.3%	895,168	8.0%
On-Site Sales and Use Tax	5	4,309,598	66.5%	4,866,014	43.7%
Property Tax In-Lieu of VLF	6	208,458	3.2%	1,391,041	12.5%
Prop. 172 1/2% Sales Tax/Public Safety	6	30,429	0.5%	121,874	1.1%
Transient Occupancy Tax	5	980,941	15.1%	980,941	8.8%
Franchise Tax	6	225,588	3.5%	903,519	8.1%
Towing Franchise Fee	6	191	0.0%	767	0.0%
Licenses, Permits, and Fees	6	144,624	2.2%	365,763	3.3%
Intergovernmental	6	1,322	0.0%	8,824	0.1%
Fines and Forfeitures	6	94,345	1.5%	377,868	3.4%
Other Miscellaneous Revenue	6	6,049	0.1%	40,366	0.4%
<b>Total Recurring Revenues</b>		<b>\$ 6,478,682</b>	<b>100.0%</b>	<b>\$ 11,140,148</b>	<b>100.0%</b>
<b>Recurring Costs</b>					
City Council	7	\$ 13,127	0.9%	\$ 52,575	0.7%
City Attorney	7	15,071	1.0%	60,362	0.8%
City Clerk	7	20,009	1.3%	80,138	1.0%
City Manager	7	22,253	1.4%	89,127	1.1%
Administrative Services	7	111,610	7.2%	447,018	5.6%
Police Services	9	618,536	40.1%	4,127,486	51.7%
Animal Services	7	79,942	5.2%	320,180	4.0%
Net Fire Protection Cost	8	176,714	11.5%	860,211	10.8%
Community Development	7	8,644	0.6%	34,621	0.4%
Public Works	7	327,562	21.2%	1,657,414	20.8%
Community Services	7	86,257	5.6%	-	0.0%
Non Departmental	7	62,863	4.1%	251,778	3.2%
<b>Total Recurring Costs</b>		<b>\$ 1,542,588</b>	<b>100.0%</b>	<b>\$ 7,980,912</b>	<b>100.0%</b>
<b>Net Annual Surplus/(Deficit)</b>		<b>\$ 4,936,094</b>		<b>\$ 3,159,237</b>	
Surplus/(Deficit) Per Residential Unit		\$ 3,556		\$ 383	
Revenue/Cost Ratio		4.20		1.40	

**Exhibit A - Phase 1 (FY 2014/15 Budget)**  
**Table 2**  
**Post-ERAF Share of the Basic Tax Calculation**  
**Alberhill Villages Specific Plan**  
**September 18, 2015**

<b>Agency (b)</b>	<b>Tax Rate Area (a)</b>				<b>Weighted</b>
	<b>005-055</b>	<b>005-093</b>	<b>005-094</b>	<b>005-095</b>	<b>Average</b>
					(c)
GENERAL	10.1365%	10.0520%	10.4132%	10.1878%	10.1845%
COUNTY FREE LIBRARY	1.3862%	1.3677%	1.4169%	1.3862%	1.3858%
<b>CITY OF LAKE ELSINORE ANX</b>	<b>4.5610%</b>	<b>4.4331%</b>	<b>4.5924%</b>	<b>4.4930%</b>	<b>4.4927%</b>
<b>COUNTY STRUCTURE FIRE PROTECTION</b>	<b>5.6672%</b>	<b>5.5917%</b>	<b>5.7926%</b>	<b>5.6672%</b>	<b>5.6658%</b>
LAKE ELSINORE UNIFIED	31.9173%	31.4919%	32.6235%	31.9173%	31.9090%
MT SAN JACINTO JUNIOR COLLEGE	3.8279%	3.7769%	3.9126%	3.8279%	3.8269%
ELSINORE AREA ELEM SCHOOL FUND	6.9959%	6.9027%	7.1507%	6.9959%	6.9941%
RIV. CO. OFFICE OF EDUCATION	3.9514%	3.8987%	4.0388%	3.9514%	3.9504%
RIV CO REG PARK & OPEN SPACE	0.3353%	0.3308%	0.3427%	0.3353%	0.3352%
FLOOD CONTROL ADMINISTRATION	0.2268%	0.2237%	0.2318%	0.2268%	0.2267%
FLOOD CONTROL ZONE 2	4.0123%	0.0000%	0.0000%	4.0123%	2.9808%
FLOOD CONTROL ZONE 3	0.0000%	3.1963%	3.3111%	0.0000%	0.8320%
COUNTY ORTEGA TRAIL REC & PK	0.0000%	1.4290%	1.4803%	0.0000%	0.3720%
ELSINORE VALLEY CEMETERY	0.9676%	0.9547%	0.9890%	0.9676%	0.9674%
ELSINORE VALLEY MUNICIPAL WATER	9.7476%	9.6177%	6.9073%	9.7476%	9.4720%
WESTERN MUNICIPAL WATER	0.0000%	1.2938%	0.0000%	1.3113%	1.1741%
WESTERN MUNICIPAL WATER 1ST FRINGE	1.3113%	0.0000%	0.8035%	0.0000%	0.0888%
RIVERSIDE CORONA RESOURCE CONSER	0.2211%	0.0000%	0.0000%	0.2211%	0.1643%
EDUCATIONAL REVENUE AUGMENT. FUND	14.7347%	15.4393%	15.9935%	14.7513%	14.9774%
<b>Total</b>	<b>1.0000%</b>	<b>1.0000%</b>	<b>1.0000%</b>	<b>1.0000%</b>	<b>1.0000%</b>
Acres (d)	17.81	229.61	122.28	999.01	1,368.71
% of Total	1.30%	16.78%	8.93%	72.99%	100.00%

**Footnotes:**

Source: Riverside County Auditor-Controller's Office.

(a) In addition to other ad valorem charges imposed by various local agencies, land owners in California are required to pay annual property taxes of 1% on the assessed value of their property pursuant to Proposition 13. Each County in California is divided into tax rate areas ("TRA"). After the basic 1% property tax is collected by the county, the tax is allocated to various local agencies based on each agency's share of the basic tax within the property's applicable TRA. This exhibit shows the share of the basic tax applicable to each of the TRAs applicable to the Project.

(b) Shares of the basic tax that are received by the City for its General Fund and by the County for Fire Protection are highlighted in bold print.

(c) The weighted average of TRAs was calculated by the distribution of acreage among the TRAs within the Project.

(d) Represents acreage amounts provided by client.

Table 3  
Proposed Land Use Assumptions  
Alberhill Villages Specific Plan  
September 18, 2015

Residential Land Use (a)	Phase	PA	Type	Avg. Square Feet	Total Units	Phase 1 Active Units	Residents Per Household	Residents	Average Value Per Unit	Residential Assessed Valuation
(a)	(a)	(a),(b)	(b)	(a),(b)	(a),(b)	(b)	(b)	(b)	(b)	(b)
MU Rental	1	1A	Mixed Use	875	450	450	1.85	833	\$ (f) 150,000	\$ 67,500,000
MU/Reg Commercial	1	1B	Mixed Use	1,025	346	346	1.85	640	188,125	65,091,250
Commercial/MU	1	4C	Mixed Use	1,025	60	60	1.85	111	188,125	11,287,500
SF 10	1	4C	Single Family	2,000	190	190	3.48	661	285,000	54,150,000
SF 16	1	4B	Single Family	1,525	192	192	3.48	668	224,250	43,056,000
Commercial/MU	1	6A	Mixed Use	1,025	100	100	1.85	185	188,125	18,812,500
Commercial/MU	1	6B	Mixed Use	1,025	50	50	1.85	93	188,125	9,406,250
SF 10	2	4B	Single Family	2,000	160	-	3.48	-	285,000	-
SF 7	2	4B	Single Family	2,000	74	-	3.48	-	285,000	-
MF 16	2	4B	Multi-Family	1,525	275	-	2.50	-	224,250	-
SF 7	2	5B	Single Family	2,000	92	-	3.48	-	285,000	-
MF 16	2	5B	Multi-Family	1,525	237	-	2.50	-	224,250	-
MF 35	3	4A	Multi-Family	1,025	389	-	2.50	-	188,125	-
MU Rental	3	4A	Mixed Use	875	500	-	1.85	-	150,000	-
SF 10	3	4A	Single Family	2,000	116	-	3.48	-	285,000	-
MF 10 Duplex	3	4A	Multi-Family	1,600	115	-	2.50	-	245,000	-
SF 5	3	4A	Single Family	2,700	458	-	3.48	-	355,000	-
SF 7	3	4A	Single Family	2,000	106	-	3.48	-	285,000	-
SF 5	3	5A	Single Family	2,700	100	-	3.48	-	285,000	-
SF 5.1	3	5A	Single Family	3,100	100	-	3.48	-	370,000	-
SF 7	3	5A	Single Family	2,000	87	-	3.48	-	285,000	-
SF 4.5	4	2A	Single Family	2,700	630	-	3.48	-	355,000	-
SF 7	4	2A	Single Family	2,000	152	-	3.48	-	285,000	-
MF 35	4	2A	Multi-Family	1,025	350	-	2.50	-	188,125	-
SF 6	4	2C	Single Family	2,300	121	-	3.48	-	285,000	-
SF 7	4	2C	Single Family	2,300	166	-	3.48	-	285,000	-
SF 8 Hillside	5	3A	Single Family	(g) -	8	-	3.48	-	500,000	-
MU Rental/Office Med	6	1C	Mixed Use	875	1,594	-	1.85	-	150,000	-
MF 35	6	2B	Multi-Family	1,025	1,026	-	2.50	-	188,125	-
<b>Total/Weighted Average</b>				<b>1,179</b>	<b>8,244</b>	<b>1,388</b>	<b>2.30</b>	<b>3,192</b>	<b>\$ 194,023</b>	<b>\$ 269,303,500</b>

Non-Residential (a), (b)	Phase	PA	Type	Total Building Sq. Ft.	Hotel Rooms	Phase 1 Active Building Sq. Ft.	Employee Projection Factor	Employees	Assessed Value per Sq.Ft./Room	Non-Residential Assessed Valuation
(a)	(a)	(a),(b)	(b)	(a)	(a),(b)	(c)	(c)	(b)	(b)	(d) -
University - Institutional	1	1A	Institutional	1,130,000	-	1,130,000	800	1,413	\$ -	(d) -
University - Office	1	1A	Office	370,000	-	370,000	350	1,057	-	(d) -
MU/Reg Commercial	1	1B	Retail	330,000	-	330,000	570	579	200	66,000,000
Office/Bus. Pk.	1	1B	Office	319,500	-	319,500	350	913	167	53,356,500
MU/Reg Commercial (Power Ctr)	1	1B	Retail	200,000	-	200,000	570	351	200	40,000,000
Commercial/MU	1	4C	Retail	382,000	-	382,000	570	670	200	76,400,000
Commercial/MU	1	6A	Retail	272,500	-	272,500	570	478	200	54,500,000
Commercial/MU	1	6B	Retail	200,000	-	200,000	570	351	200	40,000,000
Worship/Private School	1	6B	Worship	60,000	-	60,000	-	N/A	-	-
ELM SCHOOL	4	2C	School	-	-	-	-	N/A	-	-
Worship/Private School	4	2C	Worship	60,000	-	-	(e) -	N/A	-	-
MU Rental/Office Med	6	1C	Office	323,000	-	-	350	-	167	-
MU/Reg Commercial	6	1C	Retail	180,000	-	-	570	-	200	-
Hotel	1	1B	Two Hotels (300 Rooms)	180,000	300	180,000	0.89	267	120,000	36,000,000
<b>Total</b>				<b>4,007,000</b>	<b>300</b>	<b>3,444,000</b>		<b>6,079</b>		<b>\$ 366,256,500</b>

**Total Residential and Non-Residential**

**\$ 635,560,000**

**Population Summary**

	Project Total	Phase 1 Active	Phase Allocation
Residents	[1] 21,298	3,192	
Employees	[2] 7,318	6,079	
Equivalent Residents @ 50% of Employees	[2]X50%=[3] 3,659	3,040	
Total Equivalent Residents	[1]+[3] 24,957	6,231	24.968%

**Footnotes:**

- (a) Per the Land Use Summary Table provided by The Planning Associates, dated 3/27/2015.
- (b) Per the Market Analysis prepared by Market Profiles Inc., dated 3/25/2015 and the Alberhill Villages Land Use Absorption Update. Note: Client retains the right to increase the total retail sq.ft. to the amount agreed upon in the Development Agreement.
- (c) Retail and office square feet per employee estimates per Section 5 of the Alberhill Villages Draft Environmental Impact Report dated 7/1/10.
- (d) Assumes university will qualify for exemption from property taxes.
- (e) No employee projection factor is assumed for Worship land uses.
- (f) Assumes an estimated value of \$150,000 per unit for rental units.
- (g) Represents custom lots. Average Sq. Ft. to be determined.

**Exhibit A - Phase 1 (FY 2014/15 Budget)**

**Table 4**

**Property Tax Calculations  
Alberhill Villages Specific Plan  
September 18, 2015**

<b>Property Tax</b>	<b>Table Ref.</b>		
Residential and Non-Residential Assessed Value	3	\$	635,560,000
Basic Rate			1.000%
Basic Tax Paid		\$	6,355,600
City Share of Basic Tax (a)	2		4.4927%
<b>Total Property Tax</b>		<b>\$</b>	<b>285,540</b>
<b>Property Transfer Tax</b>			
<b>Residential</b>			
Residential Assessed Value	3	\$	269,303,500
Residential Turnover Rate (b)			14.00%
Value of Annual Turnover		\$	37,702,490
Transfer Tax Rate (c)			0.0550%
<b>Total Residential Property Transfer Tax</b>	[1]	<b>\$</b>	<b>20,736</b>
<b>Non-Residential</b>			
Non-Residential Assessed Value	3	\$	366,256,500
Non-Residential Turnover Rate (b)			10.00%
Value of Annual Turnover		\$	36,625,650
Transfer Tax Rate (c)			0.0550%
<b>Total Non-Residential Property Transfer Tax</b>	[2]	<b>\$</b>	<b>20,144</b>
<b>Total Property Transfer Tax</b>	[1]+[2]	<b>\$</b>	<b>40,880</b>
<b>Property Tax In-Lieu of Sales-Tax</b>			
Off-Site Sales Tax Redirected to Property Tax (d)	5	\$	-
On-Site Sales Tax Redirected to Property Tax (d)	5		-
<b>Total Property Tax In-Lieu of Sales Tax</b>		<b>\$</b>	<b>-</b>

**Footnotes:**

- (a) See Table 2 for calculation.
- (b) Assumes Residential property is sold approximately every 7 years and Non-Residential property is sold approximately every 10 years.
- (c) The County may levy a transfer tax at the rate of \$0.55 for each \$500 of assessed value. A City within the County that levies this tax can levy a transfer tax at a rate of \$0.55 per \$1,000. If both the County and City levy the transfer tax, a credit shall be allowed against the amount imposed by the County in the amount of tax that is imposed by the City per California Revenue and Taxation Code 11911.
- (d) Project is assumed to be developed after Triple Flip.

**Exhibit A - Phase 1 (FY 2014/15 Budget)**  
**Table 5**  
**Sales and Use Tax and Transient Occupancy Tax Calculations**  
**Alberhill Villages Specific Plan**  
**September 18, 2015**

		<b>Per Unit</b>		<b>Amount</b>
<b>Off-Site Sales Tax Revenue</b>				
Household Income (a)	30.0%	\$	61,472	\$ 85,323,136
Retail Taxable Sales (@32% of Household Income) (b)	32.0%		19,671	27,303,404
Projected Off-Site Taxable Sales Captured in City (@50% of Retail Taxable Sales) (c)	50.0%		9,836	13,651,702
Sales Tax (@1.00% of taxable sales)	1.00%	\$	98	\$ 136,517
Use Tax (@10.40% of sales tax)	10.40%		10	14,198
Less 0% Reclassified to Property Taxes (d)	0.00%		-	-
<b>Total Off-Site Sales Tax Revenue</b>		\$	<b>109</b>	<b>\$ 150,715</b>

	<b>Village</b>	<b>PA</b>	<b>Type</b>	<b>Building Sq. Ft.</b>	<b>Taxable Sales Per Sq. Ft.</b>	<b>Total Taxable Sales</b>
<b>On-Site Sales Tax Revenue</b>						
<b>Taxable Sales for Retail Land Use</b>						
(e)						
University - Institutional	Village I	1A	Institutional	1,130,000	\$ -	\$ -
University - Office	Village I	1A	Office	370,000	-	-
MU/Reg Commercial	Village I	1B	Retail	330,000	280	92,400,000
Office/Bus. Pk.	Village I	1B	Office	319,500	-	-
MU/Reg Commercial (Power Ctr)	Village I	1B	Retail	200,000	280	56,000,000
Commercial/MU	Village I	4C	Retail	382,000	280	106,960,000
Commercial/MU	Village I	6A	Retail	272,500	280	76,300,000
Commercial/MU	Village I	6B	Retail	200,000	280	56,000,000
Worship/Private School	Village I	6B	Worship	60,000	-	-
ELM SCHOOL	Village IV	2C	School	-	-	-
Worship/Private School	Village VI	2C	Worship	-	-	-
MU Rental/Office Med	Village VI	1C	Office	-	-	-
MU/Reg Commercial	Village VI	1C	Retail	-	280	-
Hotel	Village VI	1B	Two Hotels (300 Rooms)	180,000	----- See Hotel	Calc. Below -----
<b>Subtotal Taxable Sales for Retail Land Use</b>				<b>3,444,000</b>		<b>\$ 387,660,000</b>

	<b>Revenue Per Available Room</b>	<b>Available Rooms</b>	<b>Total Taxable Sales</b>
(f)			
Food & Beverage Revenue	\$ 6,558	300	\$ 1,967,400
Other Operated Department Revenue	1,929	300	578,700
Rentals and Other Income	520	300	156,000
<b>Subtotal Taxable Sales for Hotel Land Use</b>	<b>\$ 9,007</b>		<b>\$ 2,702,100</b>

Total Taxable Sales		\$	390,362,100
Sales Tax (@1% of taxable sales)	1.00%		3,903,621
Use Tax (@10.40% of sales tax)	10.40%		405,977
Less 0% Reclassified to Property Taxes (d)	0.00%		-
<b>Total On-Site Sales Tax Revenue</b>		\$	<b>4,309,598</b>

	<b>Available Rooms</b>	<b>Annual Rooms Available</b>	<b>Average Occupancy Rate</b>	<b>Average Room Rate</b>	<b>Hotel Rental Revenue</b>
(f)					
Hotel Rental Revenue Subject to TOT	300	109,500	66.60%	\$ 135	\$ 9,809,411
Transient Occupancy Tax Rate (g)					10.00%
<b>Total Transient Occupancy Tax Revenue</b>					<b>\$ 980,941</b>

**Footnotes:**

(a) Represents the City of Lake Elsinore Median Household Income, 2009-2013 per Quickfacts from the US Census Bureau. (quickfacts.census.gov.)

(b) Per U. S. Bureau of Labor Statistics Consumer Expenditure Survey, 2008 which indicates that retail taxable purchases represent approximately 32% of total household income for the average U.S. household.

(c) Preliminary estimate for illustration purposes.

(d) Project is assumed to be developed after Triple Flip.

(e) Taxable sales of \$280 per square foot based on a Lake Elsinore Retail Sales Performance Benchmark memo prepared by Alfred Gobar Associates, dated September 10, 2015.

(f) Revenue per available room, average occupancy rate and average room rate for suite hotels with food and beverage in the Mountain and Pacific region per the 2010 USA Edition of Trends in the Hotel Industry prepared by PKF Hospitality Research.

(g) City of Lake Elsinore Transient Occupancy Tax Rate of 10% as of 3/1/2014 per CaliforniaCityFinance.com

Exhibit A - Phase 1 (FY 2014/15 Budget)

Table 6  
General Fund Revenue Calculations  
Alberhill Villages Specific Plan  
September 18, 2015

General Fund Revenue	Budget Page Ref.	[1]	[2]	[3]	Marginal Increase	Net General Fund	Measure	[5]	[4]/[5]=[6]	[7]	[6]X[7]	
		General Fund						City Equivalent Units	Factor	Project Equivalent Units	Amount	
		FY 2014-15 Proposed Budget	FY 2014-15 Mid Year Update Adj	FY 2014-15 Mid Year Gen Fund								
(a)	(a)	(e)	(a)		(b)							
<b>Taxes and Franchises:</b>												
Sales Tax	36	\$ 7,867,889	\$ 80,000	\$ 7,947,889	100%		See Table 5					
Property Tax-Current Year-Secured		\$ 1,959,533	\$ -	\$ 1,959,533	100%		See Table 4					
Property Tax-Current Year-Unsecured		136,763	-	136,763	100%		See Table 4					
Property Tax Prior Year-Secured & Unsecured		110,000	-	110,000	100%		See Table 4					
Property Tax In-Lieu of VLF		3,704,491	-	3,704,491	100%	3,704,491	per capita	56,718	65.31	3,192	208,458	
Prior Year Tax Penalty	36	6,000	-	6,000	0%		See Footnote (d)					
<b>Property Tax Total</b>		<b>\$ 5,916,787</b>	<b>\$ -</b>	<b>\$ 5,916,787</b>		<b>\$ 3,704,491</b>					<b>\$ 208,458</b>	
Franchise Tax	36	\$ 2,357,500	\$ -	\$ 2,357,500	100%	2,357,500	per capita & 50% employee	65,118	36.20	6,231	225,588	
Property Transfer Tax	36	\$ 245,000	\$ -	\$ 245,000	100%		See Table 4					
Prop. 172 1/2% Sales Tax/Public Safety		\$ 318,000	\$ -	\$ 318,000	100%	318,000	per capita & 50% employee	65,118	4.88	6,231	30,429	
Transient Occupancy Tax		275,000	-	275,000	100%		See Table 5					
Towing Franchise Fee		2,000	-	2,000	100%	2,000	per capita & 50% employee	65,118	0.03	6,231	191	
<b>Other Taxes Total</b>		<b>\$ 595,000</b>	<b>\$ -</b>	<b>\$ 595,000</b>		<b>\$ 320,000</b>					<b>\$ 30,621</b>	
Fire Service Tax Credit	36	2,018,889	-	2,018,889	100%		See Table 9					
RDA SB211 Pass Through	36	98,000	-	98,000	0%		See Footnote (d)					
Reimbursements for Street Program	36	1,798,500	-	1,798,500	0%		See Footnote (d)					
Special Assessments - Law & Fire - 2003-1	36	2,091,200	6,250	2,097,450	0%		See Footnote (d)					
Special Assessments - Law & Fire - 2007-1	36	52,800	6,250	59,050	0%		See Footnote (d)					
Special Assessments - Fire - 2003 - 2	36	505,700	6,250	511,950	0%		See Footnote (d)					
Special Assessments - Parks, OS & Drainage	36	426,900	6,250	433,150	0%		See Footnote (d)					
<b>Total Taxes and Franchises</b>		<b>\$ 23,974,165</b>	<b>\$ 105,000</b>	<b>\$ 24,079,165</b>		<b>\$ 6,381,991</b>					<b>\$ 464,667</b>	
<b>Licenses, Permits, and Fees</b>												
Building Permit Fee	36	\$ 1,700,000	\$ 50,000	\$ 1,750,000	0%		See Footnote (c)					
Business License		300,000	-	300,000	100%	\$ 300,000	per employee	16,800	\$ 17.86	6,079	\$ 108,554	
Lake Day Use Passes		241,000	-	241,000	100%	241,000	per capita	56,718	4.25	3,192	13,561	
Annual Boat Passes		30,000	-	30,000	100%	30,000	per capita	56,718	0.53	3,192	1,688	
Other Licenses & Permits	36	460,800	-	460,800	0%		See Footnote (d)					
<b>Total Other Licenses &amp; Permits</b>		<b>\$ 1,031,800</b>	<b>\$ -</b>	<b>\$ 1,031,800</b>		<b>\$ 571,000</b>					<b>\$ 123,803</b>	
Yard Sale Permit Fee		2,500	-	2,500	100%	2,500	per capita	56,718	0.04	3,192	141	
Special Event Permit Fee		5,000	-	5,000	100%	5,000	per capita & 50% employee	65,118	0.08	6,231	478	
Lake Use Fees		1,600	-	1,600	100%	1,600	per capita	56,718	0.03	3,192	90	
Park & Light Use Fees		20,000	-	20,000	100%	20,000	per capita	56,718	0.35	3,192	2,125	
Rec.-Fees/Senior Activity		3,500	-	3,500	100%	3,500	per capita	56,718	0.06	3,192	197	
Rec.-Fees-Comm. Center Revenue		145,000	-	145,000	100%	145,000	per capita	56,718	2.56	3,192	8,159	
Winterfest Event		1,500	-	1,500	100%	1,500	per capita & 50% employee	65,118	0.02	6,231	144	
5K Run/Walk Event		15,000	-	15,000	100%	15,000	per capita & 50% employee	65,118	0.23	6,231	1,435	
Admin Fee-Parking Citations		500	-	500	100%	500	per capita & 50% employee	65,118	0.01	6,231	48	
Admin Fee-General		395,800	-	395,800	0%		See Footnote (d)					
Park&Rec/Animal License Citations & Fees		160,000	-	160,000	100%	160,000	per capita	56,718	2.82	3,192	9,003	
<b>Total Fees</b>	36	<b>\$ 3,245,175</b>	<b>\$ (545,000)</b>	<b>\$ 2,700,175</b>	0%	<b>\$ 354,600</b>	See Footnote (d)				<b>\$ 20,821</b>	
<b>Total Licenses, Permits, and Fees</b>		<b>\$ 6,727,375</b>	<b>\$ (495,000)</b>	<b>\$ 6,232,375</b>		<b>\$ 925,600</b>					<b>\$ 144,624</b>	
<b>Intergovernmental</b>												
State Motor Vehicle In-Lieu		\$ 23,500	\$ -	\$ 23,500	100%	\$ 23,500	per capita	56,718	\$ 0.41	3,192	\$ 1,322	
County/Homeowners PTR		29,000	-	29,000	0%		See Footnote (d)					
State Mandated Reimbursement		34,000	-	34,000	0%		See Footnote (d)					
State Grant-Used Oil Block Grant		2,600	-	2,600	0%		See Footnote (d)					
State Grant-Hazardous Waste Grant		3,500	-	3,500	0%		See Footnote (d)					
State Grant-Other State Grants		10,000	-	10,000	0%		See Footnote (d)					
Intergovernmental	36	115,807	-	115,807	0%		See Footnote (d)					
<b>Total Intergovernmental</b>		<b>\$ 218,407</b>	<b>\$ -</b>	<b>\$ 218,407</b>		<b>\$ 23,500</b>					<b>\$ 1,322</b>	
Supplemental Law Enforcement Services F	36	100,000	-	100,000	0%		See Footnote (f)					
County of Riverside - Station 97 (Truck)	36	529,362	-	529,362	0%		See Footnote (d)					
<b>Total All Intergovernmental</b>		<b>\$ 847,769</b>	<b>\$ -</b>	<b>\$ 847,769</b>		<b>\$ 23,500</b>					<b>\$ 1,322</b>	
<b>Fines and Forfeitures</b>												
Code Enforcement - RIVCO	36	9,500	(5,000)	4,500	100%	\$ 4,500	per capita & 50% employee	65,118	0	6,231	431	
Traffic Safety Fund	36	451,150	(5,000)	446,150	100%	\$ 446,150	per capita & 50% employee	65,118	7	6,231	42,692	
Traffic Offender Fund	36	95,000	(5,000)	90,000	100%	\$ 90,000	per capita & 50% employee	65,118	1	6,231	8,612	
Local Ordinance Fines		15,000	(5,000)	10,000	100%	10,000	per capita & 50% employee	65,118	0	6,231	957	
Parking Citations/Violations		400,000	(5,000)	395,000	100%	395,000	per capita & 50% employee	65,118	6.07	6,231	37,797	
Lake Citations/Violations		20,000	(5,000)	15,000	100%	15,000	per capita & 50% employee	65,118	0.23	6,231	1,435	
Other Fines & Penalties		10,000	(5,000)	5,000	100%	5,000	per capita & 50% employee	65,118	0.08	6,231	478	
Municipal Code Violations		25,300	(5,000)	20,300	100%	20,300	per capita & 50% employee	65,118	0.31	6,231	1,943	
<b>Total Fines and Forfeitures</b>		<b>\$ 1,025,950</b>	<b>\$ (40,000)</b>	<b>\$ 985,950</b>		<b>\$ 985,950</b>					<b>\$ 94,345</b>	
<b>Reimbursements</b>												
Reimbursements from RDA	36	321,180	-	321,180	0%		See Footnote (d)					
RDA Lease Payments (LERA)	36	1,129,050	-	1,129,050	0%		See Footnote (d)					
<b>Investment Earnings</b>	36	105,000	-	105,000	0%		See Footnote (d)					
<b>Other Miscellaneous Revenue</b>												
Rentals-Community Center		3,000	-	3,000	100%	3,000	per capita	56,718	0.05	3,192	169	
Rental-Parks		4,000	-	4,000	100%	4,000	per capita	56,718	0.07	3,192	225	
Rental-Cultural Center		1,000	-	1,000	100%	1,000	per capita	56,718	0.02	3,192	56	
Rental-Other		75,000	-	75,000	100%	75,000	per capita	56,718	1.32	3,192	4,220	
Concession/Lake Elsinore Rec. Area		15,000	-	15,000	100%	15,000	per capita	56,718	0.26	3,192	844	
Seaport Boat Launch Revenue		7,000	-	7,000	100%	7,000	per capita	56,718	0.12	3,192	394	
Recreational Donations		2,500	-	2,500	100%	2,500	per capita	56,718	0.04	3,192	141	
Other Miscellaneous Revenue	36	1,634,977	75,000	1,709,977	0%		See Footnote (d)					
<b>Total Other Miscellaneous Revenue</b>		<b>\$ 1,742,477</b>	<b>\$ 75,000</b>	<b>\$ 1,817,477</b>		<b>\$ -</b>			<b>\$ 1.9</b>		<b>\$ 6,049</b>	
<b>Total General Fund Revenue</b>		<b>\$ 35,872,966</b>	<b>\$ (355,000)</b>	<b>\$ 35,517,966</b>		<b>\$ 8,317,041</b>					<b>\$ 711,009</b>	

Footnotes:  
(a) Per the Annual Operating Budget for FY 2014-15 and the FY 2014-15 Mid Year Operating Budget Status Report - General Fund approved by the City Council on 1/27/2015.  
(b) Total population of 56,718 per the California Dept. of Finance as of January 2014. Total employment of 16,800 per the California Employment Development Department as of June 2014. For per capita and 50% employee factors, employment was reduced by 50% to account for the estimated less frequent use of city public services by employees than residents.  
(c) Assumes one-time fees paid during Project development will cover one-time costs and the Project will not have an ongoing impact on these revenue sources.  
(d) Assumes Project will not have an impact on these revenue sources.  
(e) Per the FY 2014-15 Mid Year Operating Budget Status Report - General Fund approved by the City Council on 1/27/2015.  
(f) Per conversation with David Bilby at the City, this account represents grants received for additional law enforcement services. It is assumed the Project will not have an impact on this revenue source.

Exhibit A - Phase 1 (FY 2014/15 Budget)

Table 7  
General Fund Expenditure Calculations  
Alberhill Villages Specific Plan  
September 18, 2015

General Fund Expenditures	Budget Page Ref.	[1]	[2]	[3]	Marginal Increase	Net General Fund	Measure	[5]	[4]/[5]=[6]	[7]	[6]X[7]
		FY 2014-15 Proposed Budget	FY 2014-15 Mid Year Update Adj	FY 2014-15 Mid Year Gen Fund				City Equivalent Units	Factor	Project Equivalent Units	Amount
General Fund											
	(a)	(g)	(a)					(b)			
<b>City Council</b>											
City Council	38	\$ 254,864	\$ (271)	\$ 254,593	50%	\$ 127,297	per capita & 50% employee	65,118	\$ 1.95	6,231	\$ 12,181
Public Safety Advisory Comm.	38	\$ 4,500	\$ (271)	\$ 4,229	50%	\$ 2,115	per capita & 50% employee	65,118	\$ 0.03	6,231	\$ 202
Citizen Corp	38	\$ 15,810	\$ (271)	\$ 15,539	50%	\$ 7,770	per capita & 50% employee	65,118	\$ 0.12	6,231	\$ 743
<b>Total City Council</b>		<b>\$ 275,174</b>	<b>\$ (813)</b>	<b>\$ 274,361</b>		<b>\$ 137,181</b>			<b>\$ 2.11</b>		<b>\$ 13,127</b>
<b>City Attorney</b>	38	\$ 325,000	\$ (10,000)	\$ 315,000	50%	\$ 157,500	per capita & 50% employee	65,118	\$ 2.42	6,231	\$ 15,071
<b>City Clerk</b>	38	\$ 439,409	\$ (21,209)	\$ 418,200	50%	\$ 209,100	per capita & 50% employee	65,118	\$ 3.21	6,231	\$ 20,009
<b>City Manager</b>	38	\$ 466,059	\$ (950)	\$ 465,109	50%	\$ 232,555	per capita & 50% employee	65,118	\$ 3.57	6,231	\$ 22,253
<b>Administrative Services</b>											
Finance Division	38	\$ 992,975	\$ (3,000)	\$ 989,975	50%	\$ 494,988	per capita & 50% employee	65,118	\$ 7.60	6,231	\$ 47,365
Human Resources	38	\$ 262,207	\$ (1,671)	\$ 260,537	50%	\$ 130,268	per capita & 50% employee	65,118	2.00	6,231	\$ 12,465
Risk Management Division	38	\$ 439,141	\$ (1,671)	\$ 437,471	50%	\$ 218,735	per capita & 50% employee	65,118	3.36	6,231	\$ 20,931
Information Systems	38	\$ 646,494	\$ (1,720)	\$ 644,774	50%	\$ 322,387	per capita & 50% employee	65,118	4.95	6,231	\$ 30,849
<b>Total Admin Services</b>		<b>\$ 2,340,817</b>	<b>\$ (8,061)</b>	<b>\$ 2,332,756</b>		<b>\$ 1,166,378</b>			<b>\$ 17.91</b>		<b>\$ 111,610</b>
<b>Community Development</b>											
Planning Commission	38	\$ 11,457	\$ (79,979)	\$ (68,522)	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
Planning & Zoning	38	\$ 1,371,435	\$ (79,979)	\$ 1,291,456	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
Economic Development	38	\$ 260,649	\$ (79,979)	\$ 180,670	50%	\$ 90,335	per capita & 50% employee	65,118	1.39	6,231	\$ 8,644
Building & Safety	38	\$ 793,827	\$ (8,570)	\$ 785,257	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
Fire Inspection Program	38	\$ 235,340	\$ -	\$ 235,340	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
Code Enforcement	38	\$ 421,129	\$ (680)	\$ 420,449	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
<b>Total Community Development</b>		<b>\$ 3,093,837</b>	<b>\$ (249,186)</b>	<b>\$ 2,844,651</b>		<b>\$ 90,335</b>			<b>\$ 1.39</b>		<b>\$ 8,644</b>
<b>Public Safety</b>											
Police Services	38	\$ 11,213,394	\$ (221,455)	\$ 10,991,939	100%	\$ 10,991,939	per capita & 50% employee	65,118	168.80	6,231	\$ 1,051,815
Fire Services	38	\$ 7,242,235	\$ 149,000	\$ 7,391,235	100%	\$ 7,391,235	-----	See Table 8	-----	-----	-----
Animal Services	38	\$ 835,427	\$ -	\$ 835,427	100%	\$ 835,427	per capita & 50% employee	65,118	12.83	6,231	\$ 79,942
<b>Total Public Safety</b>		<b>\$ 19,291,056</b>	<b>\$ (72,455)</b>	<b>\$ 19,218,601</b>		<b>\$ 19,218,601</b>			<b>\$ 181.63</b>		<b>\$ 1,131,757</b>
<b>Public Works</b>											
Emergency Services	38	\$ 26,328	\$ (3,470)	\$ 22,859	100%	\$ 22,859	per capita & 50% employee	65,118	0.35	6,231	\$ 2,187
Weed Abatement	38	\$ 397,178	\$ (3,470)	\$ 393,709	100%	\$ 393,709	per capita & 50% employee	65,118	6.05	6,231	\$ 37,674
Graffiti	38	\$ 197,489	\$ (3,470)	\$ 194,020	100%	\$ 194,020	per capita & 50% employee	65,118	2.98	6,231	\$ 18,566
Environmental Services	38	\$ 31,640	\$ (3,470)	\$ 28,171	100%	\$ 28,171	per capita & 50% employee	65,118	0.43	6,231	\$ 2,696
Engineering	38	\$ 2,042,338	\$ (401,100)	\$ 1,641,238	0%	\$ -	-----	See Footnote (c)	-----	-----	-----
Administration	38	\$ 789,687	\$ (13,977)	\$ 775,710	50%	\$ 387,855	per capita & 50% employee	65,118	5.96	6,231	\$ 37,114
Park Maintenance (f)	38	\$ 1,296,454	\$ (32,040)	\$ 1,264,414	91%	\$ 1,150,617	per capita & 50% employee	65,118	17.67	6,231	\$ 110,102
Facility Maintenance	38	\$ 320,172	\$ (32,040)	\$ 288,132	100%	\$ 288,132	per capita & 50% employee	65,118	4.42	6,231	\$ 27,571
Lake Administration	38	\$ 543,166	\$ (14,142)	\$ 529,024	0%	\$ -	-----	See Footnote (d)	-----	-----	-----
Lake Aeration	38	\$ 264,834	\$ -	\$ 264,834	50%	\$ 132,417	per capita & 50% employee	65,118	2.03	6,231	\$ 12,671
Boat Launch	38	\$ 27,020	\$ -	\$ 27,020	0%	\$ -	-----	See Footnote (d)	-----	-----	-----
Reclaimed Water Fill Lake	38	\$ 650,000	\$ -	\$ 650,000	50%	\$ 325,000	per capita & 50% employee	65,118	4.99	6,231	\$ 31,099
Vehicles & Equipment Maintenance	38	\$ 500,889	\$ (500)	\$ 500,389	100%	\$ 500,389	per capita & 50% employee	65,118	7.68	6,231	\$ 47,882
<b>Total Public Works</b>		<b>\$ 7,087,195</b>	<b>\$ (507,677)</b>	<b>\$ 6,579,518</b>		<b>\$ 3,423,167</b>			<b>\$ 52.57</b>		<b>\$ 327,562</b>
<b>Community Services</b>											
Recreation	38	\$ 692,807	\$ -	\$ 692,807	100%	\$ 692,807	per capita & 50% employee	65,118	10.64	6,231	\$ 66,294
Community Center	38	\$ 604,814	\$ -	\$ 604,814	0%	\$ -	per capita & 50% employee	65,118	-	6,231	\$ -
Senior Center	38	\$ 208,620	\$ -	\$ 208,620	100%	\$ 208,620	per capita & 50% employee	65,118	3.20	6,231	\$ 19,963
<b>Total Community Services</b>		<b>\$ 1,506,241</b>	<b>\$ -</b>	<b>\$ 1,506,241</b>		<b>\$ 901,427</b>			<b>\$ 13.84</b>		<b>\$ 86,257</b>
<b>Non Departmental</b>											
Personnel Costs: Retiree Health Premiums	131	\$ 654,450	\$ -	\$ 654,450	100%	\$ 654,450	per capita & 50% employee	65,118	\$ 10.05	6,231	\$ 62,624
Contractual Svcs.-Sales Tax Agmts. with Developers	131	\$ 1,065,000	\$ -	\$ 1,065,000	0%	\$ -	-----	See Footnote (e)	-----	-----	-----
Materials & Supplies	131	\$ 2,500	\$ -	\$ 2,500	100%	\$ 2,500	per capita & 50% employee	65,118	\$ 0.04	6,231	\$ 239
Other	131	\$ 1,129,050	\$ (2,950)	\$ 1,126,100	0%	\$ -	-----	See Footnote (e)	-----	-----	-----
<b>Total Non-Department Operating</b>		<b>\$ 2,851,000</b>	<b>\$ (2,950)</b>	<b>\$ 2,848,050</b>		<b>\$ 656,950</b>			<b>\$ 10.09</b>		<b>\$ 62,863</b>
<b>Grand Total General Fund</b>		<b>\$ 37,675,788</b>	<b>\$ (873,301)</b>	<b>\$ 36,802,487</b>		<b>\$ 26,193,193</b>					<b>\$ 1,799,154</b>

Footnotes:

- (a) Per the Annual Operating Budget for FY 2014-15 and the FY 2014-15 Mid Year Operating Budget Status Report - General Fund approved by the City Council on 1/27/2015.
- (b) Total population of 56,718 per the California Dept. of Finance as of January 2014. Total employment of 16,800 per the California Employment Development Department as of June 2014. For per capita and 50% employee factors, employment was reduced by 50% to account for the estimated less frequent use of city public services by employees than residents.
- (c) Community Development and Engineering expenses are assumed to be offset by fees and charges.
- (d) Assumes Project will not impact costs associated with these expenses. Per information provided by client, Project will maintain its own lake and will not impact costs associated with Lake Elsinore.
- (e) Breakdown of Non-Department Operating costs per Jim Riley at City of Lake Elsinore. With the exception of retiree health premiums, the Project is not anticipated to have an impact on non-department operating costs.
- (f) Assumes an HOA will maintain certain park acres. Other park maintenance costs will be partially offset through participation in an LMD or services CFD.
- (g) Per the FY 2014-15 Mid Year Operating Budget Status Report - General Fund approved by the City Council on 1/27/2015.

**Exhibit A - Phase 1 (FY 2014/15 Budget)**

**Table 8**

**Fire Services Cost Calculation**

**Alberhill Villages Specific Plan**

**September 18, 2015**

	<u>Table Ref.</u>			
<b>Fire Protection Revenue (a)</b>				
Residential and Non Residential Assessed Value	Table 3	[1]	\$	635,560,000
Basic Rate		[2]		1.00%
Basic Tax Paid		[1]X[2]=[3]		6,355,600
Structural Fire Fund Share of the Basic Tax	Table 2	[4]		5.6658%
<b>Total Fire Protection Revenue</b>		[3]X[4]=[5]	\$	<u>360,093</u>
<b>Fire Protection Cost</b>				
Estimated County Fire Protection Cost per Station		[6]	\$	2,150,000
Fire Stations Required to Serve Project (c)		[7]		1.00
<b>Total Fire Protection Cost</b>		[6]X[7]=[8]	\$	<u>2,150,000</u>
Allocation to Phase	Table 3	[9]		24.968%
<b>Fire Protection Cost to Phase (a)</b>		[8]X[9]=10	\$	536,807
<b>Net Fire Protection Cost to Project(a)</b>		[10]-[5]	\$	<u>176,714</u>

**Footnotes:**

- (a) Riverside County receives approximately 5.67% share of the basic 1% property tax to fund structural fire protection services. The City of Lake Elsinore receives a credit for structural fire fund taxes received by the County to offset its annual fire protection contract.
- (b) Per conversation with Jason Simpson at the City.
- (c) Per the Public Services section of the Alberhill Villages Specific Plan Amendment #4, dated 3/23/10, The City of Lake Elsinore will provide fire protection to the Project site through a contract with the Riverside County Fire Department. The Alberhill Villages Specific Plan area may require one fire substation, which may be located within the University Town Center or east of Lake Street in the Specific Plan Area. This fiscal impact analysis assumes that the Alberhill Villages Specific Plan Area will require one fire substation.

**Exhibit A - Phase 1 (FY 2014/15 Budget)**  
**Table 9**  
**Police Services Cost Calculation Comparison**  
**Alberhill Villages Specific Plan**  
**September 18, 2015**

	<u>Table Ref.</u>	<u>FY 2014-15</u>
<b>I. Case Study - Cost per Sworn Officer Calculation: Existing Service Level</b>		
Sworn Officer Source (d)		FY 2014/15 City Staffing Schedule
Net General Fund - Police Services (a)	7	[1] \$ 10,991,939
Total Existing Sworn Officers (d)		[2] 47.6
Total Cost per Sworn Officer		[3]=[1]/[2] \$ 230,826
City Residents (b)		[4] 56,718
Total Existing Sworn Officers (d)		[2] 47.6
Existing Service Standard (Sworn Officers per 1,000 Residents)		[5]=[2]/([4]/1,000) 0.84
Projected Residents (c)	3	[6] 3,192
<b>Existing Service Standard (Sworn Officers per 1,000 Residents)</b>		[5] <b>0.84</b>
Additional Sworn Officers Required @ buildout		[7]=([5]*[6])/1,000 2.68
<b>Total Police Services Costs</b>		[8]=[3]X[7] <b>\$ 618,536</b>

**Footnotes:**

- (a) Amount obtained per the Annual Operating Budget for FY 2014-15, and the FY 2014-15 Mid Year Operating Budget Status Report - General Fund approved by the City Council on 1/27/2015.
- (b) FY 2014/15 total population of 56,718 per the California Dept. of Finance as of January 2014.
- (c) Assumes project residents of 3,192.
- (d) FY 2014/15 sworn officer amount per conversation with Jason Simpson at the City of Lake Elsinore, dated 8/31/15.

	Factor	Table Ref.	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
<b>I. Recurring Revenues and Costs</b>																	
<b>A. Recurring Revenues</b>																	
Property Tax		4	\$ 1,022,752	\$ 40,825	\$ 79,853	\$ 100,137	\$ 127,080	\$ 168,606	\$ 219,144	\$ 239,081	\$ 249,240	\$ 264,406	\$ 338,811	\$ 404,908	\$ 472,440	\$ 547,458	\$ 617,581
Property Transfer Tax		4	165,251	6,117	12,014	15,490	19,741	26,462	34,309	37,726	39,467	41,571	53,542	64,870	75,784	88,331	99,469
Property Tax In Lieu of Sales Tax		4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-Site Sales and Use Tax		5	895,168	28,775	57,550	81,981	105,327	141,702	178,295	198,057	207,830	213,259	265,380	324,558	373,638	436,617	488,194
On-Site Sales and Use Tax		5	4,866,014	618,240	1,174,656	1,174,656	1,174,656	1,189,572	1,761,444	1,761,444	1,761,444	1,761,444	2,046,839	2,046,839	2,510,519	2,510,519	3,128,759
Property Tax In-Lieu of VLF		6	1,391,041	36,296	72,591	109,370	144,940	204,588	264,690	297,966	315,225	323,392	416,520	522,823	610,227	721,288	808,484
Prop. 172 1/2% Sales Tax/Public Safety	per capita & 50% employee	4.88	6	121,874	3,571	7,056	11,960	17,469	23,115	29,267	31,755	33,045	34,596	42,260	50,208	57,385	66,280
Transient Occupancy Tax		5	980,941	-	-	-	-	490,471	490,471	490,471	490,471	490,471	980,941	980,941	980,941	980,941	980,941
Franchise Tax	per capita & 50% employee	36.20	6	903,519	26,472	52,311	88,663	129,504	171,364	216,970	235,415	244,981	256,477	313,293	372,217	425,425	491,367
Towing Franchise Fee	per capita & 50% employee	0.03	6	767	22	44	75	110	145	184	200	208	218	266	316	361	417
Licenses, Permits, and Fees		6	365,763	12,429	24,227	46,309	73,325	92,113	114,456	120,050	122,952	131,265	152,094	169,965	189,399	212,432	233,417
Intergovernmental	per capita	0.41	6	8,824	230	460	694	919	1,298	1,679	1,890	2,000	2,642	3,317	3,871	4,576	5,129
Fines and Forfeitures		6	377,868	11,071	21,877	37,081	54,161	71,668	90,741	98,455	102,456	107,264	131,025	155,668	177,921	205,499	228,369
Other Miscellaneous Revenue		6	40,366	1,053	2,107	3,174	4,206	5,937	7,681	8,647	9,147	9,384	12,087	15,172	17,708	20,931	23,461
<b>Total Recurring Revenues</b>			<b>\$ 11,140,148</b>	<b>\$ 785,101</b>	<b>\$ 1,504,746</b>	<b>\$ 1,669,590</b>	<b>\$ 1,851,437</b>	<b>\$ 2,587,040</b>	<b>\$ 3,409,329</b>	<b>\$ 3,521,155</b>	<b>\$ 3,578,465</b>	<b>\$ 3,635,797</b>	<b>\$ 4,755,700</b>	<b>\$ 5,111,801</b>	<b>\$ 5,895,619</b>	<b>\$ 6,286,655</b>	<b>\$ 7,233,978</b>
<b>B. Recurring Costs</b>																	
City Council	per capita & 50% employee	\$ 2.11	7	\$ 52,575	\$ 1,540	\$ 3,044	\$ 5,159	\$ 7,536	\$ 9,972	\$ 12,625	\$ 13,699	\$ 14,255	\$ 14,924	\$ 18,230	\$ 21,659	\$ 24,755	\$ 28,592
City Attorney	per capita & 50% employee	2.42	7	60,362	1,769	3,495	5,923	8,652	11,449	14,495	15,728	16,367	17,135	20,931	24,867	28,422	32,827
City Clerk	per capita & 50% employee	3.21	7	80,138	2,348	4,640	7,864	11,486	15,199	19,244	20,880	21,729	22,748	27,788	33,014	37,733	43,582
City Manager	per capita & 50% employee	3.57	7	89,127	2,611	5,160	8,746	12,775	16,904	21,403	23,222	24,166	25,300	30,905	36,717	41,966	48,471
Administrative Services	per capita & 50% employee	17.91	7	447,018	13,097	25,881	43,866	64,073	84,783	107,346	116,472	121,205	126,893	155,003	184,155	210,480	243,105
Police Services		9	4,127,486	132,676	265,353	378,002	485,646	653,368	822,093	913,214	958,274	983,307	1,223,626	1,496,489	1,722,790	2,013,176	2,250,992
Animal Services	per capita & 50% employee	12.83	7	320,180	9,381	18,538	31,420	45,892	60,726	76,888	83,424	86,814	90,888	111,022	131,903	150,758	174,126
Net Fire Protection Cost		8	860,211	11,509	23,777	44,699	74,907	107,907	147,907	195,147	239,936	258,685	268,638	318,234	375,094	416,544	478,852
Community Development	per capita & 50% employee	1.39	7	34,621	1,014	2,004	3,397	4,962	6,566	8,314	9,021	9,387	9,828	12,005	14,263	16,302	18,828
Public Works	per capita & 50% employee	52.57	7	1,311,939	38,439	75,958	128,742	188,044	248,826	315,047	341,830	355,721	372,414	454,912	540,471	617,731	713,481
Community Services	per capita & 50% employee	13.84	7	345,475	10,122	20,002	33,902	49,518	65,524	82,962	90,014	93,672	98,068	119,793	142,323	162,668	187,882
Non Departmental	per capita & 50% employee	10.09	7	251,778	7,377	14,577	24,707	36,088	47,753	60,462	65,602	68,267	71,471	87,304	103,723	118,551	136,926
<b>Total Financing Requirements</b>			<b>\$ 7,980,912</b>	<b>\$ 231,884</b>	<b>\$ 462,428</b>	<b>\$ 756,429</b>	<b>\$ 1,062,579</b>	<b>\$ 1,416,217</b>	<b>\$ 1,780,815</b>	<b>\$ 1,951,790</b>	<b>\$ 2,038,495</b>	<b>\$ 2,109,843</b>	<b>\$ 2,579,751</b>	<b>\$ 3,104,679</b>	<b>\$ 3,548,699</b>	<b>\$ 4,119,847</b>	<b>\$ 4,543,148</b>
<b>C. Net Annual Surplus/(Deficit)</b>																	
			Aggregate Surplus	Min Surplus													
<b>Ongoing Surplus/(Deficit)</b>			\$ 55,473,325	\$ 553,217	\$ 3,159,237	\$ 553,217	\$ 1,042,318	\$ 913,161	\$ 788,857	\$ 1,170,823	\$ 1,628,515	\$ 1,569,366	\$ 1,539,970	\$ 1,525,954	\$ 2,175,949	\$ 2,007,123	\$ 2,346,920
<b>Surplus/(Deficit) per Unit</b>			\$ 6,729	\$ 2,088	\$ 383	\$ 2,088	\$ 1,967	\$ 1,209	\$ 813	\$ 897	\$ 992	\$ 860	\$ 805	\$ 777	\$ 890	\$ 672	\$ 682
<b>Revenue/Cost Ratio</b>			1.40			3.39	3.25	2.21	1.74	1.83	1.91	1.80	1.76	1.72	1.84	1.65	1.66
						265.00	265.00	225.00	215.00	205.00	167.00	46.00	-	-	-	-	-
<b>Phase 1 Net Annual Surplus/(Deficit)</b>																	
			Aggregate Surplus	Min Surplus													
<b>Ongoing Surplus/(Deficit)</b>			\$ 85,122,217	\$ 567,801	\$ 4,936,094	\$ 567,801	\$ 1,071,486	\$ 954,712	\$ 840,628	\$ 1,276,409	\$ 1,800,579	\$ 1,788,467	\$ 1,788,467	\$ 1,788,467	\$ 2,586,022	\$ 2,588,263	\$ 3,069,612
<b>Surplus/(Deficit) per Unit</b>			\$ 61,327	\$ 2,143	\$ 3,556	\$ 2,143	\$ 2,022	\$ 1,265	\$ 867	\$ 1,086	\$ 1,342	\$ 1,289	\$ 1,289	\$ 1,289	\$ 1,863	\$ 1,865	\$ 2,212
<b>Revenue/Cost Ratio</b>			4.20			3.61	3.47	2.34	1.85	2.06	2.28	2.24	2.24	2.24	2.78	2.75	3.06

		Table	Factor	Ref.	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
<b>I. Recurring Revenues and Costs</b>																	
<b>A. Recurring Revenues</b>																	
Property Tax		4	\$		673,545	714,751	787,334	823,396	850,321	904,768	930,924	957,080	997,561	1,022,752	1,022,752	1,022,752	1,022,752
Property Transfer Tax		4			109,061	116,123	127,683	133,864	138,478	146,424	150,907	155,390	161,527	165,251	165,251	165,251	165,251
Property Tax In Lieu of Sales Tax		4			-	-	-	-	-	-	-	-	-	-	-	-	-
Off-Site Sales and Use Tax		5			542,704	580,382	640,429	686,035	724,691	762,695	800,699	838,704	874,102	895,168	895,168	895,168	895,168
On-Site Sales and Use Tax		5			3,128,759	3,128,759	3,746,999	3,746,999	3,746,999	4,303,415	4,303,415	4,303,415	4,866,014	4,866,014	4,866,014	4,866,014	4,866,014
Property Tax In-Lieu of VLF		6			902,647	969,804	1,062,133	1,126,727	1,176,773	1,225,456	1,274,139	1,322,822	1,367,585	1,391,041	1,391,041	1,391,041	1,391,041
Prop. 172 1/2% Sales Tax/Public Safety	per capita & 50% employee	4.88	6		80,697	85,718	93,478	98,308	102,050	107,587	111,227	114,867	118,993	121,874	121,874	121,874	121,874
Transient Occupancy Tax		5			980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941	980,941
Franchise Tax	per capita & 50% employee	36.20	6		598,248	635,472	693,004	728,808	756,549	797,599	824,584	851,568	882,155	903,519	903,519	903,519	903,519
Towing Franchise Fee	per capita & 50% employee	0.03	6		508	539	588	618	642	677	700	722	748	767	767	767	767
Licenses, Permits, and Fees		6			249,247	260,537	282,385	293,244	301,658	323,848	332,032	340,216	353,491	365,763	365,763	365,763	365,763
Intergovernmental	per capita	0.41	6		5,726	6,152	6,738	7,148	7,465	7,774	8,083	8,392	8,675	8,824	8,824	8,824	8,824
Fines and Forfeitures		6			250,198	265,766	289,827	304,801	316,403	333,570	344,856	356,142	368,933	377,868	377,868	377,868	377,868
Other Miscellaneous Revenue		6			26,194	28,143	30,822	32,696	34,149	35,561	36,974	38,387	39,686	40,366	40,366	40,366	40,366
Total Recurring Revenues					\$ 7,548,474	\$ 7,773,088	\$ 8,742,362	\$ 8,963,585	\$ 9,137,118	\$ 9,930,316	\$ 10,099,481	\$ 10,268,646	\$ 11,020,412	\$ 11,140,148	\$ 11,140,148	\$ 11,140,148	\$ 11,140,148

<b>B. Recurring Costs</b>																	
City Council	per capita & 50% employee	\$ 2.11	7	\$	34,811	36,977	40,325	42,409	44,023	46,411	47,982	49,552	51,332	52,575	52,575	52,575	52,575
City Attorney	per capita & 50% employee	2.42	7		39,968	42,455	46,298	48,690	50,544	53,286	55,089	56,892	58,935	60,362	60,362	60,362	60,362
City Clerk	per capita & 50% employee	3.21	7		53,062	56,364	61,466	64,642	67,103	70,744	73,137	75,530	78,243	80,138	80,138	80,138	80,138
City Manager	per capita & 50% employee	3.57	7		59,014	62,686	68,361	71,893	74,629	78,679	81,341	84,003	87,020	89,127	89,127	89,127	89,127
Administrative Services	per capita & 50% employee	17.91	7		295,984	314,401	342,865	360,579	374,304	394,614	407,964	421,315	436,448	447,018	447,018	447,018	447,018
Police Services		9			2,502,326	2,676,057	2,952,925	3,163,204	3,341,441	3,516,674	3,691,907	3,867,140	4,030,357	4,127,486	4,127,486	4,127,486	4,127,486
Animal Services	per capita & 50% employee	12.83	7		212,001	225,192	245,580	258,268	268,098	282,645	292,208	301,770	312,609	320,180	320,180	320,180	320,180
Net Fire Protection Cost		8			1,300,595	1,248,630	1,157,096	1,111,618	1,077,664	1,009,001	976,015	943,030	891,980	860,211	860,211	860,211	860,211
Community Development	per capita & 50% employee	1.39	7		22,924	24,350	26,555	27,927	28,990	30,563	31,597	32,631	33,803	34,621	34,621	34,621	34,621
Public Works	per capita & 50% employee	52.57	7		868,675	922,727	1,006,264	1,058,253	1,098,534	1,158,139	1,197,322	1,236,505	1,280,917	1,311,939	1,311,939	1,311,939	1,311,939
Community Services	per capita & 50% employee	13.84	7		228,749	242,983	264,981	278,671	289,278	304,974	315,292	325,610	337,306	345,475	345,475	345,475	345,475
Non Departmental	per capita & 50% employee	10.09	7		166,710	177,083	193,115	203,092	210,823	222,262	229,782	237,301	245,825	251,778	251,778	251,778	251,778
Total Financing Requirements					\$ 5,784,819	\$ 6,029,905	\$ 6,405,832	\$ 6,689,246	\$ 6,925,430	\$ 7,167,992	\$ 7,399,636	\$ 7,631,280	\$ 7,844,773	\$ 7,980,912	\$ 7,980,912	\$ 7,980,912	\$ 7,980,912

		Aggregate Surplus	Min Surplus														
<b>C. Net Annual Surplus/(Deficit)</b>																	
Ongoing Surplus/(Deficit)	\$	55,473,325	\$ 553,217	\$	1,763,655	1,743,183	2,336,530	2,274,339	2,211,688	2,762,324	2,699,845	2,637,366	3,175,638	3,159,237	3,159,237	3,159,237	3,159,237
Surplus/(Deficit) per Unit	\$	6,729	\$ 2,088	\$	353	326	396	360	331	393	366	341	394	383	383	383	383
Revenue/Cost Ratio					1.30	1.29	1.36	1.34	1.32	1.39	1.36	1.35	1.40	1.40	1.40	1.40	1.40

		Aggregate Surplus	Min Surplus														
<b>Phase 1 Net Annual Surplus/(Deficit)</b>																	
Ongoing Surplus/(Deficit)	\$	85,122,217	\$ 567,801	\$	3,711,558	3,711,558	4,352,664	4,352,664	4,352,664	4,352,664	4,352,664	4,352,664	4,936,094	4,936,094	4,936,094	4,936,094	4,936,094
Surplus/(Deficit) per Unit	\$	61,327	\$ 2,143	\$	2,674	2,674	3,136	3,136	3,136	3,136	3,136	3,136	3,556	3,556	3,556	3,556	3,556
Revenue/Cost Ratio					3.45	3.45	3.84	3.84	3.84	3.84	3.84	3.84	4.20	4.20	4.20	4.20	4.20

			Factor	Table Ref.	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	
<b>II. RESIDENTIAL FINANCING SOURCES</b>																				
<b>A. Cumulative Residents</b>																				
Phase	PA	Land Use	Type	Annual Capture (g)																
1	1A	MU Rental	Mixed Use	75	3	450	75	75	75	75	75	75	-	-	-	-	-	-	-	
1	1B	MU/Reg Commercial	Mixed Use	50	3	346	50	50	50	50	50	46	-	-	-	-	-	-	-	
1	4C	Commercial/MU	Mixed Use	50	3	60	50	10	-	-	-	-	-	-	-	-	-	-	-	
1	4C	SF 10	Single Family	40	3	190	40	40	40	40	30	-	-	-	-	-	-	-	-	
1	4B	SF 16	Single Family	50	3	192	-	-	50	50	42	-	-	-	-	-	-	-	-	
1	6A	Commercial/MU	Mixed Use	50	3	100	50	50	-	-	-	-	-	-	-	-	-	-	-	
1	6B	Commercial/MU	Mixed Use	50	3	50	-	40	10	-	-	-	-	-	-	-	-	-	-	
2	4B	SF 10	Single Family	40	3	160	-	-	-	40	40	40	40	40	-	-	-	-	-	
2	4B	SF 7	Single Family	40	3	74	-	-	-	-	40	34	-	-	-	-	-	-	-	
2	4B	MF 16	Multi-Family	50	3	275	-	-	-	50	50	50	50	50	25	-	-	-	-	
2	5B	SF 7	Single Family	40	3	92	-	-	-	40	40	12	-	-	-	-	-	-	-	
2	5B	MF 16	Multi-Family	50	3	237	-	-	-	-	-	-	-	-	-	50	50	50	50	
3	4A	MF 35	Multi-Family	50	3	389	-	-	-	-	-	-	-	-	50	50	50	50	50	
3	4A	MU Rental	Mixed Use	75	3	500	-	-	-	-	-	-	-	-	75	75	75	75	75	
3	4A	SF 10	Single Family	40	3	116	-	-	-	-	-	-	-	-	40	40	36	-	-	
3	4A	MF 10 Duplex	Multi-Family	50	3	115	-	-	-	-	-	-	-	-	50	50	15	-	-	
3	4A	SF 5	Single Family	120	3	458	-	-	-	-	-	-	-	-	120	120	120	98	-	
3	4A	SF 7	Single Family	40	3	106	-	-	-	-	-	-	-	-	40	40	26	-	-	
3	5A	SF 5	Single Family	40	3	100	-	-	-	-	-	-	-	-	40	40	20	-	-	
3	5A	SF 5.1	Single Family	40	3	100	-	-	-	-	-	-	-	-	40	40	20	-	-	
3	5A	SF 7	Single Family	40	3	87	-	-	-	-	-	-	-	-	40	40	40	7	-	
4	2A	SF 4.5	Single Family	120	3	630	-	-	-	-	-	-	-	-	-	-	-	120	120	
4	2A	SF 7	Single Family	40	3	152	-	-	-	-	-	-	-	-	-	-	-	40	40	
4	2A	MF 35	Multi-Family	100	3	350	-	-	-	-	-	-	-	-	-	-	-	100	100	
4	2C	SF 6	Single Family	40	3	121	-	-	-	-	-	-	-	-	-	-	-	40	40	
4	2C	SF 7	Single Family	40	3	166	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	3A	SF 8 Hillside	Single Family	4	3	8	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	1C	MU Rental/Office Med	Mixed Use	200	3	1,594	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	2B	MF 35	Multi-Family	150	3	1,026	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Phase 1 Absorption						1,388	265	265	225	215	205	167	46	-	-	-	-	-	-	
Total Phase 2 Absorption						838	-	-	-	130	170	136	90	50	25	50	50	50	50	
Total Phase 3 Absorption						1,971	-	-	-	-	-	-	-	-	455	495	402	230	125	
Total Phase 4 Absorption						1,419	-	-	-	-	-	-	-	-	-	-	-	-	300	300
Total Phase 5 Absorption						8	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Phase 6 Absorption						2,620	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Annual Residential Absorption by Phase						8,244	265	265	225	215	335	337	182	90	50	480	545	452	580	475
Total Mixed Use Absorption			Mixed Use	1.85		3,100	225	225	135	125	125	46	-	-	75	75	75	75	75	
Total Multi-Family Absorption			Multi-Family	2.50		2,392	-	-	-	50	50	50	50	50	125	150	115	200	200	
Total Single Family Absorption			Single Family	3.48		2,752	40	40	90	90	160	86	40	-	280	320	262	305	200	
Total Annual Residential Absorption by Product Type						8,244	265	265	225	215	335	337	182	90	50	480	545	452	580	475
<b>Total Cumulative Units</b>						8,244	265	530	755	970	1,305	1,642	1,824	1,914	1,964	2,444	2,989	3,441	4,021	4,496
<b>Total Cumulative Residents</b>						21,298	556	1,111	1,675	2,219	3,132	4,053	4,562	4,826	4,951	6,377	8,005	9,343	11,043	12,378

			Table	Year													
			Factor	Ref.	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
<b>II. RESIDENTIAL FINANCING SOURCES</b>																	
<b>A. Cumulative Residents</b>																	
Phase	PA	Land Use	Type	Annual Capture (g)													
1	1A	MU Rental	Mixed Use	75	3	-	-	-	-	-	-	-	-	-	-	-	-
1	1B	MU/Reg Commercial	Mixed Use	50	3	-	-	-	-	-	-	-	-	-	-	-	-
1	4C	Commercial/MU	Mixed Use	50	3	-	-	-	-	-	-	-	-	-	-	-	-
1	4C	SF 10	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
1	4B	SF 16	Single Family	50	3	-	-	-	-	-	-	-	-	-	-	-	-
1	6A	Commercial/MU	Mixed Use	50	3	-	-	-	-	-	-	-	-	-	-	-	-
1	6B	Commercial/MU	Mixed Use	50	3	-	-	-	-	-	-	-	-	-	-	-	-
2	4B	SF 10	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
2	4B	SF 7	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
2	4B	MF 16	Multi-Family	50	3	-	-	-	-	-	-	-	-	-	-	-	-
2	5B	SF 7	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
2	5B	MF 16	Multi-Family	50	3	37	-	-	-	-	-	-	-	-	-	-	-
3	4A	MF 35	Multi-Family	50	3	50	50	39	-	-	-	-	-	-	-	-	-
3	4A	MU Rental	Mixed Use	75	3	75	50	-	-	-	-	-	-	-	-	-	-
3	4A	SF 10	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
3	4A	MF 10 Duplex	Multi-Family	50	3	-	-	-	-	-	-	-	-	-	-	-	-
3	4A	SF 5	Single Family	120	3	-	-	-	-	-	-	-	-	-	-	-	-
3	4A	SF 7	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
3	5A	SF 5	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
3	5A	SF 5.1	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
3	5A	SF 7	Single Family	40	3	-	-	-	-	-	-	-	-	-	-	-	-
4	2A	SF 4.5	Single Family	120	3	120	120	120	30	-	-	-	-	-	-	-	-
4	2A	SF 7	Single Family	40	3	40	32	-	-	-	-	-	-	-	-	-	-
4	2A	MF 35	Multi-Family	100	3	100	50	-	-	-	-	-	-	-	-	-	-
4	2C	SF 6	Single Family	40	3	40	1	-	-	-	-	-	-	-	-	-	-
4	2C	SF 7	Single Family	40	3	40	40	40	6	-	-	-	-	-	-	-	-
5	3A	SF 8 Hillside	Single Family	4	3	-	4	4	-	-	-	-	-	-	-	-	-
6	1C	MU Rental/Office Med	Mixed Use	200	3	-	-	200	200	200	200	200	200	200	194	-	-
6	2B	MF 35	Multi-Family	150	3	-	-	150	150	150	150	150	150	126	-	-	-
Total Phase 1 Absorption					-	-	-	-	-	-	-	-	-	-	-	-	-
Total Phase 2 Absorption					37	-	-	-	-	-	-	-	-	-	-	-	-
Total Phase 3 Absorption					125	100	39	-	-	-	-	-	-	-	-	-	-
Total Phase 4 Absorption					340	243	160	70	6	-	-	-	-	-	-	-	-
Total Phase 5 Absorption					-	4	4	-	-	-	-	-	-	-	-	-	-
Total Phase 6 Absorption					-	-	350	350	350	350	350	350	326	194	-	-	-
Total Annual Residential Absorption by Phase					502	347	553	420	356	350	350	350	326	194	-	-	-
Total Mixed Use Absorption		Mixed Use	1.85	75	50	200	200	200	200	200	200	200	200	194	-	-	-
Total Multi-Family Absorption		Multi-Family	2.50	187	100	189	150	150	150	150	150	126	-	-	-	-	
Total Single Family Absorption		Single Family	3.48	240	197	164	70	6	-	-	-	-	-	-	-	-	
Total Annual Residential Absorption by Product Type					502	347	553	420	356	350	350	350	326	194	-	-	-
<b>Total Cumulative Units</b>					4,998	5,345	5,898	6,318	6,674	7,024	7,374	7,724	8,050	8,244	8,244	8,244	8,244
<b>Total Cumulative Residents</b>					13,820	14,848	16,262	17,251	18,017	18,762	19,508	20,253	20,939	21,298	21,298	21,298	21,298

			Factor	Table Ref.	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14		
<b>II. RESIDENTIAL FINANCING SOURCES (CONT.)</b>																					
<b>B. Current Period Assessed Value</b>																					
1	1A	MU Rental	Mixed Use	3	\$ 150,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	1B	MU/Reg Commercial	Mixed Use	3	\$ 65,091,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 8,653,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	4C	Commercial/MU	Mixed Use	3	\$ 11,287,500	\$ 9,406,250	\$ 1,881,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	4C	SF 10	Single Family	3	\$ 54,150,000	\$ 11,400,000	\$ 11,400,000	\$ 11,400,000	\$ 11,400,000	\$ 8,550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	4B	SF 16	Single Family	3	\$ 43,056,000	\$ -	\$ -	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500	\$ 9,418,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	6A	Commercial/MU	Mixed Use	3	\$ 18,812,500	\$ 9,406,250	\$ 9,406,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1	6B	Commercial/MU	Mixed Use	3	\$ 9,406,250	\$ -	\$ 7,525,000	\$ 1,881,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2	4B	SF 10	Single Family	3	\$ 45,600,000	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 11,400,000	\$ 11,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2	4B	SF 7	Single Family	3	\$ 21,090,000	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 9,690,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2	4B	MF 16	Multi-Family	3	\$ 61,668,750	\$ -	\$ -	\$ -	\$ -	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500	\$ 5,606,250	\$ -	\$ -	\$ -	\$ -		
2	5B	SF 7	Single Family	3	\$ 26,220,000	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 3,420,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2	5B	MF 16	Multi-Family	3	\$ 53,147,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500	\$ 11,212,500		
3	4A	MF 35	Multi-Family	3	\$ 73,180,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250	\$ 9,406,250		
3	4A	MU Rental	Mixed Use	3	\$ 75,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000	\$ 11,250,000		
3	4A	SF 10	Single Family	3	\$ 33,060,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 10,260,000	\$ -	\$ -		
3	4A	MF 10 Duplex	Multi-Family	3	\$ 28,175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,250,000	\$ 12,250,000	\$ 3,675,000	\$ -	\$ -		
3	4A	SF 5	Single Family	3	\$ 162,590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,600,000	\$ 42,600,000	\$ 42,600,000	\$ 34,790,000	\$ -		
3	4A	SF 7	Single Family	3	\$ 30,210,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 7,410,000	\$ -	\$ -		
3	5A	SF 5	Single Family	3	\$ 28,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 5,700,000	\$ -	\$ -		
3	5A	SF 5.1	Single Family	3	\$ 37,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,800,000	\$ 14,800,000	\$ 7,400,000	\$ -	\$ -		
3	5A	SF 7	Single Family	3	\$ 24,795,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000	\$ 1,995,000	\$ -	\$ -		
4	2A	SF 4.5	Single Family	3	\$ 223,650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,600,000	\$ 42,600,000		
4	2A	SF 7	Single Family	3	\$ 43,320,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000		
4	2A	MF 35	Multi-Family	3	\$ 65,843,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,812,500	\$ 18,812,500		
4	2C	SF 6	Single Family	3	\$ 34,485,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,400,000	\$ 11,400,000		
4	2C	SF 7	Single Family	3	\$ 47,310,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
5	3A	SF 8 Hillside	Single Family	3	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6	1C	MU Rental/Office Med	Mixed Use	3	\$ 239,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6	2B	MF 35	Multi-Family	3	\$ 193,016,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Total Current Period Assessed Value Additions</b>					\$ 220,799	\$ 1,820,265,125	\$ 50,868,750	\$ 50,868,750	\$ 45,150,000	\$ 43,268,750	\$ 74,431,250	\$ 75,487,250	\$ 44,376,250	\$ 22,612,500	\$ 11,212,500	\$ 130,112,500	\$ 147,118,750	\$ 120,313,750	\$ 152,866,250	\$ 116,081,250	
<b>III. RESIDENTIAL ASSESSED VALUE AND ANALYSIS</b>																					
<b>Total Current Period Assessed Value Additions</b>					\$ 1,820,265,125	\$ 50,868,750	\$ 50,868,750	\$ 45,150,000	\$ 43,268,750	\$ 74,431,250	\$ 75,487,250	\$ 44,376,250	\$ 22,612,500	\$ 11,212,500	\$ 130,112,500	\$ 147,118,750	\$ 120,313,750	\$ 152,866,250	\$ 116,081,250		
<b>Cumulative Residential AV</b>					\$ 1,820,265,125	\$ 50,868,750	\$ 101,737,500	\$ 146,887,500	\$ 190,156,250	\$ 264,587,500	\$ 340,074,750	\$ 384,451,000	\$ 407,063,500	\$ 418,276,000	\$ 548,388,500	\$ 695,507,250	\$ 815,821,000	\$ 968,687,250	\$ 1,084,768,500		
<b>Residential Property Tax</b>																					
Basic Tax Paid					1.00%	4	\$ 18,202,651	\$ 508,688	\$ 1,017,375	\$ 1,468,875	\$ 1,901,563	\$ 2,645,875	\$ 3,400,748	\$ 3,844,510	\$ 4,070,635	\$ 4,182,760	\$ 5,483,885	\$ 6,955,073	\$ 8,158,210	\$ 9,686,873	\$ 10,847,685
<b>Total Residential Property Tax</b>					4.4927%	2	\$ 817,795	\$ 22,854	\$ 45,708	\$ 65,993	\$ 85,432	\$ 118,872	\$ 152,786	\$ 172,723	\$ 182,882	\$ 187,920	\$ 246,376	\$ 312,472	\$ 366,526	\$ 435,205	\$ 487,357
<b>Residential Property Tax In-Lieu of VLF</b>																					
					\$ 65.31	6	\$ 1,391,041	\$ 36,296	\$ 72,591	\$ 109,370	\$ 144,940	\$ 204,588	\$ 264,690	\$ 297,966	\$ 315,225	\$ 323,392	\$ 416,520	\$ 522,823	\$ 610,227	\$ 721,288	\$ 808,484
<b>Residential Property Tax In-Lieu of Sales Tax</b>																					
Off-Site Sales Tax Redirected to Property Tax					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Residential Documentary Transfer Tax</b>																					
Residential Turnover Rate (a)					14.0%	4	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	
Transfer Tax Rate (b)					0.06%	4	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	
<b>Total Residential Documentary Transfer Tax</b>					\$ 140,160	\$ 3,917	\$ 7,834	\$ 11,310	\$ 14,642	\$ 20,373	\$ 26,186	\$ 29,603	\$ 31,344	\$ 32,207	\$ 42,226	\$ 53,554	\$ 62,818	\$ 74,589	\$ 83,527		
<b>Off-Site Sales Tax</b>																					
Household Income (c)					Factor	Ref.	\$ 506,775,168	\$ 16,290,080	\$ 32,580,160	\$ 46,411,360	\$ 59,627,840	\$ 80,220,960	\$ 100,937,024	\$ 112,124,928	\$ 117,657,408	\$ 120,731,008	\$ 150,237,568	\$ 183,739,808	\$ 211,525,152	\$ 247,178,912	\$ 276,378,112
Retail Taxable Sales (@32% of Household Income) (d)					32.00%	5	162,168,054	5,212,826	10,425,651	14,851,635	19,080,909	25,670,707	32,299,848	35,879,977	37,650,371	38,633,923	48,076,022	58,796,739	67,688,049	79,097,252	88,440,996
Projected Off-Site Taxable Sales Captured in City (@50% of Retail Taxable Sales) (e)					50.00%	5	81,084,027	2,606,413	5,212,826	7,425,818	9,540,454	12,835,354	16,149,924	17,939,988	18,825,185	19,316,961	24,038,011	29,398,369	33,844,024	39,548,626	44,220,498
Sales Tax (@1.00% of taxable sales)					1.00%	5	810,840	26,064	52,128	74,258	95,405	128,354	161,499	179,400	188,252	193,170	240,380	293,984	338,440	395,486	442,205
Use Tax (@10.40% of sales tax)					10.40%	5	84,327	2,711	5,421	7,723	9,922	13,349	16,796	18,658	19,578	20,090	25,000	30,574	35,198	41,131	45,989
Less 0% Reclassified to Property Taxes (f)					0.00%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Off-Site Sales Tax Passed Through to County</b>					\$ 895,168	\$ 28,775	\$ 57,550	\$ 81,981	\$ 105,327	\$ 141,702	\$ 178,295	\$ 198,057	\$ 207,830	\$ 213,259	\$ 265,380	\$ 324,558	\$ 373,638	\$ 436,617	\$ 488,194		

				Table	Factor	Ref.	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27													
<b>II. RESIDENTIAL FINANCING SOURCES (CONT.)</b>																																
<b>B. Current Period Assessed Value</b>																																
1	1A	MU Rental	Mixed Use	\$	150,000	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -													
1	1B	MU/Reg Commercial	Mixed Use		188,125	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
1	4C	Commercial/MU	Mixed Use		188,125	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
1	4C	SF 10	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
1	4B	SF 16	Single Family		224,250	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
1	6A	Commercial/MU	Mixed Use		188,125	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
1	6B	Commercial/MU	Mixed Use		188,125	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
2	4B	SF 10	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
2	4B	SF 7	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
2	4B	MF 16	Multi-Family		224,250	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
2	5B	SF 7	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
2	5B	MF 16	Multi-Family		224,250	3	8,297,250	-	-	-	-	-	-	-	-	-	-	-	-													
3	4A	MF 35	Multi-Family		188,125	3	9,406,250	9,406,250	7,336,875	-	-	-	-	-	-	-	-	-	-													
3	4A	MU Rental	Mixed Use		150,000	3	11,250,000	7,500,000	-	-	-	-	-	-	-	-	-	-	-													
3	4A	SF 10	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	4A	MF 10 Duplex	Multi-Family		245,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	4A	SF 5	Single Family		355,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	4A	SF 7	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	5A	SF 5	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	5A	SF 5.1	Single Family		370,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
3	5A	SF 7	Single Family		285,000	3	-	-	-	-	-	-	-	-	-	-	-	-	-													
4	2A	SF 4.5	Single Family		355,000	3	42,600,000	42,600,000	42,600,000	10,650,000	-	-	-	-	-	-	-	-	-													
4	2A	SF 7	Single Family		285,000	3	11,400,000	9,120,000	-	-	-	-	-	-	-	-	-	-	-													
4	2A	MF 35	Multi-Family		188,125	3	18,812,500	9,406,250	-	-	-	-	-	-	-	-	-	-	-													
4	2C	SF 6	Single Family		285,000	3	11,400,000	285,000	-	-	-	-	-	-	-	-	-	-	-													
4	2C	SF 7	Single Family		285,000	3	11,400,000	11,400,000	11,400,000	11,400,000	1,710,000	-	-	-	-	-	-	-	-													
5	3A	SF 8 Hillside	Single Family		500,000	3	-	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-													
6	1C	MU Rental/Office Med	Mixed Use		150,000	3	-	-	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	29,100,000	-	-	-													
6	2B	MF 35	Multi-Family		188,125	3	-	-	28,218,750	28,218,750	28,218,750	28,218,750	28,218,750	28,218,750	23,703,750	-	-	-	-													
<b>Total Current Period Assessed Value Additions</b>							\$	124,566,000	\$	91,717,500	\$	121,555,625	\$	80,268,750	\$	59,928,750	\$	58,218,750	\$	58,218,750	\$	53,703,750	\$	29,100,000	\$	-	\$	-	\$	-		
<b>III. RESIDENTIAL ASSESSED VALUE AND ANALYSIS</b>																																
<b>Total Current Period Assessed Value Additions</b>							\$	124,566,000	\$	91,717,500	\$	121,555,625	\$	80,268,750	\$	59,928,750	\$	58,218,750	\$	58,218,750	\$	53,703,750	\$	29,100,000	\$	-	\$	-	\$	-		
<b>Cumulative Residential AV</b>							\$	1,209,334,500	\$	1,301,052,000	\$	1,422,607,625	\$	1,502,876,375	\$	1,562,805,125	\$	1,621,023,875	\$	1,679,242,625	\$	1,737,461,375	\$	1,791,165,125	\$	1,820,265,125	\$	1,820,265,125	\$	1,820,265,125	\$	1,820,265,125
<b>Residential Property Tax</b>																																
Basic Tax Paid				1.00%	4	\$	12,093,345	\$	13,010,520	\$	14,226,076	\$	15,028,764	\$	15,628,051	\$	16,210,239	\$	16,792,426	\$	17,374,614	\$	17,911,651	\$	18,202,651	\$	18,202,651	\$	18,202,651	\$	18,202,651	
<b>Total Residential Property Tax</b>				4.4927%	2	\$	543,321	\$	584,527	\$	639,138	\$	675,201	\$	702,125	\$	728,281	\$	754,438	\$	780,594	\$	804,721	\$	817,795	\$	817,795	\$	817,795	\$	817,795	
<b>Residential Property Tax In-Lieu of VLF</b>																																
				\$	65.31	6	\$	902,647	\$	969,804	\$	1,062,133	\$	1,126,727	\$	1,176,773	\$	1,225,456	\$	1,274,139	\$	1,322,822	\$	1,367,585	\$	1,391,041	\$	1,391,041	\$	1,391,041	\$	1,391,041
<b>Residential Property Tax In-Lieu of Sales Tax</b>																																
Off-Site Sales Tax Redirected to Property Tax							\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
<b>Residential Documentary Transfer Tax</b>																																
Residential Turnover Rate (a)				14.0%	4		14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%		
Transfer Tax Rate (b)				0.06%	4		0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%		
<b>Total Residential Documentary Transfer Tax</b>							\$	93,119	\$	100,181	\$	109,541	\$	115,721	\$	120,336	\$	124,819	\$	129,302	\$	133,785	\$	137,920	\$	140,160	\$	140,160	\$	140,160	\$	140,160
<b>Off-Site Sales Tax</b>																																
Household Income (c)					5	\$	307,237,056	\$	328,567,840	\$	362,561,856	\$	388,380,096	\$	410,264,128	\$	431,779,328	\$	453,294,528	\$	474,809,728	\$	494,849,600	\$	506,775,168	\$	506,775,168	\$	506,775,168	\$	506,775,168	
Retail Taxable Sales (@32% of Household Income) (d)				32.00%	5		98,315,858	105,141,709	116,019,794	124,281,631	131,284,521	138,169,385	145,054,249	151,939,113	158,351,872	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	162,168,054	
Projected Off-Site Taxable Sales Captured in City (@50% of Retail Taxable Sales) (e)				50.00%	5		49,157,929	52,570,854	58,009,897	62,140,815	65,642,260	69,084,692	72,527,124	75,969,556	79,175,936	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027	81,084,027		
Sales Tax (@1.00% of taxable sales)				1.00%	5		491,579	525,709	580,099	621,408	656,423	690,847	725,271	759,696	791,759	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	810,840	
Use Tax (@10.40% of sales tax)				10.40%	5		51,124	54,674	60,330	64,626	68,268	71,848	75,428	79,008	82,343	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	84,327	
Less 0% Reclassified to Property Taxes (f)				0.00%	5		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Off-Site Sales Tax Passed Through to County</b>							\$	542,704	\$	580,382	\$	640,429	\$	686,035	\$	724,691	\$	762,695	\$	800,699	\$	838,704	\$	874,102	\$	895,168	\$	895,168	\$	895,168	\$	895,168



		Factor	Table Ref.	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
<b>IV. NON-RESIDENTIAL FINANCING SOURCES</b>																
<b>Phase</b>	<b>PA</b>	<b>Land Use</b>														
1	1A	University - Institutional Square Feet (h)	3													
		Cumulative Square Feet		1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000	1,130,000
		Assessed Value Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	800	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413	1,413
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1A	University - Office Square Feet (h)	3													
		Cumulative Square Feet		370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000	370,000
		Assessed Value Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	350	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1B	Hotel Available Rooms (h)	5													
		Square Feet (g)	3													
		Cumulative Square Feet		180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
		Assessed Value Additions	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	0.89	267	267	267	267	267	267	267	267	267	267	267	267	267
		Taxable Sales	9,007	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100	2,702,100
1	1B	MU/Reg Commercial Square Feet (g)	3													
		Cumulative Square Feet		330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	570	579	579	579	579	579	579	579	579	579	579	579	579	579
		Taxable Sales	280	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000	92,400,000
1	1B	Office/Bus. Pk. Square Feet (g), (h)	3													
		Cumulative Square Feet		319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500	319,500
		Assessed Value Additions	\$ 167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	350	913	913	913	913	913	913	913	913	913	913	913	913	913
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1B	MU/Reg Commercial (Power Ctr) Square Feet (g)	3													
		Cumulative Square Feet		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	570	351	351	351	351	351	351	351	351	351	351	351	351	351
		Taxable Sales	280	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000
1	4C	Commercial/MU Square Feet (g)	3			200,000						182,000				
		Cumulative Square Feet				200,000	200,000	200,000	200,000	200,000	200,000	200,000	382,000	382,000	382,000	382,000
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ 40,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,400,000	\$ -	\$ -	\$ -
		Cumulative Employees	570			351	351	351	351	351	351	351	670	670	670	670
		Taxable Sales	280			56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	106,960,000	106,960,000	106,960,000	106,960,000
1	6A	Commercial/MU Square Feet (g)	3													
		Cumulative Square Feet		272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500	272,500
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	570	478	478	478	478	478	478	478	478	478	478	478	478	478
		Taxable Sales	280	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000	76,300,000
1	6B	Commercial/MU Square Feet (g)	3													
		Cumulative Square Feet		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	570	351	351	351	351	351	351	351	351	351	351	351	351	351
		Taxable Sales	280	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000	56,000,000
1	6B	Worship/Private School Square Feet (g)	3													
		Cumulative Square Feet		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
		Assessed Value Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2C	Worship/Private School Square Feet (h)	3		60,000											
		Cumulative Square Feet			60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
		Assessed Value Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	1C	MU Rental/Office Med Square Feet (h)	3						161,500				161,500			
		Cumulative Square Feet							161,500	161,500	161,500	161,500	323,000	323,000	323,000	323,000
		Assessed Value Additions	\$ 167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,970,500	\$ -	\$ -	\$ -	\$ 26,970,500	\$ -	\$ -	\$ -
		Cumulative Employees	350						461	461	461	461	923	923	923	923
		Taxable Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	1C	MU/Reg Commercial Square Feet (h)	3						180,000				180,000	180,000	180,000	180,000
		Cumulative Square Feet							180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
		Assessed Value Additions	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Cumulative Employees	570						316	316	316	316	316	316	316	316
		Taxable Sales	280						50,400,000	50,400,000	50,400,000	50,400,000	50,400,000	50,400,000	50,400,000	50,400,000
				<b>5-Yr Growth</b>												
		Annual Retail Sq.Ft.	5,000			200,000			180,000			182,000				
		Annual Office & Hotel Sq.Ft.	7,000						161,500				161,500			
		Annual Other Sq.Ft.			60,000											
		Total Sq.Ft.			60,000	200,000			341,500				182,000	161,500		
		<b>Total Non-Residential Assessed Value Additions</b>		\$ -	\$ -	\$ 40,000,000	\$ -	\$ -	\$ 62,970,500	\$ -	\$ -	\$ -	\$ 36,400,000	\$ 26,970,500	\$ -	\$ -
		<b>Cum. Non-Residential AV</b>		\$ 289,856,500	\$ 289,856,500	\$ 329,856,500	\$ 329,856,500	\$ 329,856,500	\$ 392,827,000	\$ 392,827,000	\$ 392,827,000	\$ 429,227,000	\$ 456,197,500	\$ 456,197,500	\$ 456,197,500	\$ 456,197,500
		<b>Total Non-Residential Cumulative Employees</b>		5,409	5,409	5,760	5,760	5,760	6,537	6,537	6,537	6,856	7,318	7,318	7,318	7,318
		<b>50% of Cumulative Employees</b>		2,705	2,705	2,880	2,880	2,880	3,269	3,269	3,269	3,428	3,659	3,659	3,659	3,659
		<b>Total Taxable Sales</b>		283,402,100	283,402,100	339,402,100	339,402,100	339,402,100	389,802,100	389,802,100	389,802,100	440,762,100	440,762,100	440,762,100	440,762,100	440,762,100

V. NON-RESIDENTIAL FINANCING ANALYSIS

Factor	Table Ref.	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	
<b>Total Non-Residential Assessed Value Additions</b>		\$ 456,197,500	\$ 40,000,000	\$ 36,000,000	\$ -	\$ 16,700,000	\$ 18,000,000	\$ 37,000,000	\$ -	\$ -	\$ 22,545,000	\$ 35,500,000	\$ -	\$ 30,000,000	\$ 14,111,500	\$ 40,000,000	
<b>Cum. Non-Residential AV</b>		\$ 456,197,500	\$ 40,000,000	\$ 76,000,000	\$ 76,000,000	\$ 92,700,000	\$ 110,700,000	\$ 147,700,000	\$ 147,700,000	\$ 147,700,000	\$ 170,245,000	\$ 205,745,000	\$ 205,745,000	\$ 235,745,000	\$ 249,856,500	\$ 289,856,500	
<b>Total Non-Residential Cumulative Employees</b>		7,318	351	667	1,549	2,716	3,202	3,881	3,881	3,881	4,266	4,553	4,553	4,816	5,058	5,409	
<b>50% of Cumulative Employees</b>		3,659	176	334	775	1,358	1,601	1,941	1,941	1,941	2,133	2,277	2,277	2,408	2,529	2,705	
<b>Total Taxable Sales</b>		440,762,100	56,000,000	106,400,000	106,400,000	106,400,000	107,751,050	159,551,050	159,551,050	159,551,050	159,551,050	185,402,100	185,402,100	227,402,100	227,402,100	283,402,100	
<b>Non-Residential Property Tax</b>																	
Basic Tax Paid	1.00%	4	\$ 4,561,975	\$ 400,000	\$ 760,000	\$ 760,000	\$ 927,000	\$ 1,107,000	\$ 1,477,000	\$ 1,477,000	\$ 1,477,000	\$ 1,702,450	\$ 2,057,450	\$ 2,057,450	\$ 2,357,450	\$ 2,498,565	\$ 2,898,565
<b>Total Non-Residential Property Tax</b>	4.4927%	2	\$ 204,957	\$ 17,971	\$ 34,145	\$ 34,145	\$ 41,648	\$ 49,734	\$ 66,358	\$ 66,358	\$ 66,358	\$ 76,486	\$ 92,436	\$ 92,436	\$ 105,914	\$ 112,254	\$ 130,225
<b>Non-Residential Property Tax In-Lieu of Sales Tax</b>																	
On-Site Sales Tax Redirected to Property Tax		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Non-Residential Documentary Transfer Tax</b>																	
Non-Residential Property Turnover Rate	10.00%	4	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
Transfer Tax as a % of Price	0.06%	4	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	
<b>Total Non-Residential Documentary Transfer Tax</b>		\$ 25,091	\$ 2,200	\$ 4,180	\$ 4,180	\$ 5,099	\$ 6,089	\$ 8,124	\$ 8,124	\$ 8,124	\$ 9,363	\$ 11,316	\$ 11,316	\$ 12,966	\$ 13,742	\$ 15,942	
<b>On-Site Sales Tax</b>																	
Sales Tax (@1% of taxable sales)	1.00%	5	\$ 4,407,621	\$ 560,000	\$ 1,064,000	\$ 1,064,000	\$ 1,064,000	\$ 1,077,511	\$ 1,595,511	\$ 1,595,511	\$ 1,595,511	\$ 1,595,511	\$ 1,854,021	\$ 1,854,021	\$ 2,274,021	\$ 2,274,021	\$ 2,834,021
Use Tax (@10.40% of sales tax)	10.40%	5	458,393	58,240	110,656	110,656	110,656	112,061	165,933	165,933	165,933	165,933	192,818	192,818	236,498	236,498	294,738
Less 0% Reclassified to Property Taxes (f)	0.00%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total On-Site Sales Tax Allocated to County</b>		\$ 4,866,014	\$ 618,240	\$ 1,174,656	\$ 1,174,656	\$ 1,174,656	\$ 1,189,572	\$ 1,761,444	\$ 1,761,444	\$ 1,761,444	\$ 1,761,444	\$ 2,046,839	\$ 2,046,839	\$ 2,510,519	\$ 2,510,519	\$ 3,128,759	
<b>Transient Occupancy Tax</b>																	
Available Rooms		300	0	0	0	0	150	150	150	150	150	300	300	300	300	300	
Annual Rooms Available	365	5	109,500	0	0	0	54,750	54,750	54,750	54,750	54,750	109,500	109,500	109,500	109,500	109,500	
Average Occupancy Rate (i)	67%	5	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	
Average Room Rate (i)	135	5	135	135	135	135	135	135	135	135	135	135	135	135	135	135	
<b>Total Transient Occupancy Tax Revenue</b>	10%	5	\$ 980,941	\$ -	\$ -	\$ -	\$ -	\$ 490,471	\$ 490,471	\$ 490,471	\$ 490,471	\$ 490,471	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	

		Table	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
Factor	Ref.														
<b>V. NON-RESIDENTIAL FINANCING ANALYSIS</b>															
Total Non-Residential Assessed Value Additions			\$ -	\$ -	\$ 40,000,000	\$ -	\$ -	\$ 62,970,500	\$ -	\$ -	\$ 36,400,000	\$ 26,970,500	\$ -	\$ -	\$ -
Cum. Non-Residential AV			\$ 289,856,500	\$ 289,856,500	\$ 329,856,500	\$ 329,856,500	\$ 329,856,500	\$ 392,827,000	\$ 392,827,000	\$ 392,827,000	\$ 429,227,000	\$ 456,197,500	\$ 456,197,500	\$ 456,197,500	\$ 456,197,500
Total Non-Residential Cumulative Employees			5,409	5,409	5,760	5,760	5,760	6,537	6,537	6,537	6,856	7,318	7,318	7,318	7,318
50% of Cumulative Employees			2,705	2,705	2,880	2,880	2,880	3,269	3,269	3,269	3,428	3,659	3,659	3,659	3,659
Total Taxable Sales			283,402,100	283,402,100	339,402,100	339,402,100	339,402,100	389,802,100	389,802,100	389,802,100	440,762,100	440,762,100	440,762,100	440,762,100	440,762,100
<b>Non-Residential Property Tax</b>															
Basic Tax Paid	1.00%	4	\$ 2,898,565	\$ 2,898,565	\$ 3,298,565	\$ 3,298,565	\$ 3,298,565	\$ 3,928,270	\$ 3,928,270	\$ 3,928,270	\$ 4,292,270	\$ 4,561,975	\$ 4,561,975	\$ 4,561,975	\$ 4,561,975
Total Non-Residential Property Tax	4.4927%	2	\$ 130,225	\$ 130,225	\$ 148,195	\$ 148,195	\$ 148,195	\$ 176,486	\$ 176,486	\$ 176,486	\$ 192,840	\$ 204,957	\$ 204,957	\$ 204,957	\$ 204,957
<b>Non-Residential Property Tax In-Lieu of Sales Tax</b>															
On-Site Sales Tax Redirected to Property Tax			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Non-Residential Documentary Transfer Tax</b>															
Non-Residential Property Turnover Rate	10.00%	4	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Transfer Tax as a % of Price	0.06%	4	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Total Non-Residential Documentary Transfer Tax			\$ 15,942	\$ 15,942	\$ 18,142	\$ 18,142	\$ 18,142	\$ 21,605	\$ 21,605	\$ 21,605	\$ 23,607	\$ 25,091	\$ 25,091	\$ 25,091	\$ 25,091
<b>On-Site Sales Tax</b>															
Sales Tax (@1% of taxable sales)	1.00%	5	\$ 2,834,021	\$ 2,834,021	\$ 3,394,021	\$ 3,394,021	\$ 3,394,021	\$ 3,898,021	\$ 3,898,021	\$ 3,898,021	\$ 4,407,621	\$ 4,407,621	\$ 4,407,621	\$ 4,407,621	\$ 4,407,621
Use Tax (@10.40% of sales tax)	10.40%	5	294,738	294,738	352,978	352,978	352,978	405,394	405,394	405,394	458,393	458,393	458,393	458,393	458,393
Less 0% Reclassified to Property Taxes (f)	0.00%	5	-	-	-	-	-	-	-	-	-	-	-	-	-
Total On-Site Sales Tax Allocated to County			\$ 3,128,759	\$ 3,128,759	\$ 3,746,999	\$ 3,746,999	\$ 3,746,999	\$ 4,303,415	\$ 4,303,415	\$ 4,303,415	\$ 4,866,014	\$ 4,866,014	\$ 4,866,014	\$ 4,866,014	\$ 4,866,014
<b>Transient Occupancy Tax</b>															
Available Rooms			300	300	300	300	300	300	300	300	300	300	300	300	300
Annual Rooms Available	365	5	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500	109,500
Average Occupancy Rate (i)	67%	5	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%
Average Room Rate (i)	135	5	135	135	135	135	135	135	135	135	135	135	135	135	135
Total Transient Occupancy Tax Revenue	10%	5	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941	\$ 980,941

		Factor	Table Ref.	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
<b>VI. REVENUE AND COST CALCULATIONS</b>																		
<b>Licenses, Permits, and Fees</b>																		
Business License	per employee	17.86	6	\$ 130,679	\$ 6,268	\$ 11,911	\$ 27,661	\$ 48,500	\$ 57,179	\$ 69,304	\$ 69,304	\$ 69,304	\$ 76,179	\$ 81,304	\$ 81,304	\$ 86,000	\$ 90,321	\$ 96,589
Lake Day Use Passes	per capita	4.25	6	90,496	2,361	4,723	7,115	9,429	13,310	17,220	19,385	20,507	21,039	27,097	34,013	39,699	46,924	52,597
Annual Boat Passes	per capita	0.53	6	11,265	294	588	886	1,174	1,657	2,144	2,413	2,553	2,619	3,373	4,234	4,942	5,841	6,547
<b>Total Other Licenses &amp; Permits</b>				\$ 232,439	\$ 8,923	\$ 17,221	\$ 35,662	\$ 59,103	\$ 72,145	\$ 88,667	\$ 91,101	\$ 92,364	\$ 99,836	\$ 111,774	\$ 119,550	\$ 130,641	\$ 143,087	\$ 155,733
Yard Sale Permit Fee	per capita	0.04	6	939	24	49	74	98	138	179	201	213	218	281	353	412	487	546
Special Event Permit Fee	per capita & 50% employee	0.08	6	1,916	56	111	188	275	363	460	499	520	544	664	789	902	1,042	1,158
Lake Use Fees	per capita	0.03	6	601	16	31	47	63	88	114	129	136	140	180	226	264	312	349
Park & Light Use Fees	per capita	0.35	6	7,510	196	392	590	783	1,105	1,429	1,609	1,702	1,746	2,249	2,823	3,295	3,894	4,365
Rec.-Fees/Senior Activity	per capita	0.06	6	1,314	34	69	103	137	193	250	282	298	306	394	494	577	681	764
Rec.-Fees-Comm. Center Revenue	per capita	2.56	6	54,448	1,421	2,841	4,281	5,673	8,008	10,360	11,663	12,338	12,658	16,303	20,464	23,885	28,232	31,645
Winterfest Event	per capita & 50% employee	0.02	6	575	17	33	56	82	109	138	150	156	163	199	237	271	313	347
5K Run/Walk Event	per capita & 50% employee	0.23	6	5,749	168	333	564	824	1,090	1,381	1,498	1,559	1,632	1,993	2,368	2,707	3,126	3,474
Admin Fee-Parking Citations	per capita & 50% employee	0.01	6	192	6	11	19	27	36	46	50	52	54	66	79	90	104	116
Park&Rec/Animal License Citations & Fees	per capita	2.82	6	60,080	1,568	3,135	4,724	6,260	8,836	11,432	12,869	13,615	13,968	17,990	22,581	26,356	31,153	34,919
Fees	per capita		6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fees</b>				\$ 133,323	\$ 3,506	\$ 7,006	\$ 10,647	\$ 14,222	\$ 19,968	\$ 25,789	\$ 28,949	\$ 30,588	\$ 31,428	\$ 40,320	\$ 50,414	\$ 58,758	\$ 69,345	\$ 77,684
<b>Total Licenses, Permits, and Fees</b>				\$ 365,763	\$ 12,429	\$ 24,227	\$ 46,309	\$ 73,325	\$ 92,113	\$ 114,456	\$ 120,050	\$ 122,952	\$ 131,265	\$ 152,094	\$ 169,965	\$ 189,399	\$ 212,432	\$ 233,417
<b>Fines and Forfeitures</b>																		
Code Enforcement - RIVCO	per capita & 50% employee	0.07	6	\$ 1,724.64	\$ 50.53	\$ 99.85	\$ 169.24	\$ 247.20	\$ 327.10	\$ 414.15	\$ 449.36	\$ 467.62	\$ 489.56	\$ 598.01	\$ 710.49	\$ 812.05	\$ 937.92	\$ 1,042.31
Traffic Safety Fund	per capita & 50% employee	6.85	6	170,988	5,010	9,900	16,779	24,508	32,430	41,061	44,552	46,362	48,538	59,290	70,441	80,511	92,990	103,339
Traffic Offender Fund	per capita & 50% employee	1.38	6	34,493	1,011	1,997	3,385	4,944	6,542	8,283	8,987	9,352	9,791	11,960	14,210	16,241	18,758	20,846
Local Ordinance Fines	per capita & 50% employee	0.15	6	3,833	112	222	376	549	727	920	999	1,039	1,088	1,329	1,579	1,805	2,084	2,316
Parking Citations/Violations	per capita & 50% employee	6.07	6	151,385	4,435	8,765	14,856	21,698	28,712	36,353	39,444	41,047	42,973	52,492	62,365	71,280	82,329	91,491
Lake Citations/Violations	per capita & 50% employee	0.23	6	5,749	168	333	564	824	1,090	1,381	1,498	1,559	1,632	1,993	2,368	2,707	3,126	3,474
Other Fines & Penalties	per capita & 50% employee	0.08	6	1,916	56	111	188	275	363	460	499	520	544	664	789	902	1,042	1,158
Municipal Code Violations	per capita & 50% employee	0.31	6	7,780	228	450	763	1,115	1,476	1,868	2,027	2,109	2,208	2,698	3,205	3,663	4,231	4,702
<b>Total Fines and Forfeitures</b>				\$ 377,868	\$ 11,071	\$ 21,877	\$ 37,081	\$ 54,161	\$ 71,668	\$ 90,741	\$ 98,455	\$ 102,456	\$ 107,264	\$ 131,025	\$ 155,668	\$ 177,921	\$ 205,499	\$ 228,369
<b>Other Miscellaneous Revenue</b>																		
Rentals-Community Center	per capita	0.05	6	\$ 1,127	\$ 29	\$ 59	\$ 89	\$ 117	\$ 166	\$ 214	\$ 241	\$ 255	\$ 262	\$ 337	\$ 423	\$ 494	\$ 584	\$ 655
Rental-Parks	per capita	0.07	6	1,502	39	78	118	157	221	286	322	340	349	450	565	659	779	873
Rental-Cultural Center	per capita	0.02	6	376	10	20	30	39	55	71	80	85	87	112	141	165	195	218
Rental-Other	per capita	1.32	6	28,163	735	1,470	2,214	2,934	4,142	5,359	6,033	6,382	6,547	8,433	10,585	12,354	14,603	16,368
Concession/Lake Elsinore Rec. Area	per capita	0.26	6	5,633	147	294	443	587	828	1,072	1,207	1,276	1,309	1,687	2,117	2,471	2,921	3,274
Seaport Boat Launch Revenue	per capita	0.12	6	2,629	69	137	207	274	387	500	563	596	611	787	988	1,153	1,363	1,528
Recreational Donations	per capita	0.04	6	939	24	49	74	98	138	179	201	213	218	281	353	412	487	546
<b>Total Other Miscellaneous Revenue</b>				\$ 40,366	\$ 1,053	\$ 2,107	\$ 3,174	\$ 4,206	\$ 5,937	\$ 7,681	\$ 8,647	\$ 9,147	\$ 9,384	\$ 12,087	\$ 15,172	\$ 17,708	\$ 20,931	\$ 23,461
<b>Police Services Cost Calculation</b>																		
Cumulative Units			3	8,244	265	530	755	970	1,305	1,642	1,824	1,914	1,964	2,444	2,989	3,441	4,021	4,496
Cumulative Residents		2.58	3	21,298	685	1,369	1,950	2,506	3,371	4,242	4,712	4,945	5,074	6,314	7,722	8,890	10,388	11,615
Existing Service Standard (Sworn Officers per 1,000 Residents)		0.84	9	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
Additional Sworn Officers Required @ buildout				17.88	0.57	1.15	1.64	2.10	2.83	3.56	3.96	4.15	4.26	5.30	6.48	7.46	8.72	9.75
Total Police Services Costs		\$ 230,826	9	\$ 4,127,486	\$ 132,676	\$ 265,353	\$ 378,002	\$ 485,646	\$ 653,368	\$ 822,093	\$ 913,214	\$ 958,274	\$ 983,307	\$ 1,223,626	\$ 1,496,489	\$ 1,722,790	\$ 2,013,176	\$ 2,250,992
<b>Fire Services Cost Calculation</b>																		
<b>Fire Protection Revenue</b>																		
Residential and Non Residential Assessed Value				\$ 22,764,626	\$ 908,688	\$ 1,777,375	\$ 2,228,875	\$ 2,828,563	\$ 3,752,875	\$ 4,877,748	\$ 5,321,510	\$ 5,547,635	\$ 5,885,210	\$ 7,541,335	\$ 9,012,523	\$ 10,515,660	\$ 12,185,438	\$ 13,746,250
Total Fire Protection Revenue		5.6658%	2	1,289,789	51,484	100,702	126,283	160,260	212,629	276,361	301,504	314,316	333,442	427,274	510,628	595,792	690,397	778,829
<b>Total Financing Sources</b>				\$ 1,289,789	\$ 51,484	\$ 100,702	\$ 126,283	\$ 160,260	\$ 212,629	\$ 276,361	\$ 301,504	\$ 314,316	\$ 333,442	\$ 427,274	\$ 510,628	\$ 595,792	\$ 690,397	\$ 778,829
<b>Fire Protection Cost</b>																		
Total Equivalent Residents				24,957	731	1,445	2,449	3,577	4,733	5,993	6,503	6,767	7,084	8,654	10,281	11,751	13,572	15,083
Fire Protection Cost				1.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00
Fire Stations Required to Serve Project (j)		\$ 2,150,000	8	\$ 2,150,000	\$ 62,993	\$ 124,479	\$ 210,982	\$ 308,166	\$ 407,776	\$ 516,298	\$ 560,189	\$ 582,953	\$ 610,310	\$ 745,508	\$ 885,722	\$ 1,012,335	\$ 1,169,249	\$ 2,150,000
Cost per Fire Station (k)				100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Allocation to Phase		86.15	3	\$ 2,150,000	\$ 62,993	\$ 124,479	\$ 210,982	\$ 308,166	\$ 407,776	\$ 516,298	\$ 560,189	\$ 582,953	\$ 610,310	\$ 745,508	\$ 885,722	\$ 1,012,335	\$ 1,169,249	\$ 2,150,000
<b>Total Fire Protection Cost</b>				\$ 2,150,000	\$ 62,993	\$ 124,479	\$ 210,982	\$ 308,166	\$ 407,776	\$ 516,298	\$ 560,189	\$ 582,953	\$ 610,310	\$ 745,508	\$ 885,722	\$ 1,012,335	\$ 1,169,249	\$ 2,150,000
<b>Net Annual Surplus/ (Deficit)</b>				\$ (860,211)	\$ (11,509)	\$ (23,777)	\$ (84,699)	\$ (147,907)	\$ (195,147)	\$ (239,936)	\$ (258,685)	\$ (268,638)	\$ (276,868)	\$ (318,234)	\$ (375,094)	\$ (416,544)	\$ (478,852)	\$ (1,371,171)

**Footnotes:**

- (a) Assumes Residential property is sold approximately every 7 years and Non-Residential property is sold approximately every 10 years.
- (b) The County may levy a transfer tax at the rate of \$0.55 for each \$500 of assessed value. A City within the County that levies this tax can levy a transfer tax at a rate of \$0.55 per \$1,000. If both the County and City levy the transfer tax, a credit shall be allowed against the amount imposed by the County in the amount of tax that is imposed by the City per California Revenue and Taxation Code 11911.
- (c) Represents the City of Lake Elsinore Median Household Income, 2009-2013 per Quickfacts from the US Census Bureau. (quickfacts.census.gov.)
- (d) Per U. S. Bureau of Labor Statistics Consumer Expenditure Survey, 2008 which indicates that retail taxable purchases represent approximately 32% of total household income for the average U.S. household.
- (e) Preliminary estimate for illustration purposes.
- (f) Project is assumed to be developed after Triple Flip.
- (g) Annual residential and non residential absorption assumptions per the Market Analysis prepared by Market Profiles Inc., dated 3/25/2015. Note: Client retains the right to increase the total retail sq.ft. to the amount agreed upon in the Development Agreement.
- (h) Quantities per the Land Use Summary Table provided by The Planning Associates, dated 3/27/2015. Absorption and timing assumptions per discussion with the Planning Associates.
- (i) Revenue per available room, average occupancy rate and average room rate for suite hotels with food and beverage in the Mountain and Pacific region per the 2010 USA Edition of Trends in the Hotel Industry prepared by PKF Hospitality Research.
- (j) Per the Public Services section of the Alberhill Villages Specific Plan Amendment #4, dated 3/23/10, The City of Lake Elsinore will provide fire protection to the Project site through a contract with the Riverside County Fire Department.  
The Alberhill Villages Specific Plan Area may require one fire substation, which may be located within the University Town Center or east of Lake Street in the Specific Plan Area. This fiscal impact analysis assumes that the Alberhill Villages Specific Plan Area will require one fire substation.
- (k) Prior to significant development in the Project, it is assumed Fire Service will be provided by existing services. For purposes of this analysis, assumes fire costs for a new station of \$2.15 Million ("Fire Cost"), per conversation with the City, commencing in Year 14. Prior to Year 14, it is assumed the Fire Cost is allocated based on per equivalent residents.

		Factor	Table Ref.	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27
<b>VI. REVENUE AND COST CALCULATIONS</b>																
<b>Licenses, Permits, and Fees</b>																
Business License	per employee	17.86	6	\$ 96,589	\$ 96,589	\$ 102,857	\$ 102,857	\$ 102,857	\$ 116,732	\$ 116,732	\$ 116,732	\$ 122,429	\$ 130,679	\$ 130,679	\$ 130,679	\$ 130,679
Lake Day Use Passes	per capita	4.25	6	58,723	63,092	69,098	73,301	76,556	79,723	82,891	86,058	88,970	90,496	90,496	90,496	90,496
Annual Boat Passes	per capita	0.53	6	7,310	7,854	8,601	9,125	9,530	9,924	10,318	10,713	11,075	11,265	11,265	11,265	11,265
<b>Total Other Licenses &amp; Permits</b>				\$ 162,622	\$ 167,535	\$ 180,557	\$ 185,282	\$ 188,943	\$ 206,380	\$ 209,941	\$ 213,502	\$ 222,473	\$ 232,439	\$ 232,439	\$ 232,439	\$ 232,439
Yard Sale Permit Fee	per capita	0.04	6	609	654	717	760	794	827	860	893	923	939	939	939	939
Special Event Permit Fee	per capita & 50% employee	0.08	6	1,269	1,348	1,470	1,546	1,605	1,692	1,749	1,806	1,871	1,916	1,916	1,916	1,916
Lake Use Fees	per capita	0.03	6	390	419	459	487	508	529	550	571	591	601	601	601	601
Park & Light Use Fees	per capita	0.35	6	4,873	5,236	5,734	6,083	6,353	6,616	6,879	7,142	7,383	7,510	7,510	7,510	7,510
Rec.-Fees/Senior Activity	per capita	0.06	6	853	916	1,004	1,065	1,112	1,158	1,204	1,250	1,292	1,314	1,314	1,314	1,314
Rec.-Fees-Comm. Center Revenue	per capita	2.56	6	35,331	37,960	41,574	44,102	46,061	47,966	49,872	51,777	53,530	54,448	54,448	54,448	54,448
Winterfest Event	per capita & 50% employee	0.02	6	381	404	441	464	481	507	525	542	561	575	575	575	575
5K Run/Walk Event	per capita & 50% employee	0.23	6	3,806	4,043	4,409	4,637	4,814	5,075	5,247	5,418	5,613	5,749	5,749	5,749	5,749
Admin Fee-Parking Citations	per capita & 50% employee	0.01	6	127	135	147	155	160	169	175	181	187	192	192	192	192
Park&Rec/Animal License Citations & Fees	per capita	2.82	6	38,986	41,887	45,874	48,664	50,826	52,928	55,031	57,134	59,067	60,080	60,080	60,080	60,080
Fees	per capita		6	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fees</b>				\$ 86,625	\$ 93,002	\$ 101,828	\$ 107,962	\$ 112,714	\$ 117,468	\$ 122,091	\$ 126,714	\$ 131,018	\$ 133,323	\$ 133,323	\$ 133,323	\$ 133,323
<b>Total Licenses, Permits, and Fees</b>				\$ 249,247	\$ 260,537	\$ 282,385	\$ 293,244	\$ 301,658	\$ 323,848	\$ 332,032	\$ 340,216	\$ 353,491	\$ 365,763	\$ 365,763	\$ 365,763	\$ 365,763
<b>Fines and Forfeitures</b>																
Code Enforcement - RIVCO	per capita & 50% employee	0.07	6	\$ 1,141.94	\$ 1,212.99	\$ 1,322.81	\$ 1,391.15	\$ 1,444.10	\$ 1,522.46	\$ 1,573.97	\$ 1,625.48	\$ 1,683.86	\$ 1,724.64	\$ 1,724.64	\$ 1,724.64	\$ 1,724.64
Traffic Safety Fund	per capita & 50% employee	6.85	6	113,217	120,261	131,149	137,925	143,175	150,943	156,050	161,157	166,945	170,988	170,988	170,988	170,988
Traffic Offender Fund	per capita & 50% employee	1.38	6	22,839	24,260	26,456	27,823	28,882	30,449	31,479	32,510	33,677	34,493	34,493	34,493	34,493
Local Ordinance Fines	per capita & 50% employee	0.15	6	2,538	2,696	2,940	3,091	3,209	3,383	3,498	3,612	3,742	3,833	3,833	3,833	3,833
Parking Citations/Violations	per capita & 50% employee	6.07	6	100,237	106,474	116,113	122,112	126,760	133,638	138,159	142,681	147,805	151,385	151,385	151,385	151,385
Lake Citations/Violations	per capita & 50% employee	0.23	6	3,806	4,043	4,409	4,637	4,814	5,075	5,247	5,418	5,613	5,749	5,749	5,749	5,749
Other Fines & Penalties	per capita & 50% employee	0.08	6	1,269	1,348	1,470	1,546	1,605	1,692	1,749	1,806	1,871	1,916	1,916	1,916	1,916
Municipal Code Violations	per capita & 50% employee	0.31	6	5,151	5,472	5,967	6,276	6,515	6,868	7,100	7,333	7,596	7,780	7,780	7,780	7,780
<b>Total Fines and Forfeitures</b>				\$ 250,198	\$ 265,766	\$ 289,827	\$ 304,801	\$ 316,403	\$ 333,570	\$ 344,856	\$ 356,142	\$ 368,933	\$ 377,868	\$ 377,868	\$ 377,868	\$ 377,868
<b>Other Miscellaneous Revenue</b>																
Rentals-Community Center	per capita	0.05	6	\$ 731	\$ 785	\$ 860	\$ 912	\$ 953	\$ 992	\$ 1,032	\$ 1,071	\$ 1,108	\$ 1,127	\$ 1,127	\$ 1,127	\$ 1,127
Rental-Parks	per capita	0.07	6	975	1,047	1,147	1,217	1,271	1,323	1,376	1,428	1,477	1,502	1,502	1,502	1,502
Rental-Cultural Center	per capita	0.02	6	244	262	287	304	318	331	344	357	369	376	376	376	376
Rental-Other	per capita	1.32	6	18,275	19,634	21,504	22,811	23,825	24,810	25,796	26,781	27,688	28,163	28,163	28,163	28,163
Concession/Lake Elsinore Rec. Area	per capita	0.26	6	3,655	3,927	4,301	4,562	4,765	4,962	5,159	5,356	5,538	5,633	5,633	5,633	5,633
Seaport Boat Launch Revenue	per capita	0.12	6	1,706	1,833	2,007	2,129	2,224	2,316	2,408	2,500	2,584	2,629	2,629	2,629	2,629
Recreational Donations	per capita	0.04	6	609	654	717	760	794	827	860	893	923	939	939	939	939
<b>Total Other Miscellaneous Revenue</b>				\$ 26,194	\$ 28,143	\$ 30,822	\$ 32,696	\$ 34,149	\$ 35,561	\$ 36,974	\$ 38,387	\$ 39,686	\$ 40,366	\$ 40,366	\$ 40,366	\$ 40,366
<b>Police Services Cost Calculation</b>																
Cumulative Units			3	4,998	5,345	5,898	6,318	6,674	7,024	7,374	7,724	8,050	8,244	8,244	8,244	8,244
Cumulative Residents		2.58	3	12,912	13,808	15,237	16,322	17,242	18,146	19,050	19,954	20,796	21,298	21,298	21,298	21,298
Existing Service Standard (Sworn Officers per 1,000 Residents)		0.84	9	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84
Additional Sworn Officers Required @ buildout				10.84	11.59	12.79	13.70	14.48	15.24	15.99	16.75	17.46	17.88	17.88	17.88	17.88
Total Police Services Costs		\$ 230,826	9	\$ 2,502,326	\$ 2,676,057	\$ 2,952,925	\$ 3,163,204	\$ 3,341,441	\$ 3,516,674	\$ 3,691,907	\$ 3,867,140	\$ 4,030,357	\$ 4,127,486	\$ 4,127,486	\$ 4,127,486	\$ 4,127,486
<b>Fire Services Cost Calculation</b>																
<b>Fire Protection Revenue</b>																
Residential and Non Residential Assessed Value				\$ 14,991,910	\$ 15,909,085	\$ 17,524,641	\$ 18,327,329	\$ 18,926,616	\$ 20,138,509	\$ 20,720,696	\$ 21,302,884	\$ 22,203,921	\$ 22,764,626	\$ 22,764,626	\$ 22,764,626	\$ 22,764,626
Total Fire Protection Revenue		5.6658%	2	849,405	901,370	992,904	1,038,382	1,072,336	1,140,999	1,173,985	1,206,970	1,258,020	1,289,789	1,289,789	1,289,789	1,289,789
<b>Total Financing Sources</b>				\$ 849,405	\$ 901,370	\$ 992,904	\$ 1,038,382	\$ 1,072,336	\$ 1,140,999	\$ 1,173,985	\$ 1,206,970	\$ 1,258,020	\$ 1,289,789	\$ 1,289,789	\$ 1,289,789	\$ 1,289,789
Total Equivalent Residents				16,525	17,553	19,142	20,131	20,897	22,031	22,776	23,522	24,367	24,957	24,957	24,957	24,957
<b>Fire Protection Cost</b>																
Fire Stations Required to Serve Project (j)				1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cost per Fire Station (k)		\$ 2,150,000	8	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000
Allocation to Phase		86.15	3	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
<b>Total Fire Protection Cost</b>				\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000	\$ 2,150,000
<b>Net Annual Surplus/ (Deficit)</b>				\$ (1,300,595)	\$ (1,248,630)	\$ (1,157,096)	\$ (1,111,618)	\$ (1,077,664)	\$ (1,009,001)	\$ (976,015)	\$ (943,030)	\$ (891,980)	\$ (860,211)	\$ (860,211)	\$ (860,211)	\$ (860,211)

**Footnotes:**

- (a) Assumes Residential property is sold approximately every 7 years and Non-Residential property is sold approximately every 10 years.
- (b) The County may levy a transfer tax at the rate of \$0.55 for each \$500 of assessed value. A City within the County that levies this tax can levy
- (c) Represents the City of Lake Elsinore Median Household Income, 2009-2013 per Quickfacts from the US Census Bureau. (quickfacts.census.g
- (d) Per U. S. Bureau of Labor Statistics Consumer Expenditure Survey, 2008 which indicates that retail taxable purchases represent approximately
- (e) Preliminary estimate for illustration purposes.
- (f) Project is assumed to be developed after Triple Flip.
- (g) Annual residential and non residential absorption assumptions per the Market Analysis prepared by Market Profiles Inc., dated 3/25/2015. Not
- (h) Quantities per the Land Use Summary Table provided by The Planning Associates, dated 3/27/2015. Absorption and timing assumptions per d
- (i) Revenue per available room, average occupancy rate and average room rate for suite hotels with food and beverage in the Mountain and Pacific
- (j) Per the Public Services section of the Alberhill Villages Specific Plan Amendment #4, dated 3/23/10, The City of Lake Elsinore will provide fire The Alberhill Villages Specific Plan area may require one fire substation, which may be located within the University Town Center or east of I
- (k) Prior to significant development in the Project, it is assumed Fire Service will be provided by existing services. For purposes of this analysis, a

**FISCAL IMPACT ANALYSIS  
FOR  
THE ALBERHILL VILLAGES SPECIFIC PLAN**

**Prepared By:**



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## **1. Purpose of Fiscal Impact Analysis**

Development Planning & Financing Group has prepared this Fiscal Impact Analysis (“FIA”) to determine the estimated fiscal impacts on the City of Lake Elsinore (“City”) in connection with the proposed development of the Alberhill Villages Specific Plan (“Project”). The reader should be aware that the FIA contains estimates or projections of the Project’s future revenue and cost impact on the City, and actual fiscal results may vary from estimates because events and circumstances can occur in a manner different than described in the FIA.

The FIA is organized as follows:

<b>Exhibit</b>	<b>Table</b>	<b>Description</b>
A	1	Fiscal Impact Analysis Summary
A	2	Post-ERAF Share of the Basic Tax Calculation
A	3	Proposed Land Use Assumptions
A	4	Property Tax Calculations
A	5	Sales Tax and Use Tax and Transient Occupancy Tax Calculations
A	6	General Fund Revenue Calculations
A	7	General Fund Expenditure Calculations
A	8	Fire Services Cost Calculation

## **2. Project Description**

The Project is located at the northwestern gateway of the City of Lake Elsinore. The fully developed site of approximately 1,400 acres will provide 8,244 residential units developed in a wide variety of unit types and sizes. The Project also includes a University Town Center with 1,722,000 square feet of retail, medical, office, and hotel land uses. Additional mixed use areas will offer 785,000 square feet of retail and service uses. Proposed regional and community amenities include a 60 acre university for 6,000 students with 1,500,000 square feet of indoor facilities; an 850 student capacity elementary school; a 1,600 student capacity middle school; over 30 acres of natural or enhanced open space with trails; a 65 acre community park with a lake; and 30 acres of other parkland. The Project is anticipated to be developed over a period of 20 to 30 years.

## **3. Limiting Conditions**

The FIA is subject to the following limiting conditions:

- The FIA contains an analysis of recurring revenues and costs to the City from development of the Project. The FIA is based on estimates, assumptions and other information developed from DPFPG’s research, interviews, telephone discussions with City staff, and information from DPFPG’s database which were collected through fiscal impact analyses previously prepared by DPFPG and others.

- The sources of information and basis of the estimates are stated herein. While we believe the sources of information are reliable, DPFPG does not express an opinion or any other form of assurance on the accuracy of such information.
- The analysis of recurring revenues and cost impacts to the City contained in the FIA 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 which are inherently subject to uncertainty and variation depending on evolving events, DPFPG cannot represent that results 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.

#### **4. General Sources of Information and Methodology Used in FIA**

The FIA was prepared to estimate the allocable revenue and cost impacts to the City’s general fund (“General Fund”) as a result of the Project’s development. The FIA uses a combination of case study methods and multiplier methods to estimate Project impacts.

When projecting fiscal impacts using a multiplier method, the FIA determines per capita/employee impacts by applying the appropriate per capita, per employee and per capita and employee factors (“Factors”) to the Project’s land use assumptions. The Factors were calculated using the City of Lake Elsinore Fiscal Year 2010-2011 Proposed Budget, dated 6-8-10 (“Budget”). Cost and revenue Factors are projected in 2010 dollars, and are not adjusted for inflation.

Information used in preparing the FIA was obtained from the following sources: (1) City of Lake Elsinore Fiscal Year 2010-2011 Proposed Budget, dated 6-8-10; (2) Castle & Cooke (“Developer”) (land use information); (3) the California Department of Finance (population information); (4) the California Employment Development Department (employment information); (5) Riverside County Sheriff’s Department (police cost case study information); (6) Riverside County Fire Department (fire cost case study information); (7) Riverside County Auditor-Controller’s Office (fiscal year 2009-10 share of the basic tax information); (8) U.S. Department of Labor (household expenditure data); (9) PKF Hospitality Research (hotel room rate, revenue, and occupancy information); and (10) Alberhill Villages Retail Impact Study, prepared by Alfred Gobar Associates, dated November 2011 (median income and sales tax generation information).

The following table shows selected assumptions used in the FIA:

City Residential Population (a)	50,983
Residents Per Household (a)	3.370
City Employment (b)	14,800
City Share of the Basic Tax (c)	4.360%
County Structural Fire Fund Share of the Basic Tax (c)	5.674%

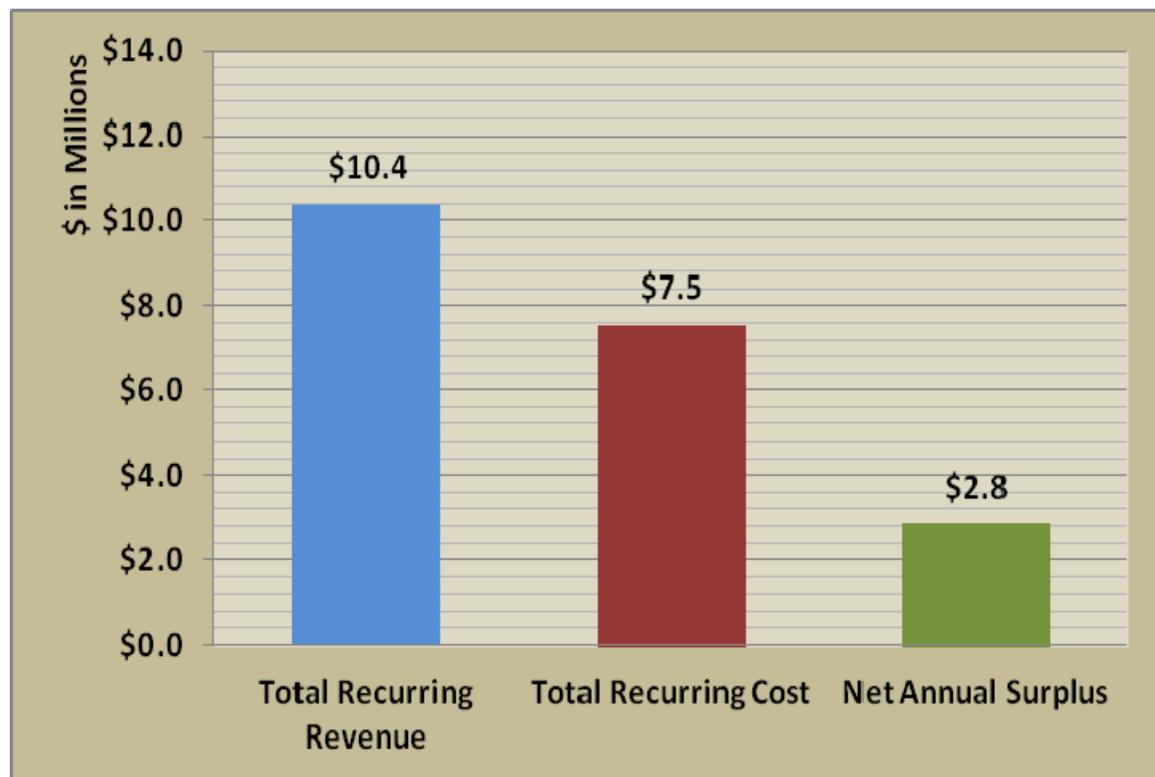
(a) Per the California Department of Finance as of January 1, 2010.

(b) Per the California Employment Development Department, June, 2010.

(c) Per Riverside County Auditor/Controller, See Exhibit A, Table 2.

## 5. FIA Summary and Conclusions

The FIA examines the financial impact the Project will have on the General Fund. The Project will generate additional revenue for the General Fund primarily through increased sales tax, motor vehicle license fees, franchise taxes, property tax, and transient occupancy tax. The additional costs incurred to the General Fund as a result of the Project are less than the additional revenues generated, and consist primarily of police, fire, administrative services, public works, and recreation and park services. The Project’s direct impact to the General Fund is summarized as follows:



As seen in the table above, the Project is anticipated to generate a \$2.8 million surplus to the City on an annual basis, once the Project is fully developed. The FIA does not consider the impact of potential revenues and/or reduced General Fund costs due to a

Project Homeowner's Association, City Landscape Maintenance District, or Community Facilities District which could serve to increase the ongoing annual surplus.

## **6. Recurring Revenues**

### **6.1 Property Tax**

In addition to other ad valorem charges imposed by various local agencies, land owners in the State of California ("State") are required to pay annual property taxes of 1% on the assessed value of their property pursuant to Proposition 13. Each county in California is divided into tax rate areas ("TRA"). After the basic 1% property tax is collected by the county, the tax is allocated to various local agencies based on each agency's share of the basic tax within the property's applicable TRA. Exhibit A, Table 2 shows the share of the basic tax applicable to each of the eight TRAs applicable to the Project.

In 1992, to meet its obligations to fund education at specific levels under Proposition 98, the State enacted legislation that shifted partial financial responsibility for funding education to local governments (cities, counties, and special districts). The State did this by instructing county auditors to shift the allocation of local property tax revenues to educational revenue augmentation funds ("ERAF") to support schools. As such, the FIA calculates a weighted average share of the basic tax after the shift of revenue to ERAF. Since the Project is within eight different tax rate areas, the FIA calculates a weighted average post-ERAF share of the basic tax of 4.360%, as shown in Exhibit A, Table 2.

Assuming a 4.360% weighted average share of the basic tax, the Project is anticipated to generate \$843,608 per year in residential and non-residential property taxes at buildout, as shown in Exhibit A, Table 4.

### **6.2 Property Transfer Tax**

The City receives property transfer tax revenue as new or existing property is sold and ownership is transferred. In accordance with California Revenue and Taxation Code Section 11911, a county may levy a transfer tax at the rate of \$0.55 for each \$500 of assessed value. A city within the county that levies this tax can levy a transfer tax at a rate of \$0.55 per \$1,000. If both the county and city levy the transfer tax, a credit shall be allowed against the amount imposed by the county in the amount of tax that is imposed by the city. The City's share of the tax is \$0.55 per \$1,000 of value transferred. The FIA assumes a residential turnover rate of 14.00% of total assessed value per year (i.e. properties change ownership every 7 years on average) and a non-residential turnover rate of 10.00% of total assessed value per year (i.e. properties change ownership every 10 years on average). Using these assumptions, the City is anticipated to receive approximately \$139,106 in annual property transfer tax revenue at buildout, as shown in Exhibit A, Table 4.

### **6.3 Sales and Use Tax**

Under the California Sales and Use Tax Law, the sale of tangible personal property is subject to sales or use tax unless exempt or otherwise excluded. When the sales tax

applies, the use tax does not apply and the opposite is also true. The sales tax is imposed on all retailers for the privilege of selling tangible personal property in the State and is measured by the retailer's gross receipts. Use tax is imposed on purchasers of tangible personal property from any retailer for the purpose of storage, use, or other consumption in this state and is measured by the sales price of the property purchased. However, if an out-of-state retailer is engaged in business in this state, such retailer is required to register with the State and collect the use tax from the purchaser at the time of making the sale.

There is an 8.25% statewide sales and use tax base rate that is collected by the State. Since April 1, 2009, the State government has received 7.25% of the 8.25% and local governments receive the remaining 1% which is transferred to the local government's general fund. This analysis assumes use tax revenue at 10.4% of sales tax revenue.

### **6.3.1 Property Tax In-Lieu of Sales Tax**

This analysis assumes that 0.25% of sales and use tax is redirected to property tax per the Triple Flip. In March 2004, voters approved Proposition 57, the California Economic Recovery Bond Act which allowed the State to purchase bonds to reduce the State budget deficit. The legislature enacted provisions that changed how sales and use taxes and other revenues are distributed to schools and local governments on and after July 1, 2004. These changes will remain in effect until the State Director of Finance notifies the Board of Equalization that the State's bond obligations have been satisfied. Under the revenue "swapping" procedures commonly referred to as the "Sales Tax Triple Flip", the local government portion of the statewide sales tax rate will decrease by 0.25%, and the State portion will increase by 0.25%. The County Auditor in each county uses property tax revenues to reimburse the county and cities within the county. County Auditors set aside a portion of funds from the County Educational Revenue Augmentation Fund and place them in a Sales and Use Tax Compensation Fund. In January and May of each year, the State Director of Finance instructs County Auditors to allocate revenues from the Compensation Fund to the county and to the cities within the county. Based on the on-site and off-site sales tax calculations, the City is anticipated to receive \$12,267 in property tax in-lieu of sales tax revenue, as shown in Exhibit A, Table 4.

### **6.3.2 Off-Site Retail Sales Tax**

The City will receive sales tax revenue from taxable purchases made within the City but outside the Project area by the Project's residents. Per the Alberhill Villages Retail Impact Study prepared by Alfred Gobar Associates, dated November 2011, annual household median income for the Alberhill trade area was \$63,050 in 2010. The FIA assumes that 32% of household income is spent on retail taxable expenditures and that 50% of retail taxable expenditures made outside of the Project area are captured in the City. After calculating total Project retail taxable expenditures captured in the City, the FIA assumes the City receives sales tax revenue of 1% of taxable sales. Applying this methodology, the City is anticipated to receive approximately \$915,851 in annual off-site sales and use tax revenue at buildout after the Sales Tax Triple Flip, as shown in Exhibit A, Table 5.

### **6.3.3 On-Site Taxable Sales for Retail Land Use**

The FIA assumes that the City will receive sales tax revenue from taxable purchases made within the Project. The FIA assumes that retail land use will generate \$215 in taxable sales per square foot based on the residual market potential for the Project's retail land uses per the Alberhill Villages Retail Impact Study prepared by Alfred Gobar Associates, dated November 2011 and supplemental information provided by Alfred Gobar Associates. Applying this methodology, the Project is estimated to generate approximately \$359,265,000 in annual taxable sales at buildout, as shown in Exhibit A, Table 5.

### **6.3.4 On-Site Sales and Use Tax for Hotel Land Uses**

The Project is currently anticipated to include one hotel with 225 hotel rooms. The FIA assumes that the hotel will be a suite hotel that offers food and beverages through room service as well as a bar and restaurant. The hotel is also anticipated to generate taxable sales through conference room rental, mini-bar service, telephone service, and internet service. The FIA assumes annual taxable sales per available room of \$9,007 for suite hotels with food and beverage in the Mountain Pacific Region per the 2010 USA Edition of Trends in the Hotel Industry prepared by PKF Hospitality Research. The FIA calculates total annual hotel taxable sales of \$2,026,575, as shown in Exhibit A, Table 5.

### **6.3.5 Total On-Site Sales and Use Tax**

Assuming the City receives sales tax revenue of 1% of taxable sales from on-site retail land use and hotel land use, the City is anticipated to receive approximately \$3,978,687 in annual on-site sales and use tax revenue at buildout after the Sales Tax Triple Flip, as shown in Exhibit A, Table 5.

## **6.4 Property Tax In-Lieu of Vehicle License Fees ("VLF")**

In May 2004, Governor Schwarzenegger proposed a swap of city and county VLF revenue for additional property tax share as part of a budget agreement between the State and local governments. The swap was included in the 2004 budget package.

According to the Budget, the City receives \$63.75 per capita in property tax in-lieu of VLF revenue. Based on this multiplier, the Project is anticipated to generate \$1,771,076 annually in property tax in-lieu of VLF revenue, as shown in Exhibit A, Table 6.

## **6.5 Proposition 172 - Half Cent Sales Tax/Public Safety**

To cushion the impact of ERAF shifts, the California Legislature and Governor Wilson submitted Proposition 172 to voters, which proposed a new half cent sales tax to be dedicated to local public safety. Proposition 172, the Local Public Safety Protection and Improvement Act of 1993 was approved by 58% of voters.

Proposition 172 provides cities with a half cent sales tax that must be used to pay for public safety services. Eligible services include sheriff, police, fire, county district attorney, corrections, and life guard services. According to the Budget, the City receives \$5.14 per capita & 50% employee in Proposition 172 half cent sales tax/public safety

revenue. Based on this multiplier, the Project is anticipated to generate \$161,970 annually in Proposition 172 half cent sales tax/public safety revenue, as shown in Exhibit A, Table 6.

### **6.6 Transient Occupancy Tax (“TOT”)**

The TOT (hotel, motel, campground or bed tax) is authorized under State Revenue and Taxation Code Section 7280, as an additional source of non-property tax revenue to local government. Per data collected from the State Controller’s Office by CaliforniaCityFinance.com, as of August 15, 2009, the City levies a TOT at a rate of 10.0% of room rental revenue. Assuming a 66.6% occupancy rate and an average nightly room rate of \$135 for suite hotels with food and beverage in the Mountain Pacific Region per the 2010 USA Edition of Trends in the Hotel Industry prepared by PKF Hospitality Research, the FIA projects annual TOT revenue of \$735,706, as calculated in Exhibit A, Table 5.

### **6.7 Franchise Tax**

The City receives utility franchise tax revenue from utility franchises which service the local area and the Project. According to the Budget, the City receives \$31.52 per capita & 50% employee in franchise tax revenue. Based on this multiplier, the Project is anticipated to generate \$993,417 annually in franchise tax revenue, as shown in Exhibit A, Table 6.

### **6.8 Towing Franchise Fee**

According to the Budget, the City receives \$0.03 per capita & 50% employee in towing franchise fee revenue. Based on this multiplier, the Project is anticipated to generate \$1,080 annually in towing franchise fee revenue, as shown in Exhibit A, Table 6.

### **6.9 Licenses and Permits**

Based on various applicable per capita and employee multipliers calculated per the Budget, the Project is anticipated to generate \$373,982 annually in total licenses and permits revenue, as shown in Exhibit A, Table 6.

### **6.10 Shared Revenue**

The FIA assumes that shared revenue sources will not increase as a result of the Project’s development, with the exception of state motor vehicle in-lieu fees. According to the Budget, the City receives \$3.47 per capita in state motor vehicle in-lieu fees revenue. Based on this multiplier, the Project is anticipated to generate \$96,456 annually in state motor vehicle in-lieu fees revenue, as shown in Exhibit A, Table 6. This revenue represents the portion of motor vehicle license fees not transferred to property tax revenue under the VLF Triple Flip.

### **6.11 Charges for Services**

Based on various applicable per capita and employee multipliers calculated per the Budget, the Project is anticipated to generate \$87,124 annually in total charges for services revenue, as shown in Exhibit A, Table 6.

### **6.12 Fines & Forfeitures**

Based on various applicable per capita and employee multipliers calculated per the Budget, the Project is anticipated to generate \$218,120 annually in total fines and forfeitures revenue, as shown in Exhibit A, Table 6.

### **6.13 Miscellaneous Revenue**

Based on various applicable per capita multipliers calculated per the Budget, the Project is anticipated to generate \$51,334 annually in total miscellaneous revenue, as shown in Exhibit A, Table 6.

### **6.14 Transfers-In**

The Project is not anticipated to have an impact on City transfers-in revenue.

## **7. Recurring Costs**

### **7.1 City Council**

The FIA assumes a 50% marginal increase as City council costs do not have a 1:1 relationship with population growth from the Project. After adjusting for a 50% marginal increase, the City spends \$2.33 per capita & 50% employee on City council costs. Based on this multiplier, City council costs are anticipated to be \$73,452, as seen in Exhibit A, Table 7.

### **7.2 City Attorney**

The FIA assumes a 50% marginal increase as City attorney costs do not have a 1:1 relationship with population growth from the Project. After adjusting for a 50% marginal increase, the City spends \$3.43 per capita & 50% employee on City attorney costs. Based on this multiplier, City attorney costs are anticipated to be \$107,980, as seen in Exhibit A, Table 7.

### **7.3 City Clerk**

The FIA assumes a 50% marginal increase as City clerk costs do not have a 1:1 relationship with population growth from the Project. After adjusting for a 50% marginal increase, the City spends \$1.84 per capita & 50% employee on City clerk costs. Based on this multiplier, City clerk costs are anticipated to be \$58,104, as seen in Exhibit A, Table 7.

#### **7.4 City Manager's Office**

The FIA assumes a 50% marginal increase as City manager's office costs do not have a 1:1 relationship with population growth from the Project. After adjusting for a 50% marginal increase, the City spends \$10.25 per capita & 50% employee on City manager's office costs. Based on this multiplier, City manager's office costs are anticipated to be \$323,039, as seen in Exhibit A, Table 7.

#### **7.5 Administrative Services**

The FIA assumes a 50% marginal increase as administrative services costs do not have a 1:1 relationship with population growth from the Project. After adjusting for a 50% marginal increase, the City spends \$14.09 per capita & 50% employee on administrative services costs. Based on this multiplier, administrative services costs are anticipated to be \$444,236, as seen in Exhibit A, Table 7.

#### **7.6 General Law Enforcement**

Per the Budget, the City spends \$130.98 per capita & 50% employee on general law enforcement costs. Based on this multiplier, general law enforcements costs are anticipated to be \$4,128,704, as seen in Exhibit A, Table 7.

#### **7.7 Net Fire Protection Cost**

Net fire protection costs were estimated using a case study methodology, as shown in Exhibit A, Table 8. The City currently provides fire protection to its residents through a contract with the Riverside County Fire Department. Based on Exhibit "A" to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Lake Elsinore Estimate, dated 2/10/10 for fiscal year 2010-11 between the Riverside County Fire Department and the City, the average cost per fire station is \$1,461,927.

Per the Public Services section of the Alberhill Villages Specific Plan Amendment #4, dated 3/23/10, the Project area may require one fire substation, which may be located within the University Town Center or east of Lake Street in the Specific Plan Area. This FIA assumes that the Project will require one fire substation. To calculate net fire protection costs, the FIA subtracts anticipated fire fund property tax revenue from projected fire protection costs of \$1,461,927. As shown in Exhibit A, Table 2, the Riverside County Fire Department receives a weighted average share of 5.674% of the basic 1% property tax generated by the Project. The Riverside County Fire Department is anticipated to receive \$1,097,887 annually in fire fund property tax revenue generated by the Project at buildout. As such, net fire protection costs are anticipated to be \$364,040.

#### **7.8 Community Development**

The Project is not anticipated to have an ongoing impact on the City's community development costs. Community development costs are assumed to be offset by fees and charges.

**7.9 Public Works**

Based on various applicable per capita and employee multipliers calculated per the Budget, public works costs are anticipated to be \$409,389, as shown in Exhibit A, Table 7.

**7.10 Parks and Recreation**

Based on various applicable per capita and employee multipliers calculated per the Budget, parks and recreation costs are anticipated to be \$1,206,283, as shown in Exhibit A, Table 7.

**7.11 Lake and Aquatic Resources**

Based on various applicable per capita and employee multipliers calculated per the Budget, lake and aquatic resources costs are anticipated to be \$232,292, as shown in Exhibit A, Table 7.

**7.12 Non-Department Operating**

With the exception of retiree health premiums, the Project is not anticipated to have an impact on non-department operating costs. The City spends \$5.93 per capita & 50% employee on retiree health premiums. Based on this multiplier, retiree health premium costs are anticipated to be \$186,881, as seen in Exhibit A, Table 7.

**8. Glossary of Defined Terms and Acronyms**

<b>Budget</b>	City of Lake Elsinore Fiscal Year 2010-2011 Proposed Budget
<b>City</b>	City of Lake Elsinore
<b>Developer</b>	Castle & Cooke
<b>DPFG</b>	Development, Planning & Financing Group
<b>ERAF</b>	Educational Revenue Augmentation Fund
<b>Factors</b>	Per Capita and Employee Factors
<b>FIA</b>	Fiscal Impact Analysis
<b>General Fund</b>	City of Lake Elsinore General Fund
<b>Project</b>	Alberhill Villages Specific Plan
<b>State</b>	State of California
<b>TOT</b>	Transient Occupancy Tax
<b>TRA</b>	Tax Rate Area
<b>VLF</b>	Vehicle License Fees

## **Exhibit A – Fiscal Impact Analysis (9 Pages)**

<b>Table</b>	<b>Description</b>	<b>Page</b>
1	Fiscal Impact Analysis Summary	A1
2	Post-ERAF Share of the Basic Tax Calculation	A2
3	Proposed Land Use Assumptions	A3
4	Property Tax Calculations	A4
5	Sales Tax and Use Tax and Transient Occupancy Tax Calculations	A5
6	General Fund Revenue Calculations	A6-A7
7	General Fund Expenditure Calculations	A8
8	Fire Services Cost Calculation	A9

**Table 1**  
**Fiscal Impact Analysis Summary**  
**Alberhill Villages**  
**January 31, 2012**

	<b>Table Ref.</b>	<b>Buildout</b>	<b>Percent of Total</b>
<b>Recurring Revenues</b>			
Property Tax	4	\$ 843,608	8.1%
Property Transfer Tax	4	139,106	1.3%
Property Tax In Lieu of Sales Tax	4	12,267	0.1%
Off-Site Sales and Use Tax	5	915,851	8.8%
On-Site Sales and Use Tax	5	3,978,687	38.3%
Property Tax In-Lieu of VLF	6	1,771,076	17.1%
Prop. 172 1/2% Sales Tax/Public Safety	6	161,970	1.6%
Transient Occupancy Tax	6	735,706	7.1%
Franchise Tax	6	993,417	9.6%
Towing Franchise Fee	6	1,080	0.0%
Licenses & Permits	6	373,982	3.6%
Shared Revenue	6	96,456	0.9%
Charges for Services	6	87,124	0.8%
Fines & Forfeitures	6	218,120	2.1%
Miscellaneous Revenue	6	51,334	0.5%
Transfers-In	6	-	0.0%
<b>Total Recurring Revenues</b>		<b>\$ 10,379,783</b>	<b>100.0%</b>
<b>Recurring Costs</b>			
City Council	7	\$ 73,452	1.0%
City Attorney	7	107,980	1.4%
City Clerk	7	58,104	0.8%
City Manager's Office	7	323,039	4.3%
Administrative Services	7	444,236	5.9%
General Law Enforcement	7	4,128,704	54.8%
Net Fire Protection Cost	8	364,040	4.8%
Community Development	7	-	0.0%
Public Works	7	409,389	5.4%
Parks and Recreation	7	1,206,283	16.0%
Lake & Aquatic Resources	7	232,292	3.1%
Non-Department Operating	7	186,881	2.5%
<b>Total Recurring Costs</b>		<b>\$ 7,534,400</b>	<b>100.0%</b>
<b>Net Annual Surplus/(Deficit)</b>		<b>\$ 2,845,383</b>	
Surplus/(Deficit) Per Residential Unit		\$ 345	
Revenue/Cost Ratio		1.38	

**Table 2**  
**Post-ERAF Share of the Basic Tax Calculation**  
**Alberhill Villages**  
**January 31, 2012**

Agency (b)	Tax Rate Area (a)								Weighted Average
	005-034	005-055	005-093	005-094	005-095	005-096	005-098	065-030	
GENERAL	10.0499%	10.1343%	10.0499%	10.4110%	10.1856%	13.3998%	13.8813%	13.5808%	10.3134%
COUNTY FREE LIBRARY	1.3675%	1.3860%	1.3675%	1.4167%	1.3860%	1.3675%	1.4167%	1.3860%	1.3877%
<b>CITY OF LAKE ELSINORE ANX</b>	6.0952%	4.5728%	4.4446%	4.6043%	4.5046%	0.0000%	0.0000%	0.0000%	<b>4.3597%</b>
<b>COUNTY STRUCTURE FIRE PROTECTION</b>	5.5917%	5.6672%	5.5914%	5.7923%	5.6669%	5.5917%	5.7926%	5.6672%	<b>5.6738%</b>
LAKE ELSINORE UNIFIED	31.4919%	31.9173%	31.4919%	32.6235%	31.9173%	31.4919%	32.6235%	31.9173%	31.9561%
MT SAN JACINTO JUNIOR COLLEGE	3.7769%	3.8279%	3.7769%	3.9126%	3.8279%	3.7769%	3.9126%	3.8279%	3.8325%
ELSINORE AREA ELEM SCHOOL FUND	6.9027%	6.9959%	6.9027%	7.1507%	6.9959%	6.9027%	7.1507%	6.9959%	7.0044%
RIV. CO. OFFICE OF EDUCATION	3.8987%	3.9514%	3.8987%	4.0388%	3.9514%	3.8987%	4.0388%	3.9514%	3.9562%
RIV CO REG PARK & OPEN SPACE	0.2481%	0.3353%	0.3308%	0.3427%	0.3353%	0.3308%	0.3427%	0.3353%	0.3356%
FLOOD CONTROL ADMINISTRATION	0.2237%	0.2268%	0.2237%	0.2318%	0.2268%	0.2237%	0.2318%	0.2268%	0.2270%
FLOOD CONTROL ZONE 2	0.0000%	3.9398%	0.0000%	0.0000%	4.0123%	0.0000%	0.0000%	4.0123%	2.9774%
FLOOD CONTROL ZONE 3	3.1963%	0.0000%	3.1963%	3.3111%	0.0000%	3.1963%	3.3111%	0.0000%	0.8388%
COUNTY ORTEGA TRAIL REC & PK	0.0000%	0.0000%	1.4290%	1.4803%	0.0000%	1.4290%	1.4803%	0.0000%	0.3726%
ELSINORE VALLEY CEMETERY	0.9547%	0.9676%	0.9547%	0.9890%	0.9676%	0.9547%	0.9890%	0.9676%	0.9688%
ELSINORE VALLEY MUNICIPAL WATER	9.6177%	9.7476%	9.6177%	6.9073%	9.7476%	9.6177%	6.9073%	9.7476%	9.3587%
WESTERN MUNICIPAL WATER	1.2938%	1.3113%	1.2938%	0.0000%	1.3113%	1.2938%	0.0000%	1.3113%	1.1371%
WESTERN MUNICIPAL WATER 1ST FRINGE	0.0000%	0.0000%	0.0000%	0.8035%	0.0000%	0.0000%	0.8035%	0.0000%	0.1054%
RIVERSIDE CORONA RESOURCE CONSER	0.0000%	0.2211%	0.0000%	0.0000%	0.2453%	0.0000%	0.0000%	0.2211%	0.1817%
EDUCATIONAL REVENUE AUGMENT. FUND	15.2912%	14.7978%	15.4305%	15.9844%	14.7182%	16.5248%	17.1180%	15.8515%	15.0131%
<b>Total</b>	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Acres	3.62	27.25	229.61	244.56	1,554.11	36.62	34.97	1.02	2,131.76
% of Total	0.17%	1.28%	10.77%	11.47%	72.90%	1.72%	1.64%	0.05%	100.00%

**Footnotes:**

Source: Riverside County Auditor-Controller's Office.

(a) In addition to other ad valorem charges imposed by various local agencies, land owners in California are required to pay annual property taxes of 1% on the assessed value of their property pursuant to Proposition 13. Each County in California is divided into tax rate areas ("TRA"). After the basic 1% property tax is collected by the county, the tax is allocated to various local agencies based on each agency's share of the basic tax within the property's applicable TRA. This exhibit shows the share of the basic tax applicable to each of the eight TRAs applicable to the Project.

(b) Shares of the basic tax that are received by the City for its General Fund and by the County for Fire Protection for each tax rate area are highlighted in bold print.

(c) The weighted average of TRAs was calculated by the distribution of acreage among the TRAs within the Project.

**Exhibit A  
Table 3  
Proposed Land Use Assumptions  
Alberhill Villages  
January 31, 2012**

Residential Land Use	Village	PA	Type	Avg. Square Feet	Units	Residents Per Household	Residents	Average Value Per Unit	Residential Assessed Valuation
	(a)	(a)	(a)	(a)	(a)	(b)		(a)	
Multi-Family 35	Village I	1a	Multi-Family	1,000	444	3.37	1,496	\$ 120,000	\$ 53,280,000
Mixed Used Regular Commercial	Village I	1a	Multi-Family	800	1,000	3.37	3,370	96,000	96,000,000
Mixed Used/Office/Medical	Village I	1c	Multi-Family	800	1,100	3.37	3,707	96,000	105,600,000
Multi-Family 35	Village II	2a	Multi-Family	1,200	440	3.37	1,483	144,000	63,360,000
Single Family 4.5	Village II	2a	Single Family	3,200	420	3.37	1,415	384,000	161,280,000
Single Family 5	Village II	2a	Single Family	3,000	175	3.37	590	360,000	63,000,000
Multi-Family 35	Village II	2b	Multi-Family	1,000	945	3.37	3,185	120,000	113,400,000
Single Family 6	Village II	2c	Single Family	2,400	105	3.37	354	288,000	30,240,000
Single Family 7	Village II	2c	Single Family	2,200	175	3.37	590	264,000	46,200,000
Custom Homes	Village III	3a	Single Family	4,000	25	3.37	84	480,000	12,000,000
Multi-Family 35	Village IV	4a	Multi-Family	1,000	805	3.37	2,713	120,000	96,600,000
Single Family 10	Village IV	4a	Single Family	2,000	220	3.37	741	240,000	52,800,000
Single Family 5	Village IV	4a	Single Family	3,000	200	3.37	674	360,000	72,000,000
Single Family 5.5	Village IV	4a	Single Family	3,000	240	3.37	809	360,000	86,400,000
Single Family 7	Village IV	4a	Single Family	2,200	90	3.37	303	264,000	23,760,000
Multi-Family 16	Village IV	4b	Multi-Family	1,400	425	3.37	1,432	168,000	71,400,000
Single Family 10	Village IV	4b	Single Family	2,700	355	3.37	1,196	324,000	115,020,000
Single Family 7	Village IV	4b	Single Family	2,200	75	3.37	253	264,000	19,800,000
Mixed Use/Entertainment	Village IV	4c	Multi-Family	1,100	75	3.37	253	132,000	9,900,000
Single Family 5	Village V	5a	Single Family	3,000	110	3.37	371	360,000	39,600,000
Multi-Family 16	Village V	5b	Multi-Family	1,400	190	3.37	640	168,000	31,920,000
Single Family 7	Village V	5b	Single Family	2,200	80	3.37	270	264,000	21,120,000
Single Family 6	Village V	5b	Single Family	2,400	150	3.37	506	288,000	43,200,000
Commercial/Mixed Use	Village VI	6b	Multi-Family	1,200	200	3.37	674	144,000	28,800,000
Commercial/Mixed Use	Village VI	6a	Multi-Family	1,200	200	3.37	674	144,000	28,800,000
<b>Total/Weighted Average</b>					8,244	3.37	27,783	\$ 180,189	\$ 1,485,480,000

Non-Residential	Village	PA	Type	Building	Employee	Measure	Employees	Assessed	Non-Residential
				Sq. Ft.	Projection Factor			Value Per Sq. Ft.	Assessed Valuation
	(a)	(a)	(a)	(a)	(c)			(a)	
University (d)	Village I	1a	Institutional	1,130,000	800	Sq. Ft. per Employee	1,413	\$ -	\$ -
University	Village I	1a	Office	370,000	350	Sq. Ft. per Employee	1,057	147.00	54,390,000
Mixed Used Regular Commercial	Village I	1b	Retail	650,000	570	Sq. Ft. per Employee	1,140	162.00	105,300,000
Mixed Used Regular Commercial	Village I	1b	Office	130,000	350	Sq. Ft. per Employee	371	147.00	19,110,000
Mixed Used Regular Commercial	Village I	1c	Hotel (225 Rooms)	180,000	0.89	Employees per Room	200	155.56	28,000,000
Mixed Used/Office/Medical	Village I	1c	Retail	50,000	570	Sq. Ft. per Employee	88	162.00	8,100,000
Mixed Used/Office/Medical	Village I	1c	Office	330,000	350	Sq. Ft. per Employee	943	147.00	48,510,000
Mixed Use/Entertainment	Village IV	4c	Retail	382,000	570	Sq. Ft. per Employee	670	162.00	61,884,000
Commercial/Mixed Use	Village VI	6b	Retail	294,500	570	Sq. Ft. per Employee	517	162.00	47,709,000
Commercial/Mixed Use	Village VI	6b	Office	98,000	350	Sq. Ft. per Employee	280	147.00	14,406,000
Commercial/Mixed Use	Village VI	6a	Retail	294,500	570	Sq. Ft. per Employee	517	162.00	47,709,000
Commercial/Mixed Use	Village VI	6a	Office	98,000	350	Sq. Ft. per Employee	280	147.00	14,406,000
<b>Total</b>				<u>4,007,000</u>	<u>350</u>	<u>Sq. Ft. per Employee</u>	<u>7,476</u>		<u>\$ 449,524,000</u>

**Total Residential and Non-Residential**

**\$ 1,935,004,000**

**Population Summary**

Residents	[1]	27,783
Employees	[2]	7,476
Equivalent Residents @ 50% of Employees	[2]X50%=[3]	3,738
Total Equivalent Residents	[1]+[3]	<u>31,521</u>

**Footnotes:**

- (a) Per information provided by Castle & Cooke.
- (b) City of Lake Elsinore average persons per household per California Department of Finance, January 2010.
- (c) Retail and office square feet per employee estimates per Section 5 of the Alberhill Villages Draft Environmental Impact Report dated 7/1/10.
- (d) Assumes university will qualify for exemption from property taxes.

**Exhibit A**  
**Table 4**  
**Property Tax Calculations**  
**Alberhill Villages**  
**January 31, 2012**

<b>Property Tax</b>	<b>Table Ref.</b>	
Residential and Non-Residential Assessed Value	3	\$ 1,935,004,000
Basic Rate		1.000%
Basic Tax Paid		\$ 19,350,040
City Share of Basic Tax (a)	2	4.3597%
<b>Total Property Tax</b>		<b>\$ 843,608</b>
<b>Property Transfer Tax</b>		
<b>Residential</b>		
Residential Assessed Value	3	\$ 1,485,480,000
Residential Turnover Rate (b)		14.00%
Value of Annual Turnover		\$ 207,967,200
Transfer Tax Rate (c)		0.0550%
<b>Total Residential Property Transfer Tax</b>	[1]	<b>\$ 114,382</b>
<b>Non-Residential</b>		
Non-Residential Assessed Value	3	\$ 449,524,000
Non-Residential Turnover Rate (b)		10.00%
Value of Annual Turnover		\$ 44,952,400
Transfer Tax Rate (c)		0.0550%
<b>Total Non-Residential Property Transfer Tax</b>	[2]	<b>\$ 24,724</b>
<b>Total Property Transfer Tax</b>	[1]+[2]	<b>\$ 139,106</b>
<b>Property Tax In-Lieu of Sales-Tax</b>		
Off-Site Sales Tax Redirected to Property Tax (d)	5	\$ 2,295
On-Site Sales Tax Redirected to Property Tax (d)	5	9,972
<b>Total Property Tax In-Lieu of Sales Tax</b>		<b>\$ 12,267</b>

**Footnotes:**

- 
- (a) See Table 2 for calculation.
  - (b) Assumes Residential property is sold approximately every 7 years and Non-Residential property is sold approximately every 10 years.
  - (c) The County may levy a transfer tax at the rate of \$0.55 for each \$500 of assessed value. A City within the County that levies this tax can levy a transfer tax at a rate of \$0.55 per \$1,000. If both the County and City levy the transfer tax, a credit shall be allowed against the amount imposed by the County in the amount of tax that is imposed by the City per California Revenue and Taxation Code 11911.
  - (d) 0.25% of sales tax is redirected to property tax per the Sales Tax Triple Flip. See Table 5.

Sales and Use Tax and Transient Occupancy Tax Calculations

Alberhill Villages

January 31, 2012

		Per Unit	Amount
<b>Off-Site Sales Tax Revenue</b>			
Household Income (a)	25.0%	63,050	519,784,200
Retail Taxable Sales (@32% of Household Income) (b)	32.0%	20,176	166,330,944
Projected Off-Site Taxable Sales Captured in City (@50% of Retail Taxable Sales) (c)	50.0%	10,088	83,165,472
Sales Tax (@1.00% of taxable sales)	1.00%	\$ 101	\$ 831,655
Use Tax (@10.40% of sales tax)	10.40%	10	86,492
Less 0.25% Reclassified to Property Taxes (d)	0.25%	(0)	(2,295)
<b>Total Off-Site Sales Tax Revenue</b>		<b>\$ 111</b>	<b>\$ 915,851</b>

	Village	PA	Type	Building Sq. Ft.	Taxable Sales Per Sq. Ft.	Total Taxable Sales
<b>On-Site Sales Tax Revenue</b>						
<b>Taxable Sales for Retail Land Use</b>						
University	Village I	1a	Institutional	1,130,000	\$ -	\$ -
University	Village I	1a	Office	370,000	-	-
Mixed Used Regular Commercial	Village I	1b	Retail	650,000	215	139,750,000
Mixed Used Regular Commercial	Village I	1b	Office	130,000	-	-
Mixed Used Regular Commercial	Village I	1c	Hotel (225 Rooms)	180,000	----- See Hotel Calc. Below -----	-----
Mixed Used/Office/Medical	Village I	1c	Retail	50,000	215	10,750,000
Mixed Used/Office/Medical	Village I	1c	Office	330,000	-	-
Mixed Use/Entertainment	Village IV	4c	Retail	382,000	215	82,130,000
Commercial/Mixed Use	Village VI	6b	Retail	294,500	215	63,317,500
Commercial/Mixed Use	Village VI	6b	Office	98,000	-	-
Commercial/Mixed Use	Village VI	6a	Retail	294,500	215	63,317,500
Commercial/Mixed Use	Village VI	6a	Office	98,000	-	-
<b>Subtotal Taxable Sales for Retail Land Use</b>				<b>4,007,000</b>		<b>\$ 359,265,000</b>

	Revenue Per Available Room	Available Rooms	Total Taxable Sales
<b>Taxable Sales for Hotel Land Use</b>			
	(f)		
Food & Beverage Revenue	\$ 6,558	225	\$ 1,475,550
Other Operated Department Revenue	1,929	225	434,025
Rentals and Other Income	520	225	117,000
<b>Subtotal Taxable Sales for Hotel Land Use</b>	<b>\$ 9,007</b>		<b>\$ 2,026,575</b>

Total Taxable Sales		\$ 361,291,575
Sales Tax (@1% of taxable sales)	1.00%	3,612,916
Use Tax (@10.40% of sales tax) (b)	10.40%	375,743
Less 0.25% Reclassified to Property Taxes (d)	0.25%	(9,972)
<b>Total On-Site Sales Tax Revenue</b>		<b>\$ 3,978,687</b>

	Available Rooms	Annual Rooms Available	Average Occupancy Rate	Average Room Rate	Hotel Rental Revenue
<b>Transient Occupancy Tax ("TOT") Revenue</b>					
Hotel Rental Revenue Subject to TOT	225	82,125	(f) 66.60%	(f) \$ 135	\$ 7,357,058
Transient Occupancy Tax Rate (g)					10.00%
<b>Total Transient Occupancy Tax Revenue</b>					<b>\$ 735,706</b>

Footnotes:

- (a) 2010 annual median household income for the Alberhill Villages trade area per the Alberhill Villages Retail Impact Study prepared by Alfred Gobar Associates, dated November 2011
- (b) Per U. S. Bureau of Labor Statistics Consumer Expenditure Survey, 2008 which indicates that retail taxable purchases represent approximately 32% of total household income for the average U.S. household.
- (c) Preliminary estimate for illustration purposes.
- (d) 0.25% of sales tax is redirected to property tax per the Sales Tax Triple Flip.
- (e) Taxable sales of \$215 per square foot based on residual market potential for the Alberhill Villages retail land uses per the Alberhill Villages Retail Impact Study prepared by Alfred Gobar Associates, dated November 2011 and supplemental information provided by Alfred Gobar Associates.
- (f) Revenue per available room, average occupancy rate and average room rate for suite hotels with food and beverage in the Mountain and Pacific region per the 2010 USA Edition of Trends in the Hotel Industry prepared by PKF Hospitality Research.
- (g) City of Lake Elsinore Transient Occupancy Tax Rate of 10% as of 8/15/2009 per CaliforniaCityFinance.com

Exhibit A  
Table 6  
General Fund Revenue Calculations  
Alberhill Villages  
January 31, 2012

General Fund Revenue	Budget Page Ref.	FY 2010-11 Proposed Budget	Marginal Increase	[1] Net General Fund	Measure	[2] City Equivalent Units	[1]/[2]=[3] Factor	[4] Project Equivalent Units	[3]X[4] Amount
	(a)	(a)				(b)			
<b>Taxes</b>									
Property Tax-Current Year-Secured	4	\$ 1,787,000	100%			See Table 4			
Property Tax-Current Year-Unsecured	4	95,000	100%			See Table 4			
Property Tax Prior Year-Secured & Unsecured	4	212,000	100%			See Table 4			
Property Tax In-Lieu of VLF	4	3,250,000	100%	3,250,000	per capita	50,983	63.75	27,783	1,771,076
Property Transfer Tax	4	350,000	100%			See Table 4			
Sales Tax	4	4,500,000	100%			See Table 5			
Prop. 172 1/2% Sales Tax/Public Safety	4	300,000	100%	300,000	per capita & 50% employee	58,383	5.14	31,521	161,970
Sales Tax-1% Use Tax in Lieu	4	1,650,000	100%			See Table 5			
Transient Occupancy Tax	4	194,000	100%			See Table 5			
Franchise Tax	4	1,840,000	100%	1,840,000	per capita & 50% employee	58,383	31.52	31,521	993,417
Towing Franchise Fee	4	2,000	100%	2,000	per capita & 50% employee	58,383	0.03	31,521	1,080
<b>Total Taxes</b>		<b>\$ 14,180,000</b>		<b>\$ 5,392,000</b>					<b>\$ 2,927,542</b>
<b>Licenses &amp; Permits</b>									
Business License	5	\$ 275,000	100%	\$ 275,000	per employee	14,800	\$ 18.58	7,476	\$ 138,912
Building Permit Fee	5	450,000	0%			See Footnote (c)			
Building Special Inspection Fee	5	300	0%			See Footnote (c)			
Abandoned Property Registration	5	25,000	0%			See Footnote (d)			
Yard Sale Permit Fee	5	400	100%	400	per capita	50,983	0.01	27,783	218
Special Event Permit Fee	5	4,000	100%	4,000	per capita & 50% employee	58,383	0.07	31,521	2,160
Sign Fees/Planning	5	5,000	0%			See Footnote (c)			
Encroachment Permit-Subdivision	5	80,000	0%			See Footnote (c)			
Encroachment Permit-Other	5	40,000	0%			See Footnote (c)			
Encroachment Permit-Public Utility	5	30,000	0%			See Footnote (c)			
Lake Use Fees	5	22,000	100%	22,000	per capita	50,983	0.43	27,783	11,989
Lake Day Use Passes	5	370,000	100%	370,000	per capita	50,983	7.26	27,783	201,630
Annual Boat Passes	5	35,000	100%	35,000	per capita	50,983	0.69	27,783	19,073
<b>Total Licenses &amp; Permits</b>		<b>\$ 1,336,700</b>		<b>\$ 706,400</b>			<b>\$ 27.03</b>		<b>\$ 373,982</b>
<b>Shared Revenue</b>									
State Motor Vehicle In-Lieu	6	\$ 177,000	100%	\$ 177,000	per capita	50,983	\$ 3.47	27,783	\$ 96,456
County/Homeowners PTR	6	29,000	0%			See Footnote (d)			
State Mandated Reimbursement	6	35,000	0%			See Footnote (d)			
State Grant-Used Oil Block Grant	6	2,600	0%			See Footnote (d)			
State Grant-Hazardous Waste Grant	6	3,500	0%			See Footnote (d)			
State Grant-Other State Grants	6	10,000	0%			See Footnote (d)			
County Grant-Citizens Corp. Grant Revenue	6	5,000	0%			See Footnote (d)			
<b>Total Shared Revenue</b>		<b>\$ 262,100</b>		<b>\$ 177,000</b>			<b>\$ 3.47</b>		<b>\$ 96,456</b>
<b>Charges for Services</b>									
Grading Plan Check & Permit	7	\$ 60,000	0%			See Footnote (c)			
Map Check Fees	7	20,000	0%			See Footnote (c)			
CRS&CIP Rev/Planning	7	350,000	0%			See Footnote (c)			
CRS&CIP Rev/Engineering	7	30,000	0%			See Footnote (c)			
Plan RVW Fee/Planning Dept.	7	40,000	0%			See Footnote (c)			
Counter Services	7	700	0%			See Footnote (c)			
Filing Fees	7	600	0%			See Footnote (c)			
License Review Fee	7	16,000	0%			See Footnote (c)			
Maps, Publications, Copies	7	5,000	0%			See Footnote (c)			
False Alarm Fee	7	1,500	0%			See Footnote (d)			
Weed Abatement Fees	7	190,000	0%			See Footnote (d)			
Structure Abatement Fees	7	15,000	0%			See Footnote (d)			
Nuisance Abatement Fees	7	3,000	0%			See Footnote (d)			
Vehicle Abatement/Recovery Cost	7	25,000	0%			See Footnote (d)			
Park & Light Use Fees	7	21,315	100%	21,315	per capita	50,983	0.42	27,783	11,616
Park & Light Use Fees-Non Resident	7	1,500	0%			See Footnote (d)			
Rec.-Fees/Senior Activity	7	3,150	100%	3,150	per capita	50,983	0.06	27,783	1,717
Rec.-Fees-Comm. Center Revenue	7	126,000	100%	126,000	per capita	50,983	2.47	27,783	68,663
Non-Resident Fees-Classes	7	2,000	0%			See Footnote (d)			
Winterfest Event	7	3,000	100%	3,000	per capita & 50% employee	58,383	0.05	31,521	1,620
5K Run/Walk Event	7	6,000	100%	6,000	per capita & 50% employee	58,383	0.10	31,521	3,239
Admin Fee-Parking Citations	8	500	100%	500	per capita & 50% employee	58,383	0.01	31,521	270
Admin Fee-Engineering Dept.	8	30,000	0%			See Footnote (d)			
Admin Fee-Planning Dept.	8	500	0%			See Footnote (d)			
Admin Fee-General	8	175,000	0%			See Footnote (d)			
Building Plan Checks	8	2,000	0%			See Footnote (c)			
Subdivision Plan Check	8	62,000	0%			See Footnote (c)			
Other Plan Check	8	60,000	0%			See Footnote (c)			
SRRE Fees-Enviro. Services	8	50,000	0%			See Footnote (c)			
Misc. Sheriff Police Services	8	150,000	0%			See Footnote (d)			
<b>Total Charges for Services</b>		<b>\$ 1,449,765</b>		<b>\$ 159,965</b>			<b>\$ 3.11</b>		<b>\$ 87,124</b>

Table 6  
General Fund Revenue Calculations  
Alberhill Villages  
January 31, 2012

General Fund Revenue	Budget Page Ref.	FY 2010-11 Proposed Budget	Marginal Increase	[1] Net General Fund	Measure	[2] City Equivalent Units	[1]/[2]=[3] Factor	[4] Project Equivalent Units	[3]X[4] Amount
	(a)	(a)				(b)			
<b>Fines &amp; Forfeitures</b>									
Local Ordinance Fines	9	\$ 15,000	100%	\$ 15,000	per capita & 50% employee	58,383	\$ 0.26	31,521	\$ 8,099
Parking Citations/Violations	9	350,000	100%	350,000	per capita & 50% employee	58,383	5.99	31,521	188,965
Lake Citations/Violations	9	10,000	100%	10,000	per capita & 50% employee	58,383	0.17	31,521	5,399
Other Fines & Penalties	9	25,000	100%	25,000	per capita & 50% employee	58,383	0.43	31,521	13,498
Municipal Code Violations	9	4,000	100%	4,000	per capita & 50% employee	58,383	0.07	31,521	2,160
<b>Total Fines &amp; Forfeitures</b>		<u>\$ 404,000</u>		<u>\$ 404,000</u>			<u>\$ 6.92</u>		<u>\$ 218,120</u>
<b>Miscellaneous Revenue</b>									
Investment Earnings	9	\$ 315,450	0%		See Footnote (d)				
Rentals-Community Center	9	4,200	100%	4,200	per capita	50,983	0.08	27,783	2,289
Rental-Parks	9	1,000	100%	1,000	per capita	50,983	0.02	27,783	545
Rental-Cultural Center	9	5,000	100%	5,000	per capita	50,983	0.10	27,783	2,725
Rental-Other	9	50,000	100%	50,000	per capita	50,983	0.98	27,783	27,247
Concession/Lake Elsinore Rec. Area	10	15,000	100%	15,000	per capita	50,983	0.29	27,783	8,174
Seaport Boat Launch Revenue	10	9,000	100%	9,000	per capita	50,983	0.18	27,783	4,905
Recreational Donations	10	10,000	100%	10,000	per capita	50,983	0.20	27,783	5,449
Recoverable Expenditures	10	100,000	0%		See Footnote (d)				
Destratification System Revenue	10	67,000	0%		See Footnote (d)				
Other Revenue	10	25,000	0%		See Footnote (d)				
Fire Service Tax Credits	10	1,516,000	100%		See Table 9				
Reimbursements from RDA	10	492,600	0%		See Footnote (d)				
RDA Lease Payments	10	676,500	0%		See Footnote (d)				
Plan Retention Fees	10	1,500	0%		See Footnote (d)				
<b>Total Miscellaneous Revenue</b>		<u>\$ 3,288,250</u>		<u>\$ 94,200</u>			<u>\$ 1.85</u>		<u>\$ 51,334</u>
<b>Transfers-In</b>									
Transfer In-Fund #130	11	\$ 20,000	0%		See Footnote (d)				
Transfer In-Fund #135	11	30,000	0%		See Footnote (d)				
<b>Total Transfers-In</b>		<u>\$ 50,000</u>		<u>\$ -</u>			<u>\$ -</u>		<u>\$ -</u>
<b>RDA Advance Principal Repay-Regular</b>	11	\$ 332,700	0%		See Footnote (d)				
<b>RDA Advance Principal Repay-Additional</b>	11	1,750,000	0%		See Footnote (d)				
<b>TOTAL GENERAL FUND REVENUE</b>		<u>\$ 23,053,515</u>		<u>\$ 6,933,565</u>					<u>\$ 3,754,558</u>

Footnotes:

- (a) Per City of Lake Elsinore Fiscal Year 2010-2011 Proposed Budget, dated 6/8/10.
- (b) Total population of 50,983 per the California Dept. of Finance as of January 2010. Total employment of 14,800 per the California Employment Development Department as of June 2010. For per capita and 50% employee factors, employment was reduced by 50% to account for the estimated less frequent use of city public services by employees than residents.
- (c) Assumes one-time fees paid during Project development will cover one-time costs and the Project will not have an ongoing impact on these revenue sources.
- (d) Assumes Project will not have an impact on these revenue sources.

**Exhibit A**  
**Table 7**  
**General Fund Expenditure Calculations**  
**Alberhill Villages**  
**January 31, 2012**

	Budget Page Ref.	FY 2010-11 General Fund	Marginal Increase	[1] Net General Fund	Measure	[2] City Equivalent Units	[1]/[2]=[3] Factor	[4] Project Equivalent Units	[3]X[4] Amount
General Fund Expenditures	(a)	(a)				(b)			
<b>City Council</b>									
City Council	13	\$ 256,096	50%	\$ 128,048	per capita & 50% employee	58,383	\$ 2.19	31,521	\$ 69,133
Public Safety Advisory Comm.	13	16,000	50%	8,000	per capita & 50% employee	58,383	0.14	31,521	4,319
<b>Total City Council</b>		<u>\$ 272,096</u>		<u>\$ 136,048</u>			<u>\$ 2.33</u>		<u>\$ 73,452</u>
<b>City Attorney</b>	13	\$ 400,000	50%	\$ 200,000	per capita & 50% employee	58,383	\$ 3.43	31,521	\$ 107,980
<b>City Clerk</b>	13	\$ 215,238	50%	\$ 107,619	per capita & 50% employee	58,383	\$ 1.84	31,521	\$ 58,104
<b>City Manager's Office</b>									
City Manager/Administration	13	\$ 417,510	50%	\$ 208,755	per capita & 50% employee	58,383	\$ 3.58	31,521	\$ 112,707
Economic Development	13	31,000	50%	15,500	per capita & 50% employee	58,383	0.27	31,521	8,368
Info Tech GIS	13	748,151	50%	374,076	per capita & 50% employee	58,383	6.41	31,521	201,963
<b>Total City Manager's Office</b>		<u>\$ 1,196,661</u>		<u>\$ 598,331</u>			<u>\$ 10.25</u>		<u>\$ 323,039</u>
<b>Administrative Services</b>									
Finance Division	13	\$ 630,397	50%	\$ 315,199	per capita & 50% employee	58,383	\$ 5.40	31,521	\$ 170,176
Human Resources	13	235,224	50%	117,612	per capita & 50% employee	58,383	2.01	31,521	63,499
Risk Management Division	13	780,000	50%	390,000	per capita & 50% employee	58,383	6.68	31,521	210,561
<b>Total Administrative Services</b>		<u>\$ 1,645,621</u>		<u>\$ 822,811</u>			<u>\$ 14.09</u>		<u>\$ 444,236</u>
<b>General Law Enforcement</b>	13	\$ 7,647,160	100%	\$ 7,647,160	per capita & 50% employee	58,383	\$ 130.98	31,521	\$ 4,128,704
<b>Fire Services (c)</b>	13	\$ 3,906,582	100%	\$ 3,906,582	----- See Table 8 -----				
<b>Community Development</b>									
Planning Commission	13	\$ 6,764	0%	\$ -	----- See Footnote (c) -----				
Planning & Zoning	13	787,781	0%	-	----- See Footnote (c) -----				
Building & Safety	13	640,150	0%	-	----- See Footnote (c) -----				
Code Enforcement	13	186,666	0%	-	----- See Footnote (c) -----				
<b>Total Community Development</b>		<u>\$ 1,621,361</u>		<u>\$ -</u>					<u>\$ -</u>
<b>Public Works</b>									
Engineering	14	\$ 481,640	0%	\$ -	----- See Footnote (c) -----				
Environmental Services	14	29,200	100%	29,200	per capita & 50% employee	58,383	0.50	31,521	15,765
Emergency Services	14	13,000	100%	13,000	per capita & 50% employee	58,383	0.22	31,521	7,019
Public Works Administration	14	224,939	50%	112,470	per capita & 50% employee	58,383	1.93	31,521	60,722
Street & Sidewalk Maintenance	14	-	100%	-	per capita & 50% employee	58,383	-	31,521	-
Vehicle & Equipment Maintenance	14	295,605	100%	295,605	per capita & 50% employee	58,383	5.06	31,521	159,597
Graffiti Maintenance	14	64,389	100%	64,389	per capita & 50% employee	58,383	1.10	31,521	34,764
Weed Abatement	14	243,604	100%	243,604	per capita & 50% employee	58,383	4.17	31,521	131,522
<b>Total Public Works</b>		<u>\$ 1,352,377</u>		<u>\$ 758,268</u>			<u>\$ 12.99</u>		<u>\$ 409,389</u>
<b>Parks and Recreation</b>									
Community Service Administration	14	\$ 193,484	50%	\$ 96,742	per capita & 50% employee	58,383	\$ 1.66	31,521	\$ 52,231
Lake Community Center	14	426,686	100%	426,686	per capita & 50% employee	58,383	7.31	31,521	230,368
Senior Center	14	183,130	100%	183,130	per capita & 50% employee	58,383	3.14	31,521	98,872
Animal Control	14	150,000	100%	150,000	per capita & 50% employee	58,383	2.57	31,521	80,985
Facility Maintenance	14	331,424	100%	331,424	per capita & 50% employee	58,383	5.68	31,521	178,936
Diamond Stadium	14	-	100%	-	per capita & 50% employee	58,383	-	31,521	-
Parks Maintenance	14	1,046,287	100%	1,046,287	per capita & 50% employee	58,383	17.92	31,521	564,891
<b>Total Parks and Recreation</b>		<u>\$ 2,331,011</u>		<u>\$ 2,234,269</u>			<u>\$ 38.27</u>		<u>\$ 1,206,283</u>
<b>Lake &amp; Aquatic Resources</b>									
Lake Administration	14	\$ 803,901	50%	\$ 401,951	per capita & 50% employee	58,383	\$ 6.88	31,521	\$ 217,013
Boat Launch Facility	14	28,300	100%	28,300	per capita & 50% employee	58,383	0.48	31,521	15,279
Lake Water Operations & Maintenance	14	-	100%	-	per capita & 50% employee	58,383	-	31,521	-
Lake Aeration Systems O & M (d)	14	247,752	0%	-	----- See Footnote (d) -----				
<b>Total Lake &amp; Aquatic Resources</b>		<u>\$ 1,079,953</u>		<u>\$ 430,251</u>			<u>\$ 7.37</u>		<u>\$ 232,292</u>
<b>Non-Department Operating</b>									
Personnel Costs: Retiree Health Premiums		\$ 346,140	100%	\$ 346,140	per capita & 50% employee	58,383	\$ 5.93	31,521	\$ 186,881
Contractual Svcs.-Sales Tax Agmts. with Developers		800,000	0%	-	----- See Footnote (e) -----				
Contractual Svcs.-Lake Elsinore Rec. Auth. Bond Costs		136,000	0%	-	----- See Footnote (e) -----				
Debt Svc.: Princ & Int.-Lake Elsinore Rec. Auth. Bonds		540,000	0%	-	----- See Footnote (e) -----				
<b>Total Non-Department Operating</b>		<u>\$ 1,822,140</u>		<u>\$ 346,140</u>			<u>\$ 5.93</u>		<u>\$ 186,881</u>
<b>Grand Total General Fund</b>		<u>\$ 23,490,200</u>		<u>\$ 17,187,477</u>					<u>\$ 7,170,359</u>

**Footnotes:**

(a) Per City of Lake Elsinore Fiscal Year 2010-2011 Proposed Budget, dated 6/8/10.

(b) Total population of 50,983 per the California Dept. of Finance as of January 2010. Total employment of 14,800 per the California Employment Development Department as of June 2010. For per capita and 50% employee factors, employment was reduced by 50% to account for the estimated less frequent use of city public services by employees than residents.

(c) Community Development and Engineering expenses are assumed to be offset by fees and charges.

(d) Assumes Project will not impact costs associated with operations and maintenance of lake aeration systems.

(e) Breakdown of Non-Department Operating costs per Jim Riley at City of Lake Elsinore. With the exception of retiree health premiums, the Project is not anticipated to have an impact on non-department operating costs.

## Table 8

**Fire Services Cost Calculation  
Alberhill Villages  
January 31, 2012**

	<u>Table Ref.</u>		
<b>Fire Protection Revenue (a)</b>			
Residential and Non Residential Assessed Value	Table 3	[1]	\$ 1,935,004,000
Basic Rate		[2]	1.00%
Basic Tax Paid		[1]X[2]=[3]	19,350,040
Structural Fire Fund Share of the Basic Tax	Table 2	[4]	5.6738%
<b>Total Fire Protection Revenue</b>		[3]X[4]=[5]	<u>\$ 1,097,887</u>
<b>Fire Protection Cost</b>			
Riverside County Fire Protection Contract (b)		[6]	\$ 4,385,782
Fire Stations Operated Through Fire Contract (b)		[7]	3.00
<b>Cost per Fire Station</b>		[6]/[7]=[8]	<u>\$ 1,461,927</u>
Fire Stations Required to Serve Project (c)		[9]	1.00
<b>Total Fire Protection Cost</b>		[8]X[9]=[10]	<u>\$ 1,461,927</u>
<b>Net Fire Protection Cost (a)</b>		[10]-[5]	<u>\$ 364,040</u>

**Footnotes:**

- (a) Riverside County receives approximately 5.67% share of the basic 1% property tax to fund structural fire protection services. The City of Lake Elsinore receives a credit for structural fire fund taxes received by the County to offset its annual fire protection contract.
- (b) Per Exhibit "A" to the Cooperative Agreement to Provide Fire Protection, Fire Prevention, Rescue and Medical Emergency Services for the City of Lake Elsinore Estimate, dated 2/10/10 for fiscal year 2010-11.
- (c) Per the Public Services section of the Alberhill Villages Specific Plan Amendment #4, dated 3/23/10, The City of Lake Elsinore will provide fire protection to the Project site through a contract with the Riverside County Fire Department. The Alberhill Villages Specific Plan area may require one fire substation, which may be located within the University Town Center or east of Lake Street in the Specific Plan Area. This fiscal impact analysis assumes that the Alberhill Villages Specific Plan Area will require one fire substation.