



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

To: Scott Cooper, Associate Planner II
City of Temecula

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From: KEYSER MARSTON ASSOCIATES, INC.

Date: September 20, 2021

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Subject: Solana Winchester Hills – Final Fiscal Impact Analysis

I. INTRODUCTION

A. Objective

In accordance with Keyser Marston Associates, Inc.'s (KMA's) agreement for consulting services with the City of Temecula (City), KMA has undertaken a Fiscal Impact Analysis (FIA) for the Solana Winchester Hills project (Project) proposed by Reylenn Properties (Developer). The Project will be located north of State Route 79 (SR-79), east of Interstate 15 (I-15), south of Temecula Center Drive, and west of Ynez Road, within Planning Area 12 of the Harveston Specific Plan (Specific Plan). The Project is planned to include 350 residential units consisting of townhomes and flats.

This FIA prepared by KMA evaluated the recurring General Fund revenues and expenditures generated by the proposed Project over a 20-year period. The 20-year period begins at the completion and occupancy of the Project's first residential units, which is assumed to be Fiscal Year (FY) 2023, and ends in FY 2042.

B. Methodology

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

- Reviewed background materials and planning/zoning documents relevant to the Project and the Site.

- Reviewed the City's FY 2021 General Fund Operating Budget to understand the City's fiscal condition and revenue/expenditure parameters.
- Interviewed key City staff regarding cost-of-service structure and approach to provide services to the Project.
- Collected and reviewed demographic and economic trends for the Temecula area.
- Collected and reviewed residential market data to substantiate inputs provided by the Developer.
- Estimated recurring annual revenues and municipal service expenditures as a result of the Project.

C. Report Organization

Following this introduction:

- Section II presents a summary of the KMA key findings.
- Section III provides a projection of the fiscal impact of the Project on the City's General Fund over the 20-year period.
- Finally, Section IV presents limiting conditions pertaining to this report.

II. KEY FINDINGS

A. Project – 20-Year Fiscal Impact

- The Project is estimated to yield a *negative* net fiscal impact to the City's General Fund, each year, over the projected 20-year period.
- The major revenue categories generated by the Project during this 20-year period include indirect (off-site) sales tax, Measure S revenues, property tax, property tax in-lieu of vehicle license fee (VLF), and franchise fees.
- The major expenditure categories generated by the Project during this 20-year period include Police, Fire, Public Works, Community Development, and General Government.

- The Project's fiscal impact is estimated at *negative* \$38,000, or *negative* \$110 per unit, in stabilized Year 2 (FY 2024 dollars) and is projected to reach *negative* \$338,000, or *negative* \$964 per unit, in Year 20 (FY 2042 dollars), as shown in Table II-1 below.

Table II-1: Fiscal Impact of Project		
	FY 2024	FY 2042
General Fund Revenues	\$412,000	\$635,000
General Fund Expenditures	<u>(\$450,000)</u>	<u>(\$973,000)</u>
Annual Net Fiscal Impact to City	(\$38,000)	(\$338,000)
Deficit per Unit per Year	(\$110)	(\$964)
Revenue to Expense Ratio	0.92	0.65

III. 20-YEAR FISCAL IMPACT OF PROJECT

A. Overview of Methodology

This section presents the KMA methodology used to estimate the fiscal impact on the City's General Fund resulting from the development of the proposed Project. The detailed KMA 20-year fiscal impact model is provided in Appendices A and B of this report and summarized below.

Demographic and Economic Overview

Table III-1 presents the findings of the KMA review of demographic and economic factors for the City. The data consist of population, number of housing units, and total jobs. More detail is presented in Appendix A, Table A-1.

Table III-1: Demographic and Economic Overview, City of Temecula	
	2020 Estimate
Population	111,970
Housing Units	36,550
Jobs	54,313

Overview of City General Fund Budget

Table III-2 below provides an overview of the City's FY 2021 Revised General Fund budget. A more detailed analysis can be found in Appendix A, Table A-2. As shown, the City was operating at a net surplus of \$218,000 in FY 2021.

Table III-2: City of Temecula, Mid-Year FY 2021 Revised General Fund Budget	
General Fund Revenues	\$79,536,000
General Fund Expenditures	<u>(\$79,318,000)</u>
Net Surplus/(Deficit)	\$218,000
Revenues to Expenditures Ratio	1.00

Appendix A, Tables A-3 and A-4 also show the department revenues and expenditures used to calculate the per capita impacts to the General Fund from the development of the proposed Project. The revenues shown are strictly departmental revenues and exclude such revenues as property and sales tax, which are estimated based on projected increases in assessed value and taxable sales as a result of development of the Project, respectively. The expenditures used in this analysis reflect a deduction for citizen/user payments in the form of Charges for Services to yield net (unreimbursed) expenditures.

B. Key Assumptions – Project

As shown in Table III-3 below, the Project will include 340 apartments and 10 townhomes. A more detailed description of the Project can be found in Appendix B, Table B-2.

Table III-3: Project Description	
Apartments (Flats) – Rental	340 Units
Townhomes – Rental	<u>10</u> Units
Total Units	350 Units

Table III-4 below presents the assumed absorption schedule for the Project. The Developer anticipates that for each product type, the first occupancy will occur during FY 2023 until stabilized occupancy is achieved by FY 2024. A more detailed analysis of the projected annual absorption of the Project can be found in Appendix B, Table B-3.

Table III-4: Anticipated Schedule of Development ⁽¹⁾			
	FY 2023	FY 2024	Total
Apartments (Flats) – Rental	223	117	340
Townhomes – Rental	<u>7</u>	<u>3</u>	<u>10</u>
Total Units	230	120	350
⁽¹⁾ Source: Developer, January 26, 2021.			

C. Key Assumptions to Fiscal Impact Projection

General Approach

Assumptions used in the FIA are based on an assessment of future circumstances regarding population, employment, property valuation, and taxable sales. Table III-5 below provides a summary of the key assumptions used in this analysis.

Table III-5: Key Assumptions		
Population	2.0-3.0	persons per unit
Resident Equivalents	0.33	employees per resident
Residential Value	\$330,000 - \$350,000	per unit (FY 2021) ⁽¹⁾
⁽¹⁾ KMA estimate. Based on review of recent multi-family residential building sales in Temecula and North San Diego County.		

The FIA also estimates other General Fund revenues and expenditures based on a modified per capita measure known as “resident equivalents.” The approach combines residents and employees to form a single service population. As summarized below, the resident equivalent approach weighs an employee as 0.33 residents, such that three employees are viewed as having the same impact as one resident.

Table III-6: Total Resident Equivalents				
	Total Population	Total Employment	Total Population + Jobs	Total Resident Equivalents ⁽¹⁾
City of Temecula	111,970	54,313	166,283	129,893
Solana Winchester Hills Project	675	0	675	675
⁽¹⁾ Assumes a resident equivalent factor of 0.33 (three employees have approximately the same impact as one resident).				

General Fund Revenues

This section discusses the recurring General Fund revenue assumptions utilized to estimate the impact of the proposed Project. Annual recurring revenues generated by the Project, such as Property Tax and Sales and Use Tax, were estimated based on assumed real estate market factors such as market values/rents for the residential units. One-time revenues, such as Development Impact Fees and building permits used to offset one-time City costs, were not evaluated in this FIA.

To reflect pre-COVID-19 pandemic operating levels, Franchise Fees; Licenses and Permits; Fines and Forfeitures; and other revenues were estimated by using a three (3)-year historical average of actual revenue received from FY 2018 to FY 2020. The historical average figure was then divided by the applicable service population to estimate a per capita or “per resident equivalent” factor. This factor was then applied to the number of new residents anticipated for the Project.

As shown in Table III-7 below, KMA applied the following escalation factors to estimate the annual General Fund revenues to the City over a 20-year period. The annual escalation factors were based on KMA’s review of recent historical valuation trends in the City, as well as discussions with the City’s Finance Department.

Table III-7: Annual Revenue Escalation Factors	
	Escalation Factor
Assessed Value ⁽¹⁾	
Pre-Build-out	5.0%
Post-Build-out	2.0%
Sales Tax	3.0%
Measure S ⁽²⁾	3.0%
Special Tax (Measure C) ⁽³⁾	0.0%
Franchise Fees	1.5%
Other General Fund Revenues	2.5%
<p>(1) Reflects assumed market escalation.</p> <p>(2) Measure S is an additional 1.0% sales tax utilized to fund general City services.</p> <p>(3) Measure C authorized the Temecula Community Services District (TCSD) to assess and collect the Parks and Lighting Special Tax. All property owners pay this tax.</p>	

General Fund Expenditures

This section discusses the recurring annual General Fund expenditure assumptions utilized to estimate the impact of the Project at build-out.

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Annual recurring expenditures, including Fire, Public Works, and City Council, were estimated by applying a per capita or “per resident equivalent” cost estimate to the number of new residents anticipated from build-out of the Project, with the exception of Police. To estimate Police expenditures, KMA applied the Project’s pro rata share of one (1) new police officer, at an approximate annual cost of approximately \$352,000, per 1,000 population added to the City.

The City’s Asset Management Fund, a direct interfund transfer from the Measure S Fund into four (4) separate Asset Management Funds (Street Replacement Fund, Vehicles/Equipment Fleet Replacement Fund, Facilities Replacement Fund, and Technology Replacement Fund), was also included in addition to the General Fund expenditure analysis.

Annual escalation factors for each major expenditure category were estimated by KMA based on five-year financial projections for the General Fund presented in the City’s Budget. As shown in Table III-8, General Fund expenditures are anticipated to increase at escalation rates ranging between 2.0% and 5.0% per year.

KMA also applied a marginal cost adjustment to each expenditure category to reflect that General Fund expenditures do not typically have a 1:1 relationship between projected population growth and demand for municipal services, such as overhead and administrative functions within City government. As shown in Table III-8, the marginal cost adjustments assumed by KMA ranged between 0% (no adjustment to per capita assumptions) to 100% (expenditures not impacted by the Project).

Table III-8: Annual Expenditure Escalation Factors		
	Escalation Factor	Marginal Cost Impact Adjustment ⁽¹⁾
Police	5.00%	5.0%
Public Works – Land Development, Public Works, etc.	2.50%	10.0%
Fire	5.00%	5.0%
Public Works – Parks & Maintenance	2.50%	10.0%
Community Development	2.75%	20.0%
Finance	2.75%	30.0%
City Clerk	3.00%	30.0%
Retiree Medical Contribution	3.00%	90.0%
City Attorney	2.00%	40.0%
City Council	2.75%	40.0%
Community Support	2.00%	80.0%
PERS Replacement Benefit	3.00%	100.0%
Property Tax Administration	2.00%	30.0%
Asset Management Fund	2.50%	0.0%
General Government	2.50%	40.0%
(1) Reflects adjustment to expenditure categories that do not typically have a 1:1 relationship between population growth and demand for municipal services. For example, an increase in population will demand 95% of Police municipal services expenditures per net new resident equivalent.		

D. Annual Fiscal Impact to General Fund

General Fund Revenues

Table III-9 summarizes the KMA estimate of recurring General Fund revenues during the Project's build-out year (FY 2024). As shown, Sales Tax and Measure S revenues, in the form of off-site resident spending captured within the City, represent the largest components of General Fund revenues as a result of the Project. The Project's 675 new residents are expected to generate \$203,100 of net new revenues (in the form of Sales Tax/Measure S revenues) to the City in FY 2024. This represents about 49.4% of total revenues generated by the Project.

Property Tax and Property Tax In-Lieu of Vehicle License Fee (VLF) revenues are the next largest source of General Fund revenues to be generated by the Project's 350 residential units. In FY 2024, the Project is projected to generate approximately \$65,300 in Property Tax and \$74,100 in Property Tax In-Lieu of VLF revenues. In combination, these sources represent 33.9% of the total General Fund revenues to be generated by the Project.

The other sources, including Franchise Fees, Property Transfer Tax, Measure C, Franchise Fees, and all other revenue sources, are anticipated to account for the remaining 16.7% of General Fund revenues generated by the Project.

Table III-9: General Fund Revenues in FY 2024		
	Total	% of Total
Property Tax	\$65,300	15.9%
Property Tax In-Lieu of VLF	\$74,100	18.0%
Property Transfer Tax	\$7,200	1.7%
Sales Tax – Resident Spending	\$106,900	26.0%
Measure S – Resident Spending ⁽¹⁾	\$96,200	23.4%
Measure C ⁽²⁾	\$19,700	4.8%
Franchise Fees	\$20,400	5.0%
Business Licenses	\$1,500	0.4%
Fines and Forfeitures	\$4,100	1.0%
Vehicle License Fees	\$400	0.1%
Operating Transfers In – Gas Tax/SLESF	\$14,400	3.5%
Miscellaneous Revenue	<u>\$1,400</u>	<u>0.3%</u>
Total Revenues (Rounded)	\$411,600	100.0%
(1) Measure S is an additional 1.0% sales tax utilized to fund general City services.		
(2) Measure C authorized the Temecula Community Services District (TCSD) to assess and collect the Parks and Lighting Special Tax. All property owners pay this tax.		

General Fund Expenditures

As shown in Table III-10, the total annual General Fund expenditures to provide services to the Project are estimated at \$450,100 in FY 2024. Major expenditure categories were estimated based on projections from current service levels. As shown, the Project's pro rata cost for Police represents the largest of the Project-generated expenditures at \$261,600, or 58.1% of total expenditures.

Fire services represent the second largest expenditure at \$55,000, or 12.2% of the total Project-generated expenditures.

The remaining departmental expenditures, including, but not limited to, Public Works, Asset Management Fund, and General Government, account for a combined \$133,500, or 29.7% of total expenditures.

Table III-10: General Fund Expenditures in FY 2024		
	Total	% of Total
Police	\$261,600	58.1%
City Council	\$2,000	0.4%
Community Support	\$100	0.0%
General Government	\$16,400	3.6%
City Clerk	\$5,200	1.2%
City Attorney	\$3,200	0.7%
Finance	\$12,000	2.7%
Community Development	\$17,800	4.0%
Public Works – Land Development, etc.	\$35,600	7.9%
Public Works – Park Maintenance	\$23,400	5.2%
Fire (1)	\$55,000	12.2%
Property Tax Administration	\$400	0.1%
Retiree Medical Contribution	\$600	0.1%
PERS Replacement Benefit	\$0	0.0%
Asset Management Fund	<u>\$16,800</u>	<u>3.7%</u>
Total Expenditures (Rounded)	\$450,100	100.0%
(1) Expenditures are net of the County Structure Fire Protection Tax.		

Annual Fiscal Impact

Comparison of the annual revenues and annual expenditures generated by the Project indicates that it will yield a *negative* net fiscal impact to the City's General Fund each year after project stabilization over the 20-year period. As shown in Table III-11, the Project's net fiscal impact is estimated at *negative* \$38,000, or *negative* \$110 per unit, at build-out in Year 2 (FY 2024). The Project's net fiscal impact reaches *negative* \$338,000, or *negative* \$964 per unit, by Year 20 (FY 2042). A more detailed analysis is presented in Appendix B.

Table III-11: Annual General Fund Impact					
Fiscal Year	General Fund Revenues ⁽¹⁾	General Fund Expenditures	Recurring Surplus/(Deficit)	Per Unit Per Year ⁽²⁾	Revenues to Expenditures Ratio
2023	\$305,000	\$284,000	\$21,000	\$60	1.07
2024	\$412,000	\$450,000	(\$38,000)	(\$110)	0.92
2025	\$421,000	\$469,000	(\$48,000)	(\$137)	0.90
2026	\$431,000	\$489,000	(\$58,000)	(\$166)	0.88
2027	\$442,000	\$511,000	(\$69,000)	(\$196)	0.86
2028	\$453,000	\$533,000	(\$80,000)	(\$228)	0.85
2029	\$464,000	\$556,000	(\$92,000)	(\$263)	0.83
2030	\$475,000	\$580,000	(\$105,000)	(\$300)	0.82
2031	\$486,000	\$605,000	(\$119,000)	(\$339)	0.80
2032	\$498,000	\$631,000	(\$133,000)	(\$380)	0.79
2033	\$510,000	\$659,000	(\$149,000)	(\$424)	0.77
2034	\$523,000	\$688,000	(\$165,000)	(\$471)	0.76
2035	\$536,000	\$718,000	(\$182,000)	(\$520)	0.75
2036	\$549,000	\$749,000	(\$200,000)	(\$574)	0.73
2037	\$562,000	\$783,000	(\$221,000)	(\$630)	0.72
2038	\$576,000	\$817,000	(\$241,000)	(\$689)	0.71
2039	\$590,000	\$853,000	(\$263,000)	(\$752)	0.69
2040	\$605,000	\$891,000	(\$286,000)	(\$818)	0.68
2041	\$620,000	\$931,000	(\$311,000)	(\$889)	0.67
2042	\$635,000	\$973,000	(\$338,000)	(\$964)	0.65
(1) Includes Project-generated Measure S revenues.					
(2) Represents annual General Fund impact per unit based on anticipated annual absorption for the Project. Full build-out of the Project does not occur until FY 2024.					

IV. LIMITING CONDITONS

1. The KMA analysis is based, in part, on data provided by secondary sources, such as state and local governments, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
2. A projection of economic impacts is inherently based on judgment. While KMA considers these projections reasonable for planning purposes, it is the nature of forecasting that some assumptions may not materialize, and unanticipated events and circumstances may occur. Such changes may be material to the projections and conclusions herein and, if they occur, may require review or revision of this report.
3. The projections of future economic impact do not consider the potential adverse impacts of the Coronavirus (COVID-19) pandemic and national recession that is likely to follow.
4. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, Project-specific data, and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.
5. Any estimates of revenue or cost projections are based on the best Project-specific and fiscal data available at this time as well as experience with comparable projects. They are not intended to be projections of actual future performance of any specific project.
6. Revenue estimates are based on the assumption that sufficient market support exists for the proposed uses and that the Project will achieve industry standard productivity levels.
7. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, i.e., if any tax rates change, the analysis would need to be revised.
8. Value estimates assume that any necessary entitlements or zoning changes for development can be obtained in a reasonable time frame.

9. Value estimates assume that property titles are good and marketable; no title search has been made, nor has KMA attempted to determine property ownership. The value estimates are given without regard to any questions of boundaries, encumbrances, liens, or encroachments.
10. Property tax projections reflect KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.
11. No assurances are provided by KMA as to the certainty of the projected tax revenues shown in this document. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, or the non-payment of taxes due.
12. KMA is not advising or recommending any action be taken by the City with respect to any prospective, new, or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues).
13. KMA is not acting as a municipal advisor to the City and does not assume any fiduciary duty hereunder, including, without limitation, a fiduciary duty to the City pursuant to Section 15B of the Exchange Act with respect to the services provided hereunder and any information and material contained in KMA's work product.
14. The City shall discuss any such information and material contained in KMA's work product with any and all internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information and material.

attachments

APPENDIX A

FISCAL IMPACT ANALYSIS SOLANA WINCHESTER HILLS

**Demographic Profile and
City of Temecula General Fund Budget**

TABLE A-1

DEMOGRAPHIC PROFILE - CITY OF TEMECULA, 2020 ESTIMATES ⁽¹⁾

SOLANA WINCHESTER HILLS

CITY OF TEMECULA

		<u>2020 Estimates</u>	
I. Population			
Population		111,970	
Average Household Size		3.24	
Jobs (2)		54,313	
II. Housing Units			
Single-Family		30,001	82.1%
Multi-Family		6,387	17.5%
Mobile Homes		<u>162</u>	<u>0.4%</u>
Total		36,550	100.0%
III. Occupied Units		34,511	
IV. Percent Vacant		5.6%	

(1) Source: California Department of Finance, January 1, 2020.

(2) U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2018).

TABLE A-2

SUMMARY OF CITY OF TEMECULA GENERAL FUND BUDGET - FY 2021 OPERATING BUDGET
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	FY 2021 Revised Budget
I. Revenues	
Property Tax	\$9,226,610
Sales and Use Tax	\$36,177,000
(Less) Sales Tax Sharing Agreement	(\$1,245,053)
Franchise Fees	\$3,562,656
Transient Occupancy Tax	\$2,620,575
Special Tax (Measure C)	\$1,880,264
Licenses, Permits, and Service Charges	\$4,539,248
Fines and Forfeitures	\$419,774
Use of Money and Property	\$30,389
Intergovernmental Revenues	\$8,857,073
Reimbursements	\$3,033,843
Miscellaneous	<u>\$187,702</u>
Subtotal - Revenues	\$69,290,081
Add: Operating Transfers In - Gas Tax/SLESF/CARES Act	\$4,301,409
Add: Operating Transfers In - Measure S	<u>\$5,944,780</u>
Total Revenues	\$79,536,270
II. Expenditures	
City Council	\$592,662
Community Support	\$125,000
City Manager	\$1,631,333
Economic Development	\$1,672,989
Emergency Management	\$421,310
City Clerk	\$1,311,452
City Attorney	\$961,146
Finance	\$2,600,964
Human Resources	\$1,160,678
Planning	\$3,027,220
Building & Safety	\$3,299,788
Land Development	\$1,806,405
Public Works	\$6,268,854
CIP Admin	\$2,389,172
Parks Maintenance	\$4,008,007
Police	\$35,990,469
Fire	\$10,406,302
Animal Control	\$450,177
Non-Departmental	<u>\$1,193,629</u>
Total Expenditures	\$79,317,557
III. Total Surplus/(Deficit)	\$218,713
Revenues to Expenditures Ratio	1.00

TABLE A-3

SUMMARY OF GENERAL FUND REVENUES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	General Fund Revenues FY 2021 Revised Budget	Comments
I. Revenues - Included in Analysis		
A. Taxes and Franchises		
Property Tax	\$9,226,610	projected based on increase in gross assessed value
Sales Tax (1)	\$34,931,947	projected based on taxable sales generated by incremental development
Franchise Fees	\$3,562,656	projected based on population
Special Tax (Measure C)	<u>\$1,880,264</u>	based on residential units and commercial acreage developed
Subtotal - Taxes and Franchises	\$49,601,477	
B. Business Licenses	\$255,000	projected based on population and employment
C. Fines and Forfeitures	\$419,774	projected based on population and employment
D. Intergovernmental Revenues		
Property Tax In-Lieu of VLF	\$8,801,658	projected based on increase in gross assessed value
Vehicle License Fees	<u>\$55,415</u>	projected based on population
Subtotal - Intergovernmental Revenues	\$8,857,073	
E. Operating Transfers In - Gas Tax	\$2,639,716	projected based on population
F. Miscellaneous	\$34,617	projected based on population and employment
Total Revenues - Included in Analysis	\$61,807,657	
II. Revenues - Excluded from Analysis		
A. Transient Occupancy Tax	\$2,620,575	hotel use not planned as part of Project
B. Reimbursements		
Capital Improvement Program	\$2,435,827	independent of projected incremental development
Pechanga IGA	\$356,567	independent of projected incremental development
Other Reimbursements	<u>\$333,449</u>	independent of projected incremental development
Subtotal - Reimbursements	\$3,125,843	
C. Development Impact Fees	\$18,000	independent of projected incremental development
D. Use of Money and Property		
Lease/Rental Income	\$148,089	independent of projected incremental development
Investment Interest	(\$117,700)	independent of projected incremental development
Other	<u>\$4,941</u>	
Subtotal - Use of Money and Property	\$35,330	
E. Operating Transfers In		
Measure S Fund	\$5,944,780	independent of incremental development
COPS	\$279,185	independent of incremental development
Fire Station 73 Repayment	\$0	independent of incremental development
CARES Act (State)	<u>\$1,382,508</u>	independent of incremental development
Subtotal - Operating Transfers In	\$7,606,473	
Total Revenues - Excluded from Analysis	\$13,406,221	
III. Charges for Services		
A. Deducted from Community Development		
Building	\$1,671,009	
Development Fees	\$159,780	
Planning	<u>\$542,722</u>	
Total Deducted from Community Development	\$2,373,511	
B. Deducted from Public Works		
Land Development	\$1,006,805	
Public Works	\$4,750	
Parks Maintenance	<u>\$1,000</u>	
Total Deducted from Public Works	\$1,012,555	
C. Deducted from Police	\$149,557	
D. Deducted from Fire	<u>\$786,769</u>	
Total Charges for Services	\$4,322,392	
IV. Total General Fund Revenues	\$79,536,270	

(1) Includes Sales Tax Sharing Agreement.

TABLE A-4

SUMMARY OF GENERAL FUND EXPENDITURES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	General Fund Expenditures FY 2021 Revised Budget	Net After Deduction of Charges for Services (Table A-3)
I. Expenditures Included in Analysis		
City Council	\$592,662	\$0
		\$592,662
Community Support	\$125,000	\$0
		\$125,000
General Government		
City Manager	\$1,631,333	
Economic Development	\$1,672,989	
Human Resources	\$1,160,678	
Emergency Management	\$421,310	
Subtotal General Government	\$4,886,310	\$0
		\$4,886,310
City Clerk	\$1,311,452	\$0
		\$1,311,452
City Attorney	\$961,146	\$0
		\$961,146
Finance		
Finance	\$2,600,964	
Animal Control	\$450,177	
Subtotal Finance	\$3,051,141	\$0
		\$3,051,141
Community Development		
Planning	\$3,027,220	
Building & Safety	\$3,299,788	
Subtotal Community Development	\$6,327,008	(\$2,373,511)
		\$3,953,497
Public Works		
Land Development	\$1,806,405	
Public Works	\$6,268,854	
Subtotal Public Works	\$8,075,259	(\$1,011,555)
		\$7,063,704
Public Works		
Parks Maintenance	\$4,008,007	(\$1,000)
		\$4,007,007
Fire	\$10,406,302	(\$786,769)
		\$9,619,533
Non-Departmental		
Retiree Medical Contribution	\$1,000,000	
PERS Replacement Benefit	\$99,434	
Property Tax Administration	\$94,195	
Subtotal Non-Departmental	\$1,193,629	\$0
		\$1,193,629
Add: Asset Management Fund	\$3,000,000	\$0
		\$3,000,000
Total Expenditures - Included in Analysis	\$43,937,916	\$39,765,081
II. Expenditures - Excluded from Analysis		
Police (1)	\$35,990,469	(\$149,557)
		\$35,840,912
CIP Administration	\$2,389,172	\$0
		\$2,389,172
Total Expenditures - Excluded from Analysis	\$38,379,641	\$38,230,084
III. Total General Fund Expenditures	\$82,317,557	\$77,995,165

(1) Per City; police expenditures included in analysis reflect project pro rata share of one new police officer per 1,000 population.

APPENDIX B

FISCAL IMPACT ANALYSIS SOLANA WINCHESTER HILLS

20-Year Projection

TABLE B-1

**SUMMARY OF ANNUAL GENERAL FUND IMPACT GENERATED BY PROJECT
SOLANA WINCHESTER HILLS
CITY OF TEMECULA**

	Fiscal Year	General Fund Revenues	General Fund Expenditures	Recurring Surplus/(Deficit)	Per Unit Absorbed to Date	Revenues to Expenditures Ratio
1	2023	\$305,000	\$284,000	\$21,000	\$60	1.07
2	2024	\$412,000	\$450,000	(\$38,000)	(\$110)	0.92
3	2025	\$421,000	\$469,000	(\$48,000)	(\$137)	0.90
4	2026	\$431,000	\$489,000	(\$58,000)	(\$166)	0.88
5	2027	\$442,000	\$511,000	(\$69,000)	(\$196)	0.86
6	2028	\$453,000	\$533,000	(\$80,000)	(\$228)	0.85
7	2029	\$464,000	\$556,000	(\$92,000)	(\$263)	0.83
8	2030	\$475,000	\$580,000	(\$105,000)	(\$300)	0.82
9	2031	\$486,000	\$605,000	(\$119,000)	(\$339)	0.80
10	2032	\$498,000	\$631,000	(\$133,000)	(\$380)	0.79
11	2033	\$510,000	\$659,000	(\$149,000)	(\$424)	0.77
12	2034	\$523,000	\$688,000	(\$165,000)	(\$471)	0.76
13	2035	\$536,000	\$718,000	(\$182,000)	(\$520)	0.75
14	2036	\$549,000	\$749,000	(\$200,000)	(\$574)	0.73
15	2037	\$562,000	\$783,000	(\$221,000)	(\$630)	0.72
16	2038	\$576,000	\$817,000	(\$241,000)	(\$689)	0.71
17	2039	\$590,000	\$853,000	(\$263,000)	(\$752)	0.69
18	2040	\$605,000	\$891,000	(\$286,000)	(\$818)	0.68
19	2041	\$620,000	\$931,000	(\$311,000)	(\$889)	0.67
20	2042	\$635,000	\$973,000	(\$338,000)	(\$964)	0.65

TABLE B-2**PROJECT DESCRIPTION
SOLANA WINCHESTER HILLS
CITY OF TEMECULA**

I. Site Area	15.10 Acres
II. Density	23 Units/Acre

III. Unit Mix

A. Apartments (Flats) - Rental	
One Bedroom	144 Units
Two Bedroom	169 Units
Three Bedroom	<u>27</u> Units
Subtotal - Apartments	340 Units
B. Townhomes - Rental	
Three Bedroom	<u>10</u> Units
Subtotal - Townhomes	10 Units
C. Total Units	350 Units

IV. Parking

Type	Tuck-under/Townhome Garages
Spaces	647 Spaces
Parking Ratio	1.85 Spaces/Unit

TABLE B-3

ANNUAL RESIDENTIAL ABSORPTION ⁽¹⁾
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	Total at Build-out	¹ FY 2023	² FY 2024	³ FY 2025	⁴ FY 2026	⁵ FY 2027	⁶ FY 2028	⁷ FY 2029	⁸ FY 2030	⁹ FY 2031	¹⁰ FY 2032
I. Apartments - Rental	340 Units	223	117	0	0	0	0	0	0	0	0
<i>Cumulative</i>		223	340	340	340	340	340	340	340	340	340
II. Townhomes - Rental	10 Units	7	3	0	0	0	0	0	0	0	0
<i>Cumulative</i>		7	10	10	10	10	10	10	10	10	10
III. Total Cumulative Units	350 Units	230	350	350	350	350	350	350	350	350	350

(1) Per Developer, January 26, 2021. Does not assume vacancy.

TABLE B-4

ESTIMATE OF TOTAL POPULATION
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	Dwelling Units	Vacancy Factor ⁽¹⁾	Persons/Unit ⁽²⁾	Total Resident Population
I. Residential				
A. Apartments	340 Units	5.0%	2.00	646
B. Townhomes	<u>10</u> Units	<u>5.0%</u>	<u>3.00</u>	<u>29</u>
C. Total/Average	350 Units	5.0%	1.93	675
D. Total Population				675

(1) KMA assumption reflecting average vacancy rate, based on typical lender underwriting criteria for residential uses.

(2) KMA assumption based on industry standard household size by unit type.

TABLE B-5

POPULATION ESTIMATES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	Total at Build-out	Vacancy Factor	Persons Per Unit	¹ FY 2023	² FY 2024	³ FY 2025	⁴ FY 2026	⁵ FY 2027	⁶ FY 2028	⁷ FY 2029	⁸ FY 2030	⁹ FY 2031	¹⁰ FY 2032
I. Apartments - Rental	340 Units	5.0%	2.00	424	646	646	646	646	646	646	646	646	646
II. Townhomes - Rental	10 Units	5.0%	3.00	20	29	29	29	29	29	29	29	29	29
III. Total Population				444	675	675	675	675	675	675	675	675	675

TABLE B-5

POPULATION ESTIMATES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	Total at Build-out	Vacancy Factor	Persons Per Unit	¹¹ FY 2033	¹² FY 2034	¹³ FY 2035	¹⁴ FY 2036	¹⁵ FY 2037	¹⁶ FY 2038	¹⁷ FY 2039	¹⁸ FY 2040	¹⁹ FY 2041	²⁰ FY 2042
I. Apartments - Rental	340 Units	5.0%	2.00	646	646	646	646	646	646	646	646	646	646
II. Townhomes - Rental	10 Units	5.0%	3.00	29	29	29	29	29	29	29	29	29	29
III. Total Population				675	675	675	675	675	675	675	675	675	675

TABLE B-6

ESTIMATE OF ASSESSED VALUE ⁽¹⁾

SOLANA WINCHESTER HILLS

CITY OF TEMECULA

	Dwelling <u>Units</u>	FY 2021 Assessed Value <u>Per Unit</u>
I. Residential		
A. Apartments - Rental	340 Units	\$330,000
B. Townhomes - Rental	<u>10</u> Units	<u>\$350,000</u>
C. Total/Average	350 Units	\$331,000

(1) Based on a review of sales of multi-family buildings and townhomes in the City.

TABLE B-7

ANNUAL ASSESSED VALUE ⁽¹⁾
 SOLANA WINCHESTER HILLS
 CITY OF TEMECULA

	¹ <u>FY 2023</u>	² <u>FY 2024</u>	³ <u>FY 2025</u>	⁴ <u>FY 2026</u>	⁵ <u>FY 2027</u>	⁶ <u>FY 2028</u>	⁷ <u>FY 2029</u>	⁸ <u>FY 2030</u>	⁹ <u>FY 2031</u>	¹⁰ <u>FY 2032</u>
I. Apartments - Rental	\$81,133,000	\$127,452,000	\$130,001,000	\$132,601,000	\$135,253,000	\$137,958,000	\$140,717,000	\$143,531,000	\$146,402,000	\$149,330,000
II. Townhomes - Rental	\$2,701,000	\$3,971,000	\$4,050,000	\$4,131,000	\$4,214,000	\$4,298,000	\$4,384,000	\$4,472,000	\$4,561,000	\$4,652,000
III. Total Assessed Value	\$83,834,000	\$131,423,000	\$134,051,000	\$136,732,000	\$139,467,000	\$142,256,000	\$145,101,000	\$148,003,000	\$150,963,000	\$153,982,000

(1) Assumes an escalation rate of 5.0% per year prior to Project build-out and 2.0% per year after Project build-out.

TABLE B-7

ANNUAL ASSESSED VALUE ⁽¹⁾
 SOLANA WINCHESTER HILLS
 CITY OF TEMECULA

	¹¹ <u>FY 2033</u>	¹² <u>FY 2034</u>	¹³ <u>FY 2035</u>	¹⁴ <u>FY 2036</u>	¹⁵ <u>FY 2037</u>	¹⁶ <u>FY 2038</u>	¹⁷ <u>FY 2039</u>	¹⁸ <u>FY 2040</u>	¹⁹ <u>FY 2041</u>	²⁰ <u>FY 2042</u>
I. Apartments - Rental	\$152,316,000	\$155,363,000	\$158,470,000	\$161,639,000	\$164,872,000	\$168,170,000	\$171,533,000	\$174,964,000	\$178,463,000	\$182,032,000
II. Townhomes - Rental	\$4,745,000	\$4,840,000	\$4,937,000	\$5,036,000	\$5,136,000	\$5,239,000	\$5,344,000	\$5,451,000	\$5,560,000	\$5,671,000
III. Total Assessed Value	\$157,061,000	\$160,203,000	\$163,407,000	\$166,675,000	\$170,008,000	\$173,409,000	\$176,877,000	\$180,415,000	\$184,023,000	\$187,703,000

(1) Assumes an escalation rate of 5.0% per year prior to Project build-out and 2.0% per year after Project build-out.

TABLE B-8

ANNUAL RECURRING REVENUES - PROPERTY TAXES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Property Tax Levy1.0%</div> <div>City Portion4.97%</div>		1	2	3	4	5	6	7	8	9	10
		<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
I. Apartments - Rental		\$40,323	\$63,344	\$64,610	\$65,903	\$67,221	\$68,565	\$69,936	\$71,335	\$72,762	\$74,217
II. Townhomes - Rental		\$1,342	\$1,974	\$2,013	\$2,053	\$2,094	\$2,136	\$2,179	\$2,223	\$2,267	\$2,312
III. Total Property Tax Revenues		\$41,665	\$65,318	\$66,623	\$67,956	\$69,315	\$70,701	\$72,115	\$73,558	\$75,029	\$76,529

TABLE B-8

ANNUAL RECURRING REVENUES - PROPERTY TAXES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Property Tax Levy1.0%</div> <div>City Portion4.97%</div>		11	12	13	14	15	16	17	18	19	20
		FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
I. Apartments - Rental		\$75,701	\$77,215	\$78,760	\$80,335	\$81,941	\$83,580	\$85,252	\$86,957	\$88,696	\$90,470
II. Townhomes - Rental		\$2,358	\$2,405	\$2,454	\$2,503	\$2,553	\$2,604	\$2,656	\$2,709	\$2,763	\$2,818
III. Total Property Tax Revenues		\$78,059	\$79,620	\$81,214	\$82,838	\$84,494	\$86,184	\$87,908	\$89,666	\$91,459	\$93,288

TABLE B-9

ANNUAL RECURRING REVENUES - PROPERTY TAXES IN-LIEU OF VEHICLE LICENSE FEE
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Vehicle License Fee Per \$1,000 in AV Growth		\$0.564									
		1	2	3	4	5	6	7	8	9	10
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
I.	Apartments - Rental	\$45,729	\$71,836	\$73,273	\$74,738	\$76,233	\$77,758	\$79,313	\$80,899	\$82,517	\$84,167
II.	Townhomes - Rental	\$1,522	\$2,238	\$2,283	\$2,328	\$2,375	\$2,422	\$2,471	\$2,521	\$2,571	\$2,622
III.	Total Property Tax In-Lieu of VLF Revenues	\$47,251	\$74,074	\$75,556	\$77,066	\$78,608	\$80,180	\$81,784	\$83,420	\$85,088	\$86,789

ANNUAL RECURRING REVENUES - PROPERTY TAXES IN-LIEU OF VEHICLE LICENSE FEE
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/Temecula_Solana Winchester Hills FIA_v2;9/20/2021;mdt

TABLE B-10

ANNUAL RECURRING REVENUES - PROPERTY TRANSFER TAX ⁽¹⁾
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Transfer Tax (per \$500 AV Growth) City Share of Transfer Tax Turnover Rate (Residential)</div>	<div>\$0.550 50% 10%</div>										
		¹	²	³	⁴	⁵	⁶	⁷	⁸	⁹	¹⁰
		<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
I. Apartments - Rental		\$44,623	\$7,010	\$7,150	\$7,293	\$7,439	\$7,588	\$7,739	\$7,894	\$8,052	\$8,213
II. Townhomes - Rental		\$1,486	\$218	\$223	\$227	\$232	\$236	\$241	\$246	\$251	\$256
III. Total Property Transfer Tax Revenues		\$46,109	\$7,228	\$7,373	\$7,520	\$7,671	\$7,824	\$7,980	\$8,140	\$8,303	\$8,469

(1) Assumes property turnover occurs after build-out.

TABLE B-10

ANNUAL RECURRING REVENUES - PROPERTY TRANSFER TAX (
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Transfer Tax (per \$500 AV Growth)	\$0.550										
City Share of Transfer Tax	50%										
Turnover Rate (Residential)	10%										
		11	12	13	14	15	16	17	18	19	20
		FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
I. Apartments - Rental		\$8,377	\$8,545	\$8,716	\$8,890	\$9,068	\$9,249	\$9,434	\$9,623	\$9,815	\$10,012
II. Townhomes - Rental		\$261	\$266	\$272	\$277	\$283	\$288	\$294	\$300	\$306	\$312
III. Total Property Transfer Tax Revenues		\$8,638	\$8,811	\$8,988	\$9,167	\$9,351	\$9,537	\$9,728	\$9,923	\$10,121	\$10,324

(1) Assumes property turnover occurs after build-out.

TABLE B-11

ESTIMATE OF ANNUAL RECURRING REVENUES - SPENDING BY RESIDENTS
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	2020 Apartments - <u>Rental</u>	2020 Townhomes - <u>Rental</u>
I. Estimate of Household Income		
Average Rent	\$2,500 ⁽¹⁾	\$3,565 ⁽²⁾
Total Annual Costs	<u>\$30,000</u>	<u>\$42,780</u>
% of Income Spent on Housing	30%	30%
Annual Income Required	\$100,000	\$143,000
II. Number of Households		
Total Number of Residential Units	340	10
Occupancy Rate	95%	95%
Total Number of Full-Time Equivalent Households	323	10
III. Aggregate Household Income		\$33,659,000

(1) KMA estimate.

(2) Per Developer, January 26, 2021.

ANNUAL RECURRING REVENUES - SALES TAX, RESIDENT SPENDING
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<i>Taxable Spending by Residents</i> (1)	33.5%
<i>Temecula Spending Capture</i>	80%
<i>City Portion of Sales Tax</i>	1.0%
<i>Annual Escalation</i>	3.0%

Prepared by: Keyser Marston Associates, Inc.
Filename: i:/Temecula_Solana Winchester Hills FIA_v2;9/20/2021;mdt

TABLE B-12

ANNUAL RECURRING REVENUES - SALES TAX, RESIDENT SPENDING
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div><div>Taxable Spending by Residents (1)</div><div>33.5%</div></div> <div><div>Temecula Spending Capture</div><div>80%</div></div> <div><div>City Portion of Sales Tax</div><div>1.0%</div></div> <div><div>Annual Escalation</div><div>3.0%</div></div>											
		11	12	13	14	15	16	17	18	19	20
		FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
I.	Apartment - Rental	\$133,800	\$137,800	\$142,000	\$146,200	\$150,600	\$155,100	\$159,800	\$164,600	\$169,500	\$174,600
II.	Townhomes - Rental	\$5,600	\$5,800	\$6,000	\$6,100	\$6,300	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300
III.	Total Sales Tax Revenues	\$139,400	\$143,600	\$148,000	\$152,300	\$156,900	\$161,600	\$166,500	\$171,500	\$176,600	\$181,900

(1) KMA assumption, based on review of spending ratios in Southern Caifornia counties.

TABLE B-13

ANNUAL RECURRING REVENUES - MEASURE S
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div><div>Taxable Spending by Residents ⁽¹⁾</div><div>33.5%</div></div> <div><div>Temecula Spending Capture</div><div>80%</div></div> <div><div>Measure S - Effective Revenues</div><div>1.0%</div></div> <div><div>% Supporting Operations</div><div>90.0%</div></div> <div><div>Annual Escalation</div><div>3.0%</div></div>											
		¹	²	³	⁴	⁵	⁶	⁷	⁸	⁹	¹⁰
		<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
I.	Apartments - Rental	\$58,800	\$92,300	\$95,100	\$97,900	\$100,900	\$103,900	\$107,000	\$110,200	\$113,500	\$116,900
II.	Townhomes - Rental	\$2,600	\$3,900	\$4,000	\$4,100	\$4,200	\$4,400	\$4,500	\$4,600	\$4,800	\$4,900
III.	Total Measure S Revenues	\$61,400	\$96,200	\$99,100	\$102,000	\$105,100	\$108,300	\$111,500	\$114,800	\$118,300	\$121,800

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

TABLE B-13

ANNUAL RECURRING REVENUES - MEASURE S
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Taxable Spending by Residents (1)33.5% Temecula Spending Capture80% Measure S - Effective Revenues1.0% % Supporting Operations90.0% Annual Escalation3.0%</div>											
		11	12	13	14	15	16	17	18	19	20
		FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
I.	Apartments - Rental	\$120,400	\$124,000	\$127,800	\$131,600	\$135,500	\$139,600	\$143,800	\$148,100	\$152,600	\$157,100
II.	Townhomes - Rental	\$5,100	\$5,200	\$5,400	\$5,500	\$5,700	\$5,900	\$6,000	\$6,200	\$6,400	\$6,600
III.	Total Measure S Revenues	\$125,500	\$129,200	\$133,200	\$137,100	\$141,200	\$145,500	\$149,800	\$154,300	\$159,000	\$163,700

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

TABLE B-14

ESTIMATE OF ANNUAL RECURRING REVENUES - OTHER REVENUES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Demographic Profile:	<u>Total Population</u>	<u>Total Employment</u>	<u>Total Population/ Jobs</u>	<u>Total Resident Equivalents</u> ⁽³⁾
City of Temecula	111,970 ⁽¹⁾	54,313 ⁽²⁾	166,283	129,893
Solana Winchester Hills	675	0	675	675

	<u>City FY 2021 Operating Budget</u> ⁽⁴⁾	<u>Service Population</u>	<u>Amount Per Resident or Resident Equivalent</u>	<u>New Residents/ Resident Equivalents</u>
I. Franchise Fees	\$3,229,600	P	\$28.84	675
II. Business Licenses	\$265,700	RE	\$2.05	675
III. Fines and Forfeitures	\$724,600	RE	\$5.58	675
IV. Vehicle License Fees	\$67,600	P	\$0.60	675
V. Operating Transfers In - Gas Tax/SLESF	\$2,215,900	P	\$19.79	675
VI. Miscellaneous Revenue	\$249,100	RE	\$1.92	675

Legend:

RE - Resident Equivalent

P - Population

(1) Source: California Department of Finance, January 1, 2020.

(2) U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2018).

(3) KMA assumption. Assumes that approximately three employees have the same impact as one resident.

(4) Based on 3-year historical average (FY 2018 - FY 2020 Actual Revenue received).

TABLE B-15

ESTIMATE OF ANNUAL RECURRING REVENUES - OTHER REVENUES
 SOLANA WINCHESTER HILLS
 CITY OF TEMECULA

	FY 2021 Amount Per Resident or Resident Equivalent	Service Population	1 FY 2023	2 FY 2024	3 FY 2025	4 FY 2026	5 FY 2027	6 FY 2028	7 FY 2029	8 FY 2030	9 FY 2031	10 FY 2032
I. Total Residential Population			444	675	675	675	675	675	675	675	675	675
II. Total Resident Equivalents			444	675	675	675	675	675	675	675	675	675
III. Other Annual General Fund Revenues ⁽¹⁾												
Franchise Fees (2)	\$28.84	P	\$13,194	\$20,359	\$20,664	\$20,974	\$21,289	\$21,608	\$21,932	\$22,261	\$22,595	\$22,934
Business Licenses	\$2.05	RE	\$954	\$1,487	\$1,524	\$1,562	\$1,601	\$1,641	\$1,682	\$1,724	\$1,767	\$1,812
Fines and Forfeitures	\$5.58	RE	\$2,602	\$4,055	\$4,156	\$4,260	\$4,367	\$4,476	\$4,588	\$4,703	\$4,820	\$4,941
Vehicle License Fees	\$0.60	P	\$282	\$439	\$450	\$461	\$473	\$484	\$497	\$509	\$522	\$535
Operating Transfers In - Gas Tax/SLESF	\$19.79	P	\$9,232	\$14,385	\$14,745	\$15,114	\$15,492	\$15,879	\$16,276	\$16,683	\$17,100	\$17,527
Miscellaneous Revenue	\$1.92	RE	\$895	\$1,394	\$1,429	\$1,465	\$1,501	\$1,539	\$1,577	\$1,617	\$1,657	\$1,698
IV. Total Other Revenues			\$27,200	\$42,100	\$43,000	\$43,800	\$44,700	\$45,600	\$46,600	\$47,500	\$48,500	\$49,400

Legend:
 RE - Resident Equivalent
 P - Population

(1) Assumes escalation factor of 2.5%.

(2) Assumes escalation factor of 1.5%.

TABLE B-15

ESTIMATE OF ANNUAL RECURRING REVENUES - OTHER REVENUES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	FY 2021 Amount Per Resident or Resident Equivalent	Service Population	11 FY 2033	12 FY 2034	13 FY 2035	14 FY 2036	15 FY 2037	16 FY 2038	17 FY 2039	18 FY 2040	19 FY 2041	20 FY 2042
I. Total Residential Population			675	675	675	675	675	675	675	675	675	675
II. Total Resident Equivalents			675	675	675	675	675	675	675	675	675	675
III. Other Annual General Fund Revenues ⁽¹⁾												
Franchise Fees (2)	\$28.84	P	\$23,278	\$23,627	\$23,981	\$24,341	\$24,706	\$25,077	\$25,453	\$25,835	\$26,222	\$26,616
Business Licenses	\$2.05	RE	\$1,857	\$1,903	\$1,951	\$2,000	\$2,050	\$2,101	\$2,153	\$2,207	\$2,262	\$2,319
Fines and Forfeitures	\$5.58	RE	\$5,064	\$5,191	\$5,320	\$5,453	\$5,590	\$5,730	\$5,873	\$6,020	\$6,170	\$6,324
Vehicle License Fees	\$0.60	P	\$548	\$562	\$576	\$590	\$605	\$620	\$636	\$651	\$668	\$684
Operating Transfers In - Gas Tax/SLESF	\$19.79	P	\$17,965	\$18,415	\$18,875	\$19,347	\$19,831	\$20,326	\$20,834	\$21,355	\$21,889	\$22,436
Miscellaneous Revenue	\$1.92	RE	<u>\$1,741</u>	<u>\$1,784</u>	<u>\$1,829</u>	<u>\$1,875</u>	<u>\$1,922</u>	<u>\$1,970</u>	<u>\$2,019</u>	<u>\$2,069</u>	<u>\$2,121</u>	<u>\$2,174</u>
IV. Total Other Revenues			\$50,500	\$51,500	\$52,500	\$53,600	\$54,700	\$55,800	\$57,000	\$58,100	\$59,300	\$60,600

(1) Assumes escalation factor of 2.5%.

(2) Assumes escalation factor of 1.5%.

TABLE B-16

ANNUAL RECURRING REVENUES - SPECIAL TAX (MEASURE C) REVENUE
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Special Tax (Measure C) Multi-Family EDU Factor 0.75 Special Tax Per EDU (1) \$74.44 /Parcel</div>		1	2	3	4	5	6	7	8	9	10
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
I. Apartments - Rental		\$12,450	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982
II. Townhomes - Rental		\$521	\$744	\$744	\$744	\$744	\$744	\$744	\$744	\$744	\$744
III. Total Special Tax (Measure C) Revenue		\$13,000	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700

(1) Source: City of Temecula.

TABLE B-16

ANNUAL RECURRING REVENUES - SPECIAL TAX (MEASUR E C) REVENUE
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

<div>Special Tax (Measure C) Multi-Family EDU Factor 0.75 Special Tax Per EDU (1) \$74.44 /Parcel</div>		11	12	13	14	15	16	17	18	19	20
		FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2042
I. Apartments - Rental		\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982	\$18,982
II. Townhomes - Rental		\$744	\$744	\$744	\$744	\$744	\$744	\$744	\$744	\$744	\$744
III. Total Special Tax (Measure C) Revenue		\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700

(1) Source: City of Temecula.

TABLE B-17

ESTIMATE OF ANNUAL RECURRING EXPENDITURES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Demographic Profile:	Total Population	Total Employment	Total Population /Jobs	Total Resident Equivalents ⁽³⁾
City of Temecula	111,970 ⁽¹⁾	54,313 ⁽²⁾	166,283	129,893
Solana Winchester Hills	675	0	675	675

	City FY 2021 Operating Budget ⁽⁴⁾	Escalation Factor ⁽⁵⁾	Service Population	Population Type	Amount Per Resident or Resident Equivalent	New Residents/ Resident Equivalent	"Marginal Cost" Impact Adjustment	Net New Residents/ Resident Equivalent
I. Police	---	5.00%	---	---	\$352.36 ⁽⁶⁾	675	5%	641
II. City Council	\$592,662	2.75%	RE	129,893	\$4.56	675	40%	405
III. Community Support	\$125,000	2.00%	RE	129,893	\$0.96	675	80%	135
IV. General Government	\$4,886,310	2.50%	RE	129,893	\$37.62	675	40%	405
V. City Clerk	\$1,311,452	3.00%	RE	129,893	\$10.10	675	30%	473
VI. City Attorney	\$961,146	2.00%	RE	129,893	\$7.40	675	40%	405
VII. Finance	\$3,051,141	2.75%	RE	129,893	\$23.49	675	30%	473
VIII. Community Development	\$3,953,497	2.75%	RE	129,893	\$30.44	675	20%	540
IX. Public Works - Land Development, Public Works, etc.	\$7,063,704	2.50%	RE	129,893	\$54.38	675	10%	608
X. Public Works - Parks Maintenance	\$4,007,007	2.50%	P	111,970	\$35.79	675	10%	608
XI. Fire	\$9,619,533	5.00%	RE	129,893	\$74.06	675	5%	641
XII. Property Tax Administration	\$94,195	2.00%	RE	129,893	\$0.73	675	30%	473
XIII. Retiree Medical Contribution	\$1,000,000	3.00%	RE	129,893	\$7.70	675	90%	68
XIV. PERS Replacement Benefit	\$99,434	3.00%	RE	129,893	\$0.77	675	100%	0
XV. Asset Management Fund	\$3,000,000	2.50%	RE	129,893	\$23.10	675	0%	675
XVI. Total Annual Expenditures	\$39,765,081							

Legend:
RE - Resident Equivalent
P - Population

(1) Source: California Department of Finance, January 1, 2020.

(2) U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2018).

(3) KMA assumption. Assumes that three employees have the same impact as one resident.

(4) Source: See Table A-4.

(5) Source: Finance Department, City of Temecula.

(6) Based on the cost for staffing one Police Officer (\$352,363) per 1,000 population per the FY 2021 Mid-Year Budget.

ESTIMATE OF ANNUAL RECURRING EXPENDITURES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

Legend:
RE - Resident Equivalent
P - Population

(2) Based on the cost for staffing one Police Officer (\$352,363) per 1,000 population.

ESTIMATE OF ANNUAL RECURRING EXPENDITURES
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

(1) Source: Finance Department, City of Temecula.
(2) Based on the cost for staffing one Police Officer (\$352,363) per 1,000 population.

TABLE B-19

**ANNUAL GENERAL FUND FISCAL IMPACT
SOLANA WINCHESTER HILLS
CITY OF TEMECULA**

	1	2	3	4	5	6	7	8	9	10
	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
I. Annual General Fund Revenues										
Property Tax	\$41,665	\$65,318	\$66,623	\$67,956	\$69,315	\$70,701	\$72,115	\$73,558	\$75,029	\$76,529
Property Tax In-Lieu of VLF	\$47,251	\$74,074	\$75,556	\$77,066	\$78,608	\$80,180	\$81,784	\$83,420	\$85,088	\$86,789
Property Transfer Tax	\$46,109	\$7,228	\$7,373	\$7,520	\$7,671	\$7,824	\$7,980	\$8,140	\$8,303	\$8,469
Sales Tax - Resident Spending	\$68,200	\$106,900	\$110,000	\$113,400	\$116,800	\$120,300	\$123,900	\$127,700	\$131,400	\$135,400
Measure S	\$61,400	\$96,200	\$99,100	\$102,000	\$105,100	\$108,300	\$111,500	\$114,800	\$118,300	\$121,800
Measure C	\$13,000	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700
Franchise Fees	\$13,194	\$20,359	\$20,664	\$20,974	\$21,289	\$21,608	\$21,932	\$22,261	\$22,595	\$22,934
Business Licenses	\$954	\$1,487	\$1,524	\$1,562	\$1,601	\$1,641	\$1,682	\$1,724	\$1,767	\$1,812
Fines and Forfeitures	\$2,602	\$4,055	\$4,156	\$4,260	\$4,367	\$4,476	\$4,588	\$4,703	\$4,820	\$4,941
Vehicle License Fees	\$282	\$439	\$450	\$461	\$473	\$484	\$497	\$509	\$522	\$535
Operating Transfers In - Gas Tax/SLESF	\$9,232	\$14,385	\$14,745	\$15,114	\$15,492	\$15,879	\$16,276	\$16,683	\$17,100	\$17,527
Miscellaneous Revenue	<u>\$895</u>	<u>\$1,394</u>	<u>\$1,429</u>	<u>\$1,465</u>	<u>\$1,501</u>	<u>\$1,539</u>	<u>\$1,577</u>	<u>\$1,617</u>	<u>\$1,657</u>	<u>\$1,698</u>
Total Revenues	\$304,784	\$411,539	\$421,320	\$431,478	\$441,917	\$452,632	\$463,531	\$474,815	\$486,281	\$498,134
II. Annual General Fund Expenditures										
Police	\$163,861	\$261,569	\$274,647	\$288,379	\$302,798	\$317,938	\$333,835	\$350,527	\$368,053	\$386,456
City Council	\$1,283	\$2,005	\$2,060	\$2,116	\$2,175	\$2,234	\$2,296	\$2,359	\$2,424	\$2,490
Community Support	\$89	\$138	\$141	\$143	\$146	\$149	\$152	\$155	\$158	\$162
General Government	\$10,529	\$16,407	\$16,817	\$17,237	\$17,668	\$18,110	\$18,563	\$19,027	\$19,502	\$19,990
City Clerk	\$3,329	\$5,213	\$5,369	\$5,530	\$5,696	\$5,867	\$6,043	\$6,224	\$6,411	\$6,604
City Attorney	\$2,051	\$3,180	\$3,244	\$3,309	\$3,375	\$3,442	\$3,511	\$3,581	\$3,653	\$3,726
Finance	\$7,708	\$12,040	\$12,371	\$12,711	\$13,061	\$13,420	\$13,789	\$14,168	\$14,558	\$14,958
Community Development	\$11,414	\$17,829	\$18,320	\$18,823	\$19,341	\$19,873	\$20,419	\$20,981	\$21,558	\$22,151
Public Works - Land Development, Public Works, etc.	\$22,831	\$35,577	\$36,466	\$37,378	\$38,312	\$39,270	\$40,252	\$41,258	\$42,289	\$43,347
Public Works - Parks Maintenance	\$15,024	\$23,412	\$23,997	\$24,597	\$25,212	\$25,842	\$26,488	\$27,151	\$27,829	\$28,525
Fire	\$34,439	\$54,975	\$57,723	\$60,610	\$63,640	\$66,822	\$70,163	\$73,671	\$77,355	\$81,223
Property Tax Administration	\$234	\$364	\$371	\$378	\$386	\$394	\$401	\$409	\$418	\$426
Retiree Medical Contribution	\$363	\$568	\$585	\$602	\$620	\$639	\$658	\$678	\$698	\$719
PERS Replacement Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Management Fund	<u>\$10,774</u>	<u>\$16,788</u>	<u>\$17,208</u>	<u>\$17,638</u>	<u>\$18,079</u>	<u>\$18,531</u>	<u>\$18,995</u>	<u>\$19,469</u>	<u>\$19,956</u>	<u>\$20,455</u>
Total Expenditures	\$283,929	\$450,065	\$469,319	\$489,451	\$510,509	\$532,531	\$555,565	\$579,658	\$604,862	\$631,232
III. Annual Recurring Surplus/(Deficit)	\$20,855	(\$38,526)	(\$47,999)	(\$57,973)	(\$68,592)	(\$79,899)	(\$92,034)	(\$104,843)	(\$118,581)	(\$133,098)
Per Unit Per Year	\$60	(\$110)	(\$137)	(\$166)	(\$196)	(\$228)	(\$263)	(\$300)	(\$339)	(\$380)
Revenues to Expenditure Ratio	1.07	0.91	0.90	0.88	0.87	0.85	0.83	0.82	0.80	0.79

TABLE B-19

ANNUAL GENERAL FUND FISCAL IMPACT
SOLANA WINCHESTER HILLS
CITY OF TEMECULA

	11	12	13	14	15	16	17	18	19	20
	<u>FY 2033</u>	<u>FY 2034</u>	<u>FY 2035</u>	<u>FY 2036</u>	<u>FY 2037</u>	<u>FY 2038</u>	<u>FY 2039</u>	<u>FY 2040</u>	<u>FY 2041</u>	<u>FY 2042</u>
I. Annual General Fund Revenues										
Property Tax	\$78,059	\$79,620	\$81,214	\$82,838	\$84,494	\$86,184	\$87,908	\$89,666	\$91,459	\$93,288
Property Tax In-Lieu of VLF	\$88,524	\$90,296	\$92,102	\$93,943	\$95,822	\$97,739	\$99,694	\$101,687	\$103,722	\$105,795
Property Transfer Tax	\$8,638	\$8,811	\$8,988	\$9,167	\$9,351	\$9,537	\$9,728	\$9,923	\$10,121	\$10,324
Sales Tax - Resident Spending	\$139,400	\$143,600	\$148,000	\$152,300	\$156,900	\$161,600	\$166,500	\$171,500	\$176,600	\$181,900
Measure S	\$125,500	\$129,200	\$133,200	\$137,100	\$141,200	\$145,500	\$149,800	\$154,300	\$159,000	\$163,700
Measure C	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700	\$19,700
Franchise Fees	\$23,278	\$23,627	\$23,981	\$24,341	\$24,706	\$25,077	\$25,453	\$25,835	\$26,222	\$26,616
Business Licenses	\$1,857	\$1,903	\$1,951	\$2,000	\$2,050	\$2,101	\$2,153	\$2,207	\$2,262	\$2,319
Fines and Forfeitures	\$5,064	\$5,191	\$5,320	\$5,453	\$5,590	\$5,730	\$5,873	\$6,020	\$6,170	\$6,324
Vehicle License Fees	\$548	\$562	\$576	\$590	\$605	\$620	\$636	\$651	\$668	\$684
Operating Transfers In - Gas Tax/SLESF	\$17,965	\$18,415	\$18,875	\$19,347	\$19,831	\$20,326	\$20,834	\$21,355	\$21,889	\$22,436
Miscellaneous Revenue	<u>\$1,741</u>	<u>\$1,784</u>	<u>\$1,829</u>	<u>\$1,875</u>	<u>\$1,922</u>	<u>\$1,970</u>	<u>\$2,019</u>	<u>\$2,069</u>	<u>\$2,121</u>	<u>\$2,174</u>
Total Revenues	\$510,274	\$522,709	\$535,736	\$548,654	\$562,171	\$576,084	\$590,298	\$604,913	\$619,934	\$635,260
II. Annual General Fund Expenditures										
Police	\$405,779	\$426,068	\$447,371	\$469,740	\$493,227	\$517,888	\$543,782	\$570,971	\$599,520	\$629,496
City Council	\$2,559	\$2,629	\$2,702	\$2,776	\$2,852	\$2,931	\$3,011	\$3,094	\$3,179	\$3,267
Community Support	\$165	\$168	\$171	\$175	\$178	\$182	\$186	\$189	\$193	\$197
General Government	\$20,490	\$21,002	\$21,527	\$22,065	\$22,617	\$23,182	\$23,762	\$24,356	\$24,965	\$25,589
City Clerk	\$6,802	\$7,006	\$7,216	\$7,432	\$7,655	\$7,885	\$8,122	\$8,365	\$8,616	\$8,875
City Attorney	\$3,801	\$3,877	\$3,954	\$4,033	\$4,114	\$4,196	\$4,280	\$4,366	\$4,453	\$4,542
Finance	\$15,369	\$15,792	\$16,226	\$16,673	\$17,131	\$17,602	\$18,086	\$18,584	\$19,095	\$19,620
Community Development	\$22,760	\$23,386	\$24,029	\$24,690	\$25,369	\$26,066	\$26,783	\$27,520	\$28,276	\$29,054
Public Works - Land Development, Public Works, etc.	\$44,430	\$45,541	\$46,679	\$47,846	\$49,043	\$50,269	\$51,525	\$52,814	\$54,134	\$55,487
Public Works - Parks Maintenance	\$29,238	\$29,969	\$30,718	\$31,486	\$32,274	\$33,080	\$33,907	\$34,755	\$35,624	\$36,515
Fire	\$85,284	\$89,548	\$94,025	\$98,727	\$103,663	\$108,846	\$114,288	\$120,003	\$126,003	\$132,303
Property Tax Administration	\$435	\$443	\$452	\$461	\$470	\$480	\$489	\$499	\$509	\$519
Retiree Medical Contribution	\$741	\$763	\$786	\$810	\$834	\$859	\$885	\$911	\$939	\$967
PERS Replacement Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Management Fund	<u>\$20,966</u>	<u>\$21,491</u>	<u>\$22,028</u>	<u>\$22,579</u>	<u>\$23,143</u>	<u>\$23,722</u>	<u>\$24,315</u>	<u>\$24,923</u>	<u>\$25,546</u>	<u>\$26,184</u>
Total Expenditures	\$658,819	\$687,683	\$717,884	\$749,493	\$782,570	\$817,188	\$853,421	\$891,350	\$931,052	\$972,615
III. Annual Recurring Surplus/(Deficit)	(\$148,545)	(\$164,974)	(\$182,148)	(\$200,839)	(\$220,399)	(\$241,104)	(\$263,123)	(\$286,437)	(\$311,118)	(\$337,355)
Per Unit Per Year	(\$424)	(\$471)	(\$520)	(\$574)	(\$630)	(\$689)	(\$752)	(\$818)	(\$889)	(\$964)
Revenues to Expenditure Ratio	0.77	0.76	0.75	0.73	0.72	0.70	0.69	0.68	0.67	0.65