



Appendix S:

Fiscal Analysis

Memorandum

To: Mary Lanier, Community Development Director
City of Murrieta

cc: Collette Morse, Vice President, Planning/Environmental Services
RBF Consulting

From: Stan Hoffman
Marcine Osborn

Date: January 10, 2011

SUBJECT: **General Plan Update Fiscal Analysis, City of Murrieta**

SRHA Job No.: 1200

This memorandum presents the fiscal analysis of the Murrieta General Plan Update. Fiscal impacts are projected for the General Plan Update Recommended Scenario and for an alternative entitled Scenario B. Fiscal impacts are projected for the City General Fund, the Murrieta Fire District, the Murrieta Community Services District (CSD) and the Library Fund. The one percent property tax increment to the Murrieta Redevelopment Agency for each scenario is also projected.

Summary of Projected Fiscal Impacts

Table 1 presents a summary of the projected impacts to the City General Fund and the other funds for the total General Plan Update after buildout. As shown in Table 1, when the projected impacts for the funds analyzed in the fiscal analysis are combined, a substantial annual recurring surplus is projected for both the Recommended Scenario (\$9.75 million) and Scenario B (\$9.36 million) of the General Plan Update. While there is no policy at this time to combine the projected impacts for the different funds that provide services to the City, the funds are combined in Table 1 to show the overall impacts of the General Plan Update after buildout.

Table 1
Summary of Projected Fiscal Impacts after Buildout
General Plan Update Fiscal Analysis, City of Murrieta
(In Constant 2011 Dollars)

City Fund or District	Annual Recurring Surplus or (Deficit)	
	Recommended Scenario	Scenario B
General Fund	\$17,445,602	\$18,088,916
Fire District	(\$4,201,301)	(\$4,663,131)
Community Services District	(\$2,917,905)	(\$3,000,955)
Library Fund	(\$572,334)	(\$1,060,290)
Total Surplus	\$9,754,062	\$9,364,540
<i>Surplus per Unit</i>	\$217	\$178

Source: Stanley R. Hoffman Associates, Inc.

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Table 2 presents a summary of the projected recurring revenues, costs and fiscal balance to the City General Fund and the other funds for the total General Plan Update after buildout.

General Fund. The City's General Fund provides general government; police protection; development services; economic development; building and safety and public works services to the City.

As shown in Panel A of Table 2, an annual recurring surplus is projected to the City General Fund after buildout for both the Recommended Scenario and Scenario B of the General Plan Update. The projected annual recurring surplus is about \$17.45 million, or \$388 per unit, for the Recommended Scenario and the projected annual recurring surplus is about \$18.09 million, or \$343 per unit for Scenario B. Projected sales and use tax accounts for about 45 percent of total projected recurring revenues and police protection accounts for about 65 percent of total projected recurring costs after buildout.

Redevelopment Agency. The one percent property tax levy on the assessed valuation for development located within redevelopment project areas is projected at about \$43.94 million for the Recommended Scenario and about \$40.96 million after buildout.

Fire District. The Murrieta Fire District is the operating fund for the City's Fire Department. The Fire District is a separate legal entity with its own sources of funding and has a separate budget from the General Fund.

As shown in Panel B of Table 2, a recurring annual deficit is projected for the Fire District after buildout of both the Recommended Scenario and Scenario B of the General Plan Update. The annual recurring deficit is projected at about \$4.20 million for the Recommended Scenario (about \$93 per unit) and the annual projected deficit for Scenario B is about \$4.66 million (about \$88 per unit).

Community Services District. The Murrieta Community Services District (CSD) boundaries are coterminous with the City. The CSD pays for all parks and recreation activities, including the lighting and landscaping maintenance districts throughout the City. The CSD also pays for drainage, flood control and street sweeping.

As shown in Panel C of Table 2, an annual recurring deficit of about \$2.92 million, or \$65 per unit, is projected for the CSD for the Recommended Scenario. An recurring annual deficit of about \$3.00 million, or \$57 per unit, is projected to the CSD after buildout of Scenario B.

Library Fund. The Murrieta Library Fund is the operating fund for the City's Public Library. It is a separate legal entity with its own sources of funding and has a separate budget from the General Fund.

As shown in Panel D of Table 2, a recurring annual deficit is projected for both the Recommended Scenario and for Scenario B after buildout. The projected annual deficit for the Recommended Scenario is \$572,334, or about \$13 per unit. The projected annual deficit for Scenario B is about \$1.06 million, or \$20 per unit.

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Table 2
Summary of Projected Fiscal Impacts after Buildout
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Development Alternative	Annual Recurring Revenues	Annual Recurring Costs	Annual Surplus or (Deficit)	Annual Revenue/Cost Ratio
A. GENERAL FUND				
<u>Recommended Scenario</u>	\$80,077,336	\$62,631,734	\$17,445,602	1.28
<i>per Unit</i>	\$1,779	\$1,391	\$388	
<u>Scenario B</u>	\$85,782,897	\$67,693,981	\$18,088,916	1.27
<i>per Unit</i>	\$1,627	\$1,284	\$343	
<hr style="border-top: 1px dashed black;"/>				
B. FIRE DISTRICT				
<u>Recommended Scenario</u>	\$19,071,235	\$23,272,536	(\$4,201,301)	0.82
<i>per Unit</i>	\$424	\$517	(\$93)	
<u>Scenario B</u>	\$20,630,606	\$25,293,737	(\$4,663,131)	0.82
<i>per Unit</i>	\$391	\$480	(\$88)	
<hr style="border-top: 1px dashed black;"/>				
C. COMMUNITY SERVICES DISTRICT				
<u>Recommended Scenario</u>	\$14,911,159	\$17,829,064	(\$2,917,905)	0.84
<i>per Unit</i>	\$331	\$396	(\$65)	
<u>Scenario B</u>	\$16,376,601	\$19,377,556	(\$3,000,955)	0.85
<i>per Unit</i>	\$311	\$367	(\$57)	
<hr style="border-top: 1px dashed black;"/>				
D. LIBRARY FUND				
<u>Recommended Scenario</u>	\$2,510,001	\$3,082,335	(\$572,334)	0.81
<i>per Unit</i>	\$56	\$68	(\$13)	
<u>Scenario B</u>	\$2,557,040	\$3,617,330	(\$1,060,290)	0.71
<i>per Unit</i>	\$48	\$69	(\$20)	
<hr style="border-top: 1px dashed black;"/>				
E. REDEVELOPMENT AGENCY				
<u>Recommended Scenario</u> (@ 1% of Assessed Valuation)	\$43,940,174			
<u>Scenario B</u> (@ 1% of Assessed Valuation)	\$40,962,562			

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General Fund Detailed Fiscal Projections

The projected recurring revenues and recurring costs for the incremental growth for the sum of the Focus Areas and the Rest of the City are presented in Table 3 (Recommended Scenario) and Table 4 (Scenario B).

Sales and use tax accounts for about 44 percent of the total projected annual recurring revenues for the Recommended Scenario and for about 45 percent of the total projected recurring revenues for Scenario B. In lieu property tax (VLF) is projected at about 16 percent of total recurring revenues for both scenarios. Property tax accounts for about 13 percent of the total projected recurring revenues for both scenarios.

Police protection is the major recurring cost, projected at about 65 percent of total projected annual costs for both scenarios. General government accounts for about 19 percent of total projected recurring costs for both scenarios, and public works costs are projected at about 9 percent of total projected annual costs for both scenarios.

Detailed Fiscal Projections of Other Funds

The projected recurring revenues and recurring costs for the incremental growth for the Fire District, the CSD and the Library Fund for the sum of the Focus Areas and the Rest of the City are presented in Table 5 (Recommended Scenario) and Table 6 (Scenario B).

Development Descriptions

The residential units, population and employment after buildout of the General Plan Update for Recommended Scenario and Scenario B are summarized in Table 7. The detailed development description for the Recommended Scenario is presented in Table 8 and the detailed development description for Scenario B is presented in Table 9.

The Recommended Scenario for the General Plan Update includes 10,739 new units resulting in an estimated 44,484 units in the City after buildout. Scenario B includes 7,720 more units with 18,459 new units and an estimated 52,204 units after buildout.

New population for the Recommended Scenario is projected at 31,946 resulting in a buildout population of 133,261. New population for Scenario B is projected at 55,106 with a projected buildout population of 156,421.

New employment for the Recommended Scenario is projected at 110,265 compared with new employment for Scenario B projected at 98,524. Employment at buildout is projected at 130,153 for the Recommended Scenario compared with the lower projected employment of 118,412 after buildout of Scenario B.

Employment for incremental growth is projected based on the following factors:

- Business Park 500 square feet per employee
- Commercial 500 square feet per employee
- Industrial 1,000 square feet per employee
- Mixed Use and Multiple Use 375 square feet per employee
- Professional and Office 250 square feet per employee

Table 3
Detailed Projected Recurring Fiscal Impacts after Buildout: General Fund, Recommended Scenario
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Categories	City Existing Development ¹	City Incremental Development			City Buildout	
		Focus Areas	Rest of City	Total Increment	Buildout Amount	Percent of Buildout
A. GENERAL FUND						
Annual Recurring Revenues						
Property Tax - General Fund	\$6,965,000	\$750,285	\$2,591,140	\$3,341,425	\$10,306,425	12.9%
Property Transfer Tax	400,000	117,010	146,442	263,452	663,452	0.8%
Property Tax in Lieu of MVLF	6,551,914	3,201,147	3,299,637	6,500,785	13,052,699	16.3%
Sales and Use Tax	7,956,762	8,985,373	9,484,352	18,469,725	26,426,487	33.0%
Sales Tax Compensation Fund	2,713,653	2,995,124	3,161,451	6,156,575	8,870,228	11.1%
Transient Occupancy Tax	125,000	0	0	0	125,000	0.2%
Franchise Taxes	3,130,000	1,296,684	1,137,174	2,433,858	5,563,858	6.9%
Business License Tax	551,250	2,120,748	771,503	2,892,251	3,443,501	4.3%
Traffic Safety Fines	430,000	178,149	156,234	334,383	764,383	1.0%
Other Fines and Forfeitures	380,500	157,736	138,332	296,068	676,568	0.8%
Motor Vehicle License Fees	300,000	17,662	76,898	94,560	394,560	0.5%
Lease/Rental Income	211,670	12,471	54,296	66,767	278,437	0.3%
Program and Miscellaneous Fees	131,300	54,280	47,603	101,883	233,183	0.3%
Interest Earned on Investments	<u>2,000,000</u>	<u>636,373</u>	<u>674,082</u>	<u>1,310,455</u>	<u>3,310,455</u>	<u>4.1%</u>
Subtotal Annual Recurring Revenues	\$31,847,049	\$20,523,042	\$21,739,144	\$42,262,187	\$74,109,236	92.5%
State Gasoline Tax ²	\$1,607,639	\$94,517	\$411,507	\$506,024	\$2,113,663	2.6%
Other Revenues ³	<u>\$3,854,437</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,854,437</u>	<u>4.8%</u>
Total Annual Recurring Revenues	\$37,309,125	\$20,617,559	\$22,150,651	\$42,768,211	\$80,077,336	100.0%
Annual Recurring Costs						
General Government	\$7,932,082	\$2,244,759	\$1,975,676	\$4,220,435	\$12,152,517	19.4%
Police	22,770,334	9,432,161	8,271,871	17,704,032	40,474,366	64.6%
Animal Control	172,800	10,144	44,164	54,308	227,108	0.4%
Development Services	1,188,614	200,418	175,764	376,182	1,564,796	2.5%
Economic Development	424,366	175,829	154,200	330,029	754,395	1.2%
Building and Safety	1,543,658	157,272	137,926	295,198	1,838,856	2.9%
Public Works	<u>3,277,271</u>	<u>1,247,972</u>	<u>1,094,453</u>	<u>2,342,425</u>	<u>5,619,696</u>	<u>9.0%</u>
Total Annual Recurring Costs	\$37,309,125	\$13,468,555	\$11,854,054	\$25,322,609	\$62,631,734	100.0%
Annual Surplus or (Deficit)	\$0	\$7,149,004	\$10,296,597	\$17,445,602	\$17,445,602	
Revenue/Cost Ratio	1.00	1.53	1.87	1.69	1.28	
<i>Units</i>	34,280	2,006	8,733	10,739	45,019	
Annual Surplus or (Deficit) per Unit	\$0	\$3,564	\$1,179	\$1,625	\$388	
B. REDEVELOPMENT AGENCY						
Recurring Property Tax Increment	\$8,544,575	\$30,217,032	\$5,178,567	\$35,395,599	\$43,940,174	
<i>(@ 1% of Assessed Valuation)</i>						

Note: 1. The recurring revenues and costs for existing development are based on the current City budget.
 2. These funds are specially earmarked for maintenance of City streets, including services provided by Public Works staff.
 3. These revenues represent revenues that are transferred from other funds and sources, including reserves, in the current budget. Because of the uncertainty of these revenues for the future, these revenues are not assumed to be recurring and are not projected.

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Table 4
Detailed Projected Recurring Fiscal Impacts after Buildout: General Fund, Scenario B
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Categories	City Existing Development ¹	City Incremental Development			City Buildout	
		Focus Areas	Rest of City	Total Increment	Buildout Amount	Percent of Buildout
A. GENERAL FUND						
Annual Recurring Revenues						
Property Tax - General Fund	\$6,965,000	\$1,428,764	\$2,664,480	\$4,093,244	\$11,058,244	12.9%
Property Transfer Tax	400,000	154,976	150,152	305,128	705,128	0.8%
Property Tax in Lieu of MVLFF	6,551,914	3,726,256	3,381,569	7,107,825	13,659,739	15.9%
Sales and Use Tax	7,956,762	10,461,161	10,553,022	21,014,183	28,970,945	33.8%
Sales Tax Compensation Fund	2,713,653	3,487,054	3,517,674	7,004,728	9,718,381	11.3%
Transient Occupancy Tax	125,000	0	0	0	125,000	0.1%
Franchise Taxes	3,130,000	1,816,359	1,100,755	2,917,114	6,047,114	7.0%
Business License Tax	551,250	1,786,342	797,943	2,584,285	3,135,535	3.7%
Traffic Safety Fines	430,000	249,546	151,231	400,777	830,777	1.0%
Other Fines and Forfeitures	380,500	220,952	133,902	354,854	735,354	0.9%
Motor Vehicle License Fees	300,000	91,565	71,549	163,114	463,114	0.5%
Lease/Rental Income	211,670	64,652	50,519	115,171	326,841	0.4%
Program and Miscellaneous Fees	131,300	36,193	28,281	64,474	195,774	0.2%
Interest Earned on Investments	2,000,000	752,762	723,234	1,475,996	3,475,996	4.1%
Subtotal Annual Recurring Revenues	\$31,847,049	\$24,276,582	\$23,324,311	\$47,600,893	\$79,447,942	92.6%
State Gasoline Tax ²	\$1,607,639	\$489,995	\$382,884	\$872,879	\$2,480,518	2.9%
Other Revenues ³	\$3,854,437	\$0	\$0	\$0	\$3,854,437	4.5%
Total Annual Recurring Revenues	\$37,309,125	\$24,766,577	\$23,707,195	\$48,473,772	\$85,782,897	100.0%
Annual Recurring Costs						
General Government	\$7,932,082	\$3,152,071	\$1,912,072	\$5,064,143	\$12,996,225	19.2%
Police	22,770,334	13,212,304	8,006,958	21,219,262	43,989,596	65.0%
Animal Control	172,800	52,588	41,092	93,680	266,480	0.4%
Development Services	1,188,614	280,740	170,135	450,875	1,639,489	2.4%
Economic Development	424,366	246,297	149,262	395,559	819,925	1.2%
Building and Safety	1,543,658	220,303	133,508	353,811	1,897,469	2.8%
Public Works	3,277,271	1,748,123	1,059,403	2,807,526	6,084,797	9.0%
Total Annual Recurring Costs	\$37,309,125	\$18,912,426	\$11,472,430	\$30,384,856	\$67,693,981	100.0%
Annual Surplus or (Deficit)	\$0	\$5,854,151	\$12,234,765	\$18,088,916	\$18,088,916	
Revenue/Cost Ratio	1.00	1.31	2.07	1.60	1.27	
<i>Units</i>	34,280	10,362	8,097	18,459	52,739	
Annual Surplus or (Deficit) per Unit	\$0	\$565	\$1,511	\$980	\$343	
B. REDEVELOPMENT AGENCY						
Recurring Property Tax Increment (@ 1% of Assessed Valuation)	\$8,544,575	\$27,239,420	\$5,178,567	\$32,417,987	\$40,962,562	

Note: 1. The recurring revenues and costs for existing development are based on the current City budget.
 2. These funds are specially earmarked for maintenance of City streets, including services provided by Public Works staff.
 3. These revenues represent revenues that are transferred from other funds and sources, including reserves, in the current budget. Because of the uncertainty of these revenues for the future, these revenues are not assumed to be recurring and are not projected.

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Table 5
Detailed Projected Recurring Fiscal Impacts after Buildout: Other Funds, Recommended Scenario
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Categories	City Existing Development ¹	City Incremental Development			City Buildout	
		Focus Areas	Rest of City	Total Increment	Buildout Amount	Percent of Buildout
A. MURRIETA FIRE DISTRICT						
Annual Recurring Revenues						
Property Tax - Fire District	\$9,869,727	\$1,232,611	\$4,256,872	\$5,489,483	\$15,359,210	80.5%
Fire Assessment ²	1,525,130	80,240	349,320	\$429,560	\$1,954,690	10.2%
Interest Earned on Investments	100,000	13,129	46,062	\$59,191	\$159,191	0.8%
Subtotal Annual Recurring Revenues	\$11,494,857	\$1,325,980	\$4,652,254	\$5,978,234	\$17,473,091	91.6%
Other Revenues ³	\$1,598,144	\$0	\$0	\$0	\$1,598,144	8.4%
Total Annual Recurring Revenues	\$13,093,001	\$1,325,980	\$4,652,254	\$5,978,234	\$19,071,235	100.0%
Annual Recurring Costs						
Fire Protection	\$13,093,001	\$5,423,342	\$4,756,193	\$10,179,535	\$23,272,536	
Total Annual Recurring Costs	\$13,093,001	\$5,423,342	\$4,756,193	\$10,179,535	\$23,272,536	
Annual Surplus or (Deficit)	\$0	(\$4,097,362)	(\$103,939)	(\$4,201,301)	(\$4,201,301)	
Revenue/Cost Ratio	1.00	0.24	0.98	0.59	0.82	
<i>Units</i>	34,280	2,006	8,733	10,739	45,019	
Annual Surplus or (Deficit) per Unit	\$0	(\$2,043)	(\$12)	(\$391)	(\$93)	
B. COMMUNITY SERVICES DISTRICT						
Annual Recurring Revenues						
Parks and Recreation Assessment	\$2,774,603	\$90,270	\$392,985	\$483,255	\$3,257,858	21.8%
LLD Assessments	3,550,165	1,484,576	1,301,952	2,786,528	6,336,693	42.5%
Flood & Drainage Control/Street Sweeping	1,783,787	415,511	598,204	1,013,715	2,797,502	18.8%
Charges for Recreation Services	419,000	24,644	107,293	131,937	550,937	3.7%
Transfer from General Fund	1,027,313	60,386	262,907	323,293	1,350,606	9.1%
Interest Earned on Investments	255,000	62,262	79,900	142,162	397,162	2.7%
Subtotal Annual Recurring Revenues	\$9,809,868	\$2,137,649	\$2,743,241	\$4,880,890	\$14,690,758	98.5%
Other Revenues ³	\$220,401	\$0	\$0	\$0	\$220,401	1.5%
Total Annual Recurring Revenues	\$10,030,269	\$2,137,649	\$2,743,241	\$4,880,890	\$14,911,159	100.0%
Annual Recurring Costs						
Parks and Recreation	\$3,453,685	\$1,430,760	\$1,254,756	\$2,685,516	\$6,139,201	34.4%
Lighting and Landscaping	4,879,587	2,021,343	1,772,689	3,794,032	8,673,619	48.6%
Drainage and Flood Control	1,696,997	702,854	616,393	1,319,247	3,016,244	16.9%
Total Annual Recurring Costs	\$10,030,269	\$4,154,957	\$3,643,838	\$7,798,795	\$17,829,064	100.0%
Annual Surplus or (Deficit)	\$0	(\$2,017,308)	(\$900,597)	(\$2,917,905)	(\$2,917,905)	
Revenue/Cost Ratio	1.00	0.51	0.75	0.63	0.84	
<i>Units</i>	34,280	7,913	2,879	10,792	45,072	
Annual (Deficit) per Unit	\$0	(\$255)	(\$313)	(\$270)	(\$65)	
C. LIBRARY FUND						
Annual Recurring Revenues						
Property Tax - Library Fund	\$1,692,790	\$32,155	\$111,049	\$143,204	\$1,835,994	73.1%
Charges for Services	61,300	3,580	15,587	\$19,167	\$80,467	3.2%
Interest Earned on Investments	45,000	715	2,533	\$3,248	\$48,248	1.9%
Subtotal Annual Recurring Revenues	\$1,799,090	\$36,450	\$129,169	\$165,619	\$1,964,709	78.3%
Other Revenues ³	\$545,292	\$0	\$0	\$0	\$545,292	21.7%
Total Annual Recurring Revenues	\$2,344,382	\$36,450	\$129,169	\$165,619	\$2,510,001	100.0%
Annual Recurring Costs						
Library Services	\$2,344,382	\$137,838	\$600,115	\$737,953	\$3,082,335	
Total Annual Recurring Costs	\$2,344,382	\$137,838	\$600,115	\$737,953	\$3,082,335	
Annual (Deficit)	\$0	(\$101,388)	(\$470,946)	(\$572,334)	(\$572,334)	
Revenue/Cost Ratio	1.00	0.26	0.22	0.22	0.81	
<i>Units</i>	34,280	2,006	8,733	10,739	45,019	
Annual (Deficit) per Unit	\$0	(\$51)	(\$54)	(\$53)	(\$13)	

Note: 1. The recurring revenues and costs for existing development are based on the current City budget.
 2. These revenues represent the \$40 per unit voter-approved assessment to supplement fire protection services.
 3. These revenues represent revenues that are transferred from other funds and sources, including reserves, in the current budget.
 Because of the uncertainty of these revenues for the future, these revenues are not assumed to be recurring and are not projected.

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Table 6
Detailed Projected Recurring Fiscal Impacts after Buildout: Other Funds, Scenario B
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 (In Constant 2011 Dollars)

Categories	City Existing Development ¹	City Incremental Development			City Buildout	
		Focus Areas	Rest of City	Total Increment	Buildout Amount	Percent of Buildout
A. MURRIETA FIRE DISTRICT						
Annual Recurring Revenues						
Property Tax - Fire District	\$9,869,727	\$2,347,255	\$4,377,361	\$6,724,616	\$16,594,343	80.4%
Fire Assessment ²	1,525,130	414,480	323,880	\$738,360	\$2,263,490	11.0%
Interest Earned on Investments	<u>100,000</u>	<u>27,617</u>	<u>47,012</u>	<u>\$74,629</u>	<u>\$174,629</u>	<u>0.8%</u>
Subtotal Annual Recurring Revenues	\$11,494,857	\$2,789,352	\$4,748,253	\$7,537,605	\$19,032,462	92.3%
Other Revenues ³	<u>\$1,598,144</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,598,144</u>	<u>7.7%</u>
Total Annual Recurring Revenues	\$13,093,001	\$2,789,352	\$4,748,253	\$7,537,605	\$20,630,606	100.0%
Annual Recurring Costs						
Fire Protection	<u>\$13,093,001</u>	<u>\$7,596,863</u>	<u>\$4,603,873</u>	<u>\$12,200,736</u>	<u>\$25,293,737</u>	
Total Annual Recurring Costs	\$13,093,001	\$7,596,863	\$4,603,873	\$12,200,736	\$25,293,737	
Annual (Deficit)	\$0	(\$4,807,511)	\$144,380	(\$4,663,131)	(\$4,663,131)	
Revenue/Cost Ratio	1.00	0.37	1.03	0.62	0.82	
<i>Units</i>	34,280	10,362	8,097	18,459	52,739	
Annual (Deficit) per Unit	\$0	(\$464)	\$18	(\$253)	(\$88)	
B. COMMUNITY SERVICES DISTRICT						
Annual Recurring Revenues						
Parks and Recreation Assessment	\$2,774,603	\$466,290	\$364,365	\$830,655	\$3,605,258	22.0%
LLD Assessments	3,550,165	2,079,552	1,260,256	3,339,808	6,889,973	42.1%
Flood & Drainage Control/Street Sweeping	1,783,787	752,042	453,722	1,205,764	2,989,551	18.3%
Charges for Recreation Services	419,000	127,757	99,830	227,587	646,587	3.9%
Transfer from General Fund	1,027,313	313,052	244,621	557,673	1,584,986	9.7%
Interest Earned on Investments	<u>255,000</u>	<u>112,161</u>	<u>72,684</u>	<u>184,845</u>	<u>439,845</u>	<u>2.7%</u>
Subtotal Annual Recurring Revenues	\$9,809,868	\$3,850,854	\$2,495,478	\$6,346,332	\$16,156,200	98.7%
Other Revenues ³	<u>\$220,401</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$220,401</u>	<u>1.3%</u>
Total Annual Recurring Revenues	\$10,030,269	\$3,850,854	\$2,495,478	\$6,346,332	\$16,376,601	100.0%
Annual Recurring Costs						
Parks and Recreation	\$3,453,685	\$2,004,168	\$1,214,572	\$3,218,740	\$6,672,425	34.4%
Lighting and Landscaping	4,879,587	2,831,440	1,715,917	4,547,357	9,426,944	48.6%
Drainage and Flood Control	<u>1,696,997</u>	<u>984,538</u>	<u>596,652</u>	<u>1,581,190</u>	<u>3,278,187</u>	<u>16.9%</u>
Total Annual Recurring Costs	\$10,030,269	\$5,820,146	\$3,527,141	\$9,347,287	\$19,377,556	100.0%
Annual Surplus	\$0	(\$1,969,292)	(\$1,031,663)	(\$3,000,955)	(\$3,000,955)	
Revenue/Cost Ratio	1.00	0.66	0.71	0.68	0.85	
<i>Units</i>	34,280	10,362	8,097	18,459	52,739	
Annual Surplus per Unit	\$0	(\$190)	(\$127)	(\$163)	(\$57)	
C. LIBRARY FUND						
Annual Recurring Revenues						
Property Tax - Library Fund	\$1,692,790	\$61,233	\$114,192	\$175,425	\$1,868,215	73.1%
Charges for Services	61,300	18,560	14,503	\$33,063	\$94,363	3.7%
Interest Earned on Investments	<u>45,000</u>	<u>1,596</u>	<u>2,574</u>	<u>\$4,170</u>	<u>\$49,170</u>	<u>1.9%</u>
Subtotal Annual Recurring Revenues	\$1,799,090	\$81,389	\$131,269	\$212,658	\$2,011,748	78.7%
Other Revenues ³	<u>\$545,292</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$545,292</u>	<u>21.3%</u>
Total Annual Recurring Revenues	\$2,344,382	\$81,389	\$131,269	\$212,658	\$2,557,040	100.0%
Annual Recurring Costs						
Library Services	<u>\$2,344,382</u>	<u>\$714,575</u>	<u>\$558,373</u>	<u>\$1,272,948</u>	<u>\$3,617,330</u>	
Total Annual Recurring Costs	\$2,344,382	\$714,575	\$558,373	\$1,272,948	\$3,617,330	
Annual (Deficit)	\$0	(\$633,186)	(\$427,104)	(\$1,060,290)	(\$1,060,290)	
Revenue/Cost Ratio	1.00	0.11	0.24	0.17	0.71	
<i>Units</i>	34,280	10,362	8,097	18,459	52,739	
Annual (Deficit) per Unit	\$0	(\$61)	(\$53)	(\$57)	(\$20)	

Note: 1. The recurring revenues and costs for existing development are based on the current City budget.
 2. These revenues represent the \$40 per unit voter-approved assessment to supplement fire protection services.
 3. These revenues represent revenues that are transferred from other funds and sources, including reserves, in the current budget. Because of the uncertainty of these revenues for the future, these revenues are not assumed to be recurring and are not projected.

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Table 7
Summary of General Plan after Buildout
General Plan Update Fiscal Analysis, City of Murrieta

Category	City Existing	City Incremental Development			City Buildout
		Focus Areas	Rest of City	Total Increment	
<u>Recommended Scenario</u>					
Residential Units	33,745	2,006	8,733	10,739	44,484
Population	101,315	5,967	25,979	31,946	133,261
Employment	19,888	80,852	29,413	110,265	130,153
<u>Scenario B</u>					
Residential Units	33,745	10,362	8,097	18,459	52,204
Population	101,315	30,934	24,172	55,106	156,421
Employment	19,888	68,103	30,421	98,524	118,412

Sources: Stanley R. Hoffman Associates, Inc.
RBF Consulting

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**Table 8
 Incremental Development: Recommended Scenario
 General Plan Update Fiscal Analysis, City of Murrieta**

Category	City Incremental Development		
	Focus Areas	Rest of City	Total Increment
A. RESIDENTIAL DEVELOPMENT			
Units			
Rural	39	266	305
Single Family	150	5,807	5,957
Multiple Family	<u>1,817</u>	<u>2,660</u>	<u>4,477</u>
Total Residential Units	2,006	8,733	10,739
Population	5,967	25,979	31,946
B. NON RESIDENTIAL DEVELOPMENT			
Square Feet			
Business Park	3,143,765	2,333,015	5,476,780
Commercial	3,215,848	8,905,590	12,121,438
Industrial	0	1,384,855	1,384,855
Mixed Use	0	11,366	11,366
Professional and Office	<u>15,054,892</u>	<u>660,267</u>	<u>15,715,159</u>
Total Square Feet	21,414,505	13,295,093	34,709,598
Employment	80,852	29,413	110,265
C. SERVICE POPULATION¹			
Population	5,967	25,979	31,946
Employment Weighted at 50 Percent	<u>40,426</u>	<u>14,707</u>	<u>55,133</u>
Total Service Population	46,393	40,686	87,079

Note: 1. The service population represents the area's total population plus 50% of the area's estimated employment. The weighting factor of 50 percent assumes that an employee would spend roughly half the time in the City as a resident. The service population is used for fiscal factors that are based on both population and employment.

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting

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**Table 9
 Incremental Development: Scenario B
 General Plan Update Fiscal Analysis, City of Murrieta**

Category	City Incremental Development		
	Focus Areas	Rest of City	Total Increment
A. RESIDENTIAL DEVELOPMENT			
<u>Units</u>			
Rural	0	0	0
Single Family	1,458	7,072	8,530
Multiple Family	<u>8,904</u>	<u>1,025</u>	<u>9,929</u>
Total Residential Units	10,362	8,097	18,459
<u>Population</u>			
	30,934	24,172	55,106
B. NON RESIDENTIAL DEVELOPMENT			
<u>Square Feet</u>			
Business Park	3,143,765	2,832,135	5,975,900
Commercial	3,345,788	0	12,093,925
Industrial	0	2,832,135	1,384,855
Mixed Use	0	0	11,366
Multiple Use 2	0	0	58,500
Professional and Office	<u>12,075,128</u>	0	<u>12,735,395</u>
Total Square Feet	18,564,681	5,664,270	32,259,941
<u>Employment</u>			
	68,103	30,421	98,524
C. SERVICE POPULATION¹			
Population	30,934	24,172	55,106
Employment Weighted at 50 Percent	<u>34,052</u>	<u>15,211</u>	<u>49,262</u>
Total Service Population	64,986	39,383	104,368

Note: 1. The service population represents the area's total population plus 50% of the area's estimated employment. The weighting factor of 50 percent assumes that an employee would spend roughly half the time in the City as a resident. The service population is used for fiscal factors that are based on both population and employment.

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting

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Assessed Valuation

Residential Assessed Valuation. Incremental valuation for residential development for the Recommended Scenario is presented in Table 10 and Table 11 presents the incremental residential valuation for Scenario B. Rural residential and single family units are valued at an average of \$250,000 per unit and multiple family units are valued at an average of \$122,000 per unit based on information from Zillow.com.

New residential valuation is projected at about \$2.11 billion for the Recommended Scenario, with about \$2.05 billion of the total new valuation estimated for areas outside of redevelopment project areas. Appendix Table A-1 presents the distribution of residential units to redevelopment project (RDA) for the Recommended Scenario by the geographic areas analyzed in the General Plan Update.

New residential valuation for Scenario B is projected at about \$3.43 billion with about \$3.29 billion of this total projected for areas outside redevelopment project (RDA) areas. Appendix Table A-2 presents the distribution of new residential units to RDA areas for Scenario B.

Non-Residential Assessed Valuation. Table 12 presents the projected new non-residential valuation for the Recommended Scenario and Table 13 presents the projected new non-residential valuation for Scenario B. New non-residential valuation is projected based on the following valuation assumptions for the City of Murrieta obtained from several commercial real estate websites:

- \$200 per square foot for commercial uses
- \$180 per square foot for profession and office uses
- \$150 per square foot for business park uses
- \$100 per square foot for mixed uses
- \$90 per square foot for industrial uses

The selected properties for estimating the average non-residential values per square foot are presented in Appendix Table A-3 and Appendix Table A-4.

New non-residential valuation for the Recommended Scenario (Table 12) is projected at \$6.20 billion with about \$2.72 billion of this total projected for development outside redevelopment project areas. Appendix Table A-5 presents the distribution of non-residential square feet to RDA project areas for the Recommended Scenario by the geographic areas analyzed in the General Plan Update.

New non-residential valuation for Scenario B (Table 13) is projected at about \$5.75 billion with about \$2.57 billion of this total projected for development outside redevelopment project areas. Appendix Table A-6 presents the distribution of non-residential square feet to RDA project areas for Scenario B.

Table 10
Residential Assessed Valuation for Incremental Development: Recommended Scenario
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	Factor	City Incremental Development		
		Focus Areas	Rest of City	Total Increment
A. NEW RESIDENTIAL UNITS				
<u>Rural</u>				
	Non-RDA	39	266	305
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Rural		39	266	305
<u>Single Family</u>				
	Non-RDA	150	5,807	5,957
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Single Family		150	5,807	5,957
<u>Multiple Family</u>				
	Non-RDA	1,817	2,148	3,965
	RDA	<u>0</u>	<u>512</u>	<u>512</u>
Total Multiple Family		1,817	2,660	4,477
<u>Total New Units</u>				
	Non-RDA	2,006	8,221	10,227
	RDA	<u>0</u>	<u>512</u>	<u>512</u>
Total New Units		2,006	8,733	10,739
B. NEW RESIDENTIAL VALUATION				
<i>Average Value per Unit</i>				
<u>Rural</u>				
	Non-RDA	\$250,000	\$9,750,000	\$66,500,000
	RDA	\$250,000	\$0	\$0
Total Rural			\$9,750,000	\$66,500,000
<u>Single Family</u>				
	Non-RDA	\$250,000	\$37,500,000	\$1,451,750,000
	RDA	\$250,000	\$0	\$0
Total Single Family			\$37,500,000	\$1,451,750,000
<u>Multiple Family</u>				
	Non-RDA	\$122,000	\$221,674,000	\$262,056,000
	RDA	\$122,000	\$0	\$62,464,000
Total Multiple Family			\$221,674,000	\$324,520,000
<u>Total New Residential Valuation</u>				
	Non-RDA		\$268,924,000	\$1,780,306,000
	RDA		\$0	\$62,464,000
Total New Residential Valuation			\$268,924,000	\$1,842,770,000

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting
 www.zillow.com, Accessed on January 3, 2011

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Table 11
Residential Assessed Valuation for Incremental Development: Scenario B
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	Factor	City Incremental Development		
		Focus Areas	Rest of City	Total Increment
A. NEW RESIDENTIAL UNITS				
<u>Rural</u>				
	Non-RDA	0	0	0
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Rural		0	0	0
<u>Single Family</u>				
	Non-RDA	1,458	7,072	8,530
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Single Family		1,458	7,072	8,530
<u>Multiple Family</u>				
	Non-RDA	8,904	513	9,417
	RDA	<u>0</u>	<u>512</u>	<u>512</u>
Total Multiple Family		8,904	1,025	9,929
<u>Total New Units</u>				
	Non-RDA	10,362	7,585	17,947
	RDA	<u>0</u>	<u>512</u>	<u>512</u>
Total New Units		10,362	8,097	18,459
B. NEW RESIDENTIAL VALUATION				
<i>Average Value per Unit</i>				
<u>Rural</u>				
	Non-RDA	\$250,000	\$0	\$0
	RDA	\$250,000	<u>\$0</u>	<u>\$0</u>
Total Rural		\$0	\$0	\$0
<u>Single Family</u>				
	Non-RDA	\$250,000	\$364,500,000	\$2,132,500,000
	RDA	\$250,000	<u>\$0</u>	<u>\$0</u>
Total Single Family		\$364,500,000	\$1,768,000,000	\$2,132,500,000
<u>Multiple Family</u>				
	Non-RDA	\$122,000	\$1,086,288,000	\$1,148,874,000
	RDA	\$122,000	<u>\$0</u>	<u>\$62,464,000</u>
Total Multiple Family		\$1,086,288,000	\$125,050,000	\$1,211,338,000
<u>Total New Residential Valuation</u>				
	Non-RDA	\$1,450,788,000	\$1,830,586,000	\$3,281,374,000
	RDA	<u>\$0</u>	<u>\$62,464,000</u>	<u>\$62,464,000</u>
Total New Residential Valuation		\$1,450,788,000	\$1,893,050,000	\$3,343,838,000

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting
 www.zillow.com, Accessed on January 3, 2011

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Table 12
Non-Residential Assessed Valuation for Incremental Development: Recommended Scenario
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	Factor	City Incremental Development		
		Focus Areas	Rest of City	Total Increment
A. NEW NON-RESIDENTIAL SQUARE FEET				
Business Park				
	Non-RDA	850,108	2,333,015	3,183,123
	RDA	<u>2,293,657</u>	<u>0</u>	<u>2,293,657</u>
Total Business Park		3,143,765	2,333,015	5,476,780
Commercial				
	Non-RDA	1,295,716	6,854,578	8,150,294
	RDA	<u>1,920,132</u>	<u>2,051,012</u>	<u>3,971,144</u>
Total Commercial		3,215,848	8,905,590	12,121,438
Industrial				
	Non-RDA	0	1,384,855	1,384,855
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Industrial		0	1,384,855	1,384,855
Mixed Use				
	Non-RDA	0	11,366	11,366
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Mixed Use		0	11,366	11,366
Professional and Office				
	Non-RDA	2,312,513	409,210	2,721,723
	RDA	<u>12,742,379</u>	<u>251,057</u>	<u>12,993,436</u>
Total Professional and Office		15,054,892	660,267	15,715,159
Total New Non-Residential Square Feet				
	Non-RDA	4,458,337	10,993,024	15,451,361
	RDA	<u>16,956,168</u>	<u>2,302,069</u>	<u>19,258,237</u>
Total New Non-Residential Square Feet		21,414,505	13,295,093	34,709,598
B. NEW NON-RESIDENTIAL VALUATION				
		<i>Average Value per Square Foot</i>		
Business Park				
	Non-RDA	\$150	\$127,516,200	\$349,952,250
	RDA	\$150	<u>\$344,048,550</u>	<u>\$0</u>
Total Business Park			\$471,564,750	\$349,952,250
Commercial				
	Non-RDA	\$200	\$259,143,200	\$1,370,915,600
	RDA	\$200	<u>\$384,026,400</u>	<u>\$410,202,400</u>
Total Commercial			\$643,169,600	\$1,781,118,000
Industrial				
	Non-RDA	\$90	\$0	\$124,636,950
	RDA	\$90	<u>\$0</u>	<u>\$0</u>
Total Industrial			\$0	\$124,636,950
Mixed Use				
	Non-RDA	\$190	\$0	\$2,159,540
	RDA	\$190	<u>\$0</u>	<u>\$0</u>
Total Mixed Use			\$0	\$2,159,540
Professional and Office				
	Non-RDA	\$180	\$416,252,340	\$73,657,800
	RDA	\$180	<u>\$2,293,628,220</u>	<u>\$45,190,260</u>
Total Professional and Office			\$2,709,880,560	\$118,848,060
Total New Non-Residential Valuation				
	Non-RDA		\$802,911,740	\$1,921,322,140
	RDA		<u>\$3,021,703,170</u>	<u>\$455,392,660</u>
Total New Non-Residential Valuation			\$3,824,614,910	\$2,376,714,800

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting
 www.zillow.com, Accessed on January 3, 2011

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Table 13
Non-Residential Assessed Valuation for Incremental Development: Scenario B
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	Factor	City Incremental Development		
		Focus Areas	Rest of City	Total Increment
A. NEW NON-RESIDENTIAL SQUARE FEET				
Business Park				
	Non-RDA	850,108	2,832,135	3,682,243
	RDA	<u>2,293,657</u>	<u>0</u>	<u>2,293,657</u>
Total Business Park		3,143,765	2,832,135	5,975,900
Commercial				
	Non-RDA	1,425,656	6,697,125	8,122,781
	RDA	<u>1,920,132</u>	<u>2,051,012</u>	<u>3,971,144</u>
Total Commercial		3,345,788	8,748,137	12,093,925
Industrial				
	Non-RDA	0	1,384,855	1,384,855
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Industrial		0	1,384,855	1,384,855
Mixed Use				
	Non-RDA	0	11,366	11,366
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Mixed Use		0	11,366	11,366
Multiple Use 2				
	Non-RDA	0	58,500	58,500
	RDA	<u>0</u>	<u>0</u>	<u>0</u>
Total Multiple Use 2		0	58,500	58,500
Professional and Office				
	Non-RDA	986,978	409,210	1,396,188
	RDA	<u>11,088,150</u>	<u>251,057</u>	<u>11,339,207</u>
Total Professional and Office		12,075,128	660,267	12,735,395
Total New Non-Residential Square Feet				
	Non-RDA	3,262,742	11,393,191	14,655,933
	RDA	<u>15,301,939</u>	<u>2,302,069</u>	<u>17,604,008</u>
Total New Non-Residential Square Feet		18,564,681	13,695,260	32,259,941
B. NEW NON-RESIDENTIAL VALUATION				
		<i>Average Value per Square Foot</i>		
Business Park				
	Non-RDA	\$150	\$127,516,200	\$424,820,250
	RDA	\$150	<u>\$344,048,550</u>	<u>\$0</u>
Total Business Park			\$471,564,750	\$424,820,250
Commercial				
	Non-RDA	\$200	\$285,131,200	\$1,339,425,000
	RDA	\$200	<u>\$384,026,400</u>	<u>\$410,202,400</u>
Total Commercial			\$669,157,600	\$1,749,627,400
Industrial				
	Non-RDA	\$90	\$0	\$124,636,950
	RDA	\$90	<u>\$0</u>	<u>\$0</u>
Total Industrial			\$0	\$124,636,950
Mixed Use				
	Non-RDA	\$190	\$0	\$2,159,540
	RDA	\$190	<u>\$0</u>	<u>\$0</u>
Total Mixed Use			\$0	\$2,159,540
Multiple Use 2				
	Non-RDA	\$190	\$0	\$11,115,000
	RDA	\$190	<u>\$0</u>	<u>\$0</u>
Total Multiple Use 2			\$0	\$11,115,000
Professional and Office				
	Non-RDA	\$180	\$177,656,040	\$73,657,800
	RDA	\$180	<u>\$1,995,867,000</u>	<u>\$45,190,260</u>
Total Professional and Office			\$2,173,523,040	\$118,848,060
Total New Non-Residential Valuation				
	Non-RDA		\$590,303,440	\$1,975,814,540
	RDA		<u>\$2,723,941,950</u>	<u>\$455,392,660</u>
Total New Non-Residential Valuation			\$3,314,245,390	\$2,431,207,200

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting
 www.zillow.com, Accessed on January 3, 2011

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Sales and Use Tax

Table 14 presents the projected new sales and use tax for the Recommended Scenario and Table 15 presents the projected new sales and use tax for Scenario B. As shown in Panel B of each table, total new sales and use tax to the City is projected at about \$24.63 million for the Recommended Scenario and at about \$28.02 million for Scenario B. The City currently receives about \$10.67 million in sales and use tax.

Retail taxable sales are from the *Retail Land Use Market Analysis, Murrieta General Plan Update*, January 10, 2011 prepared by the fiscal consultant. Industrial taxable sales are calculated at \$26 per square foot based on the existing occupied square feet in the City and the non-retail taxable sales report by the California State Board of Equalization. The fiscal analysis assumes that about 50 percent of business park uses would generate taxable sales.

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Table 14
New Sales and Use Tax: Recommended Scenario
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	City Incremental Development		
	Focus Areas	Rest of City	Total Increment
A. TAXABLE SALES			
<u>Commercial</u>			
Square Feet	3,215,848	8,905,590	12,121,438
New Commercial Taxable Sales ¹	\$1,042,358,615	\$1,077,046,280	\$2,119,404,895
<u>Industrial</u>			
Square Feet	0	1,384,855	1,384,855
Taxable Sales per Square Foot ²	\$26	\$26	\$26
New Industrial Taxable Sales	\$0	\$36,006,230	\$36,006,230
<u>Business Park</u>			
Square Feet	3,143,765	2,333,015	5,476,780
50% Share for Industrial	50%	50%	50%
Adjusted Taxable Square Feet	1,571,883	1,166,508	2,738,391
Taxable Sales per Square Foot	\$26	\$26	\$26
New Business Park Taxable Sales	\$40,868,958	\$30,329,208	\$71,198,166
B. TOTAL NEW SALES AND USE TAX			
Commercial Taxable Sales	\$1,042,358,615	\$1,077,046,280	\$2,119,404,895
Industrial Taxable Sales	0	36,006,230	36,006,230
Business Park Taxable Sales	<u>40,868,958</u>	<u>30,329,208</u>	<u>71,198,166</u>
Total New Taxable Sales	\$1,083,227,573	\$1,143,381,718	\$2,226,609,291
Sales Tax Factor	1%	1%	1%
New Sales Tax	\$10,832,276	\$11,433,817	\$22,266,093
Use Tax (@ 10.6% of Sales Tax)	\$1,148,221	\$1,211,985	\$2,360,206
Total New Sales and Use Tax	\$11,980,497	\$12,645,802	\$24,626,299
75% Allocated to Sales and Use Tax	\$8,985,373	\$9,484,352	\$18,469,725
25% Allocated to Sales Tax Compensation Fund	\$2,995,124	\$3,161,451	\$6,156,575

Note: 1. Retail taxable sales are from the *Retail Land Use Market Analysis, Murrieta General Plan Update*.
 2. Industrial taxable sales per square foot are based on the industrial square feet reported in the *Economic Trends and Conditions, Murrieta General Plan Update* for Murrieta and the non-retail taxable sales for Murrieta reported by the California State Board of Equalization.
 3. The fiscal analysis assumes that 50 percent of the Business Park will generate taxable sales.

Sources: Stanley R. Hoffman Associates, Inc.
 Stanley R. Hoffman Associates, Inc., *Retail Land Use Market Analysis, Murrieta General Plan Update*, January 10, 2011
 Stanley R. Hoffman Associates, Inc., *Economic Trends and Conditions, Murrieta General Plan Update*, January 7, 2010
 California State Board of Equalization, *Taxable Sales in California*, 2008

Table 15
New Sales and Use Tax: Scenario B
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2011 Dollars)

Category	City Incremental Development		
	Focus Areas	Rest of City	Total Increment
A. TAXABLE SALES			
<u>Commercial</u>			
Square Feet	3,345,788	0	3,345,788
New Commercial Taxable Sales	\$1,220,271,573	\$1,161,761,466	\$2,382,033,039
<u>Industrial</u>			
Square Feet	0	2,832,135	2,832,135
Taxable Sales per Square Foot	<i>times</i> \$26	\$26	\$26
New Industrial Taxable Sales	<i>equals</i> \$0	\$73,635,510	\$73,635,510
<u>Business Park</u>			
Square Feet	3,143,765	2,832,135	5,975,900
50% Share for Industrial	<i>times</i> 50%	50%	50%
Adjusted Taxable Square Feet	<i>equals</i> 1,571,883	1,416,068	2,987,951
Taxable Sales per Square Foot	<i>times</i> \$26	\$26	\$26
New Business Park Taxable Sales	<i>equals</i> \$40,868,958	\$36,817,768	\$77,686,726
B. TOTAL NEW SALES AND USE TAX			
Commercial Taxable Sales	\$1,220,271,573	\$1,161,761,466	\$2,382,033,039
Industrial Taxable Sales	0	73,635,510	73,635,510
Business Park Taxable Sales	<u>40,868,958</u>	<u>36,817,768</u>	<u>77,686,726</u>
Total New Taxable Sales	\$1,261,140,531	\$1,272,214,744	\$2,533,355,275
Sales Tax Factor	<i>times</i> 1%	1%	1%
New Sales Tax	<i>equals</i> \$12,611,405	\$12,722,147	\$25,333,553
Use Tax (@ 10.6% of Sales Tax)	<i>times</i> \$1,336,809	\$1,348,548	\$2,685,357
Total New Sales and Use Tax	\$13,948,214	\$14,070,695	\$28,018,910
75% Allocated to Sales and Use Tax	\$10,461,161	\$10,553,022	\$21,014,183
25% Allocated to Sales Tax Compensation Fund	\$3,487,054	\$3,517,674	\$7,004,728

- Note: 1. Retail taxable sales are from the *Retail Land Use Market Analysis, Murrieta General Plan Update*.
 2. Industrial taxable sales per square foot are based on the industrial square feet reported in the *Economic Trends and Conditions, Murrieta General Plan Update* for Murrieta and the non-retail taxable sales for Murrieta reported by the California State Board of Equalization.
 3. The fiscal analysis assumes that 50 percent of the Business Park will generate taxable sales.

Sources: Stanley R. Hoffman Associates, Inc.
 Stanley R. Hoffman Associates, Inc., *Retail Land Use Market Analysis, Murrieta General Plan Update*, January 10, 2011
 Stanley R. Hoffman Associates, Inc., *Economic Trends and Conditions, Murrieta General Plan Update*, January 7, 2010
 California State Board of Equalization, *Taxable Sales in California*, 2008

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Fiscal Methodology

The General Plan Update fiscal analysis is based on the fiscal methodology and fiscal assumptions presented in Appendix B. Appendix C presents the project references for the fiscal analysis.

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**APPENDIX A
DETAILED DEVELOPMENT DESCRIPTIONS AND MARKET ASSUMPTIONS**

Table A-1	Detailed Incremental Residential Units, Recommended Scenario
Table A-2	Detailed Incremental Residential Units, Scenario B
Table A-3	Business Park and Industrial Estimated Values per Square Foot
Table A-4	Commercial and Professional/Office Estimated Values per Square Foot
Table A-5	Detailed Incremental Non-Residential Square Feet, Recommended Scenario
Table A-6	Detailed Incremental Non-Residential Square Feet, Scenario B

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**Table A-1
 Detailed Incremental Residential Units: Recommended Scenario
 General Plan Update Fiscal Analysis, City of Murrieta**

RECOMMENDED SCENARIO

Preferred Land Use Designation	Focus Area (A)					Focus Area Subtotal	Historic Downtown SP Area (A)	Other Areas Outside GP Focus Areas (B)	Total Increment
	A: North Murrieta Business Corridor	B. Clinton Keith/Mitchell Area	C. Golden Triangle North	D. South Murrieta Business Corridor	E. Multiple Use 3 (MU-3) Area				
<u>RDA Share</u>	0%	0%	100%	0%	0%		100%	0%	
<u>Rural Residential Total</u>	0	39	0	0	0	39	0	266	305
<i>Non-RDA</i>	0	39	0	0	0	39	0	266	305
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Single Family Total</u>	0	150	0	0	0	150	0	5,807	5,957
<i>Non-RDA</i>	0	150	0	0	0	150	0	5,807	5,957
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Multiple Family Total</u>	0	680	0	0	1,137	1,817	512	2,148	4,477
<i>Non-RDA</i>	0	680	0	0	1,137	1,817	0	2,148	3,965
<i>RDA</i>	0	0	0	0	0	0	512	0	512
TOTAL UNITS	0	869	0	0	1,137	2,006	512	8,221	10,739
<i>Non-RDA</i>	0	869	0	0	1,137	2,006	0	8,221	10,227
<i>RDA</i>	0	0	0	0	0	0	512	0	512

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting

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**Table A-2
 Detailed Incremental Residential Units: Scenario B
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SCENARIO B

Preferred Land Use Designation	Focus Area (A)					Focus Area Subtotal	Historic Downtown SP Area (A)	Other Areas Outside GP Focus Areas (B)	Total Increment
	A: North Murrieta Business Corridor	B. Clinton Keith/ Mitchell Area	C. Golden Triangle North	D. South Murrieta Business Corridor	E. Multiple Use 3 (MU-3) Area				
RDA Share	0%	0%	100%	0%	0%		100%	0%	
<u>Rural Residential Total</u>	0	0	0	0	0	0	0	0	0
<i>Non-RDA</i>	0	0	0	0	0	0	0	0	0
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Single Family Total</u>	0	1,458	0	0	0	1,458	0	7,072	8,530
<i>Non-RDA</i>	0	1,458	0	0	0	1,458	0	7,072	8,530
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Multiple Family Total</u>	4,238	3,182	0	0	1,484	8,904	512	513	9,929
<i>Non-RDA</i>	4,238	3,182	0	0	1,484	8,904	0	513	9,417
<i>RDA</i>	0	0	0	0	0	0	512	0	512
TOTAL UNITS	4,238	4,640	0	0	1,484	10,362	512	7,585	18,459
<i>Non-RDA</i>	4,238	4,640	0	0	1,484	10,362	0	7,585	17,947
<i>RDA</i>	0	0	0	0	0	0	512	0	512

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting

**Table A-3
 Current Business Park and Industrial Estimated Values
 General Plan Update Fiscal Analysis, City of Murrieta**

A. BUSINESS PARK

Property Designation	Location	City	Asking Price		
			Total Price	Building Square Feet	Price per Building Square Foot
Business Park	unknown	Murrieta	\$1,173,640	9,028	\$130
Business Park	Golden Gate Circle 41085	Murrieta	\$1,850,000	11,864	\$156
Business Park	Jefferson Gateway	Murrieta	\$513,000	4,464	\$115
Business Park	unknown	Murrieta	\$1,190,000	9,000	\$132
Business Park	Jefferson Crossroads	Murrieta	\$508,800	3,392	\$150
Business Park	Reagan Way Building	Murrieta	\$1,365,000	10,566	\$129
Business Park	unknown	Murrieta	\$250,000	2,000	\$125
Business Park	unknown	Murrieta	\$1,000,000	4,000	\$250
Business Park	unknown	Murrieta	\$1,864,000	17,256	\$108
Business Park	unknown	Murrieta	\$2,200,000	13,676	\$161
Business Park	unknown	Murrieta	\$999,000	7,400	\$135
Business Park	Ivy Street	Murrieta	\$215,000	1,379	\$156
Business Park	Madison Avenue/Pear Street	Murrieta	\$295,000	2,076	\$142

Business Park Average Value per Building Square Foot¹ \$150

B. INDUSTRIAL

Property Designation	Location	City	Asking Price		
			Total Price	Building Square Feet	Price per Building Square Foot
Industrial	38750 Sky Canyon Drive	Murrieta	\$639,000	7,722	\$83
Industrial	38790 Sky Canyon Drive	Murrieta	\$572,000	6,681	\$86
Industrial	25783 Jefferson Avenue	Murrieta	\$861,000	12,300	\$70
Industrial	41715 Elm Street	Murrieta	\$934,960	11,687	\$80
Industrial	41610 Date Street	Murrieta	\$310,420	3,740	\$83
Industrial	unknown	Murrieta	\$1,395,000	14,567	\$96
Industrial	unknown	Murrieta	\$3,000,000	32,772	\$92
Industrial	unknown	Murrieta	\$799,000	8,200	\$97
Industrial	unknown	Murrieta	\$237,500	2,500	\$95
Industrial	Alesco Jefferson Buildings	Murrieta	\$1,568,835	17,432	\$90
Industrial	29975 Technology Drive	Murrieta	\$590,000	5,818	\$101
Industrial	French Valley Jet Center	Murrieta	\$6,500,000	92,126	\$71
Industrial	Rocky Top	Murrieta	\$1,395,000	14,567	\$96
Industrial	41674 Corning Place	Murrieta	\$1,500,000	14,999	\$100
Industrial	Murrieta Storage Facility	Murrieta	\$9,900,000	124,180	\$80
Industrial	41810 McAlby Court Building	Murrieta	\$3,000,000	32,771	\$92
Industrial	Bank Owned Industrial Warehouse	Murrieta	\$998,000	13,676	\$73
Industrial	Clifford Business Park	Murrieta	\$310,240	3,740	\$83

Industrial Average Value per Building Square Foot¹ \$90

Note: 1. Average price per building square foot is rounded to the nearest tens.

**Table A-4
 Current Commercial and Professional/Office Estimated Values
 General Plan Update Fiscal Analysis, City of Murrieta**

A. COMMERCIAL

Property Designation	Location	City	Total Price	Square Feet	per Building Square Foot
Retail	24831-24843 Jefferson Avenue	Murrieta	\$6,500,000	48,787	\$133
Retail	40414 California Oaks Road	Murrieta	\$1,950,000	11,405	\$171
Retail	Former Kia Auto Facility	Murrieta	\$1,400,000	6,500	\$215
Retail	Margarita Ville	Murrieta	\$1,400,000	7,473	\$187
Retail	Golden Gate Circle 41085	Murrieta	\$2,350,000	11,864	\$198
Retail	SK Furniture	Murrieta	\$5,900,000	40,000	\$148
Retail	unknown	Murrieta	\$6,250,000	30,000	\$208
Retail	unknown	Murrieta	\$375,000	2,500	\$150
Retail	unknown	Murrieta	\$5,200,000	11,461	\$454
Retail	unknown	Murrieta	\$995,000	10,000	\$100
Retail	unknown	Murrieta	\$1,598,000	8,125	\$197
Retail	unknown	Murrieta	\$4,000,000	16,986	\$235
Retail	unknown	Murrieta	\$4,900,000	40,000	\$123
Retail	unknown	Murrieta	\$2,300,000	6,500	\$354
Retail	unknown	Murrieta	\$1,950,000	11,405	\$171

Commercial Average Value per Building Square Foot¹ \$200

B. PROFESSIONAL AND OFFICE

Property Designation	Location	City	Total Price	Square Feet	per Building Square Foot
Office Condo	Ivy Springs Business Park	Murrieta	\$215,000	1,379	\$156
Office Condo	29995 Technology Drive	Murrieta	\$349,000	2,599	\$134
Medical Office	Rancho Springs Medical Plaza II	Murrieta	\$1,262,000	6,310	\$200
Office Condo	Silverhawk Summit Office Building	Murrieta	\$454,720	3,136	\$145
Office Building	unknown	Murrieta	\$179,300	1,175	\$153
Office Condo	Ivy Springs Business Park	Murrieta	\$200,000	1,275	\$157
Medical Office	Inland Valley Medical	Murrieta	\$6,000,000	36,307	\$165
Medical Office	Rancho Springs Medical Condo	Murrieta	\$180,000	1,111	\$162
Office Condo	Silverhawk Summit Office Building	Murrieta	\$795,000	6,259	\$127
Office Condo	Jefferson Point Professional Center	Murrieta	\$525,000	1,900	\$276
Office Condo	Date-Margarita Medical Plaza	Murrieta	\$1,154,360	5,131	\$225
Office Condo	Silverhawk Summit Office Building	Murrieta	\$245,000	1,748	\$140
Office Condo	Oak Grove Medical Building	Murrieta	\$703,240	2,468	\$285
Office Condo	Summit at Silverhawk	Murrieta	\$220,000	1,773	\$124
Office Condo	Silverhawk Summit Office Building	Murrieta	\$674,310	2,366	\$285
Office Building	Calistoga Office Park-Building C	Murrieta	\$3,487,000	15,850	\$220
Office Building	Los Alamos Business Park	Murrieta	\$300,000	1,364	\$220
Office Condo	unknown	Murrieta	\$262,500	1,500	\$175
Office Condo	unknown	Murrieta	\$150,000	1,000	\$150

Professional and Office Average Value per Building Square Foot¹ \$180

Note: 1. Average price per building square foot is rounded to the nearest tens.

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**Table A-5
 Detailed Incremental Non-Residential Square Feet: Recommended Scenario
 General Plan Update Fiscal Analysis, City of Murrieta**

RECOMMENDED SCENARIO

Preferred Land Use Designation	Focus Area (A)					Focus Area Subtotal	Historic Downtown SP Area (A)	Other Areas Outside GP Focus Areas ¹ (B)	City Total
	A: North Murrieta Business Corridor	B: Clinton Keith/ Mitchell Area	C: Golden Triangle North	D: South Murrieta Business Corridor	E: Multiple Use 3 (MU-3) Area				
<u>RDA Share or Amount</u>	100%	0%	100%	80%	0%		100%	0%	1,780,700
<u>Business Park</u>	0	0	0	2,867,071	276,694	3,143,765	0	2,333,015	5,476,780
<i>Non-RDA</i>	0	0	0	573,414	276,694	850,108	0	2,333,015	3,183,123
<i>RDA</i>	0	0	0	2,293,657	0	2,293,657	0	0	2,293,657
<u>Commercial</u>	1,675,260	265,155	244,872	0	1,030,561	3,215,848	270,312	8,635,278	12,121,438
<i>Non-RDA</i>	0	265,155	0	0	1,030,561	1,295,716	0	6,854,578	8,150,294
<i>RDA</i>	1,675,260	0	244,872	0	0	1,920,132	270,312	1,780,700	3,971,144
<u>Industrial</u>	0	0	0	0	0	0	0	1,384,855	1,384,855
<i>Non-RDA</i>	0	0	0	0	0	0	0	1,384,855	1,384,855
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Mixed Use²</u>	0	0	0	0	0	0	0	11,366	11,366
<i>Non-RDA</i>	0	0	0	0	0	0	0	11,366	11,366
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Professional and Office</u>	7,735,391	1,100,732	2,324,698	3,352,862	541,209	15,054,892	251,057	409,210	15,715,159
<i>Non-RDA</i>	0	1,100,732	0	670,572	541,209	2,312,513	0	409,210	2,721,723
<i>RDA</i>	7,735,391	0	2,324,698	2,682,290	0	12,742,379	251,057	0	12,993,436
<u>TOTAL SQUARE FEET</u>	9,410,651	1,365,887	2,569,570	6,219,933	1,848,464	21,414,505	521,369	12,773,724	34,709,598
<i>Non-RDA</i>	0	1,365,887	0	1,243,986	1,848,464	4,458,337	0	10,993,024	15,451,361
<i>RDA</i>	9,410,651	0	2,569,570	4,975,947	0	16,956,168	521,369	1,780,700	19,258,237

Notes: (A) Source: Column P from All TAZ Growth Worksheet

(B) Source: Column S (2035 SF) - Column D (Existing on Ground SF) from all TAZ Growth Worksheet

1. Includes a total of approximately 2.8 million s.f. distributed between the Golden Triangle TAZ 504 (1.78 million s.f.) and the French Valley Crossings in TAZ 618 (965,900 sf.)
2. Mixed Use for Historic Downtown SP Area (502,113 SF - split 50% commercial, 50% office) - has been included in commercial and professional and office categories.

Sources: Stanley R. Hoffman Associates, Inc.
 RBF Consulting

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**Table A-6
 Detailed Incremental Non-Residential Square Feet: Scenario B
 General Plan Update Fiscal Analysis, City of Murrieta**

SCENARIO B

Preferred Land Use Designation	Focus Area (A)					Focus Area Subtotal	Historic Downtown SP Area (A)	Other Areas Outside GP Focus Areas ¹ (B)	City Total
	A: North Murrieta Business Corridor	B. Clinton Keith/ Mitchell Area	C. Golden Triangle North	D. South Murrieta Business Corridor	E. Multiple Use 3 (MU-3) Area				
RDA Share or Amount	100%	0%	100%	80%	0%		100%	0%	1,780,700
<u>Business Park</u>	0	0	0	2,867,071	276,694	3,143,765	0	2,832,135	5,975,900
<i>Non-RDA</i>	0	0	0	573,414	276,694	850,108	0	2,832,135	3,682,243
<i>RDA</i>	0	0	0	2,293,657	0	2,293,657	0	0	2,293,657
<u>Commercial</u>	1,675,260	265,155	244,872	0	1,160,501	3,345,788	270,312	8,477,825	12,093,925
<i>Non-RDA</i>	0	265,155	0	0	1,160,501	1,425,656	0	6,697,125	8,122,781
<i>RDA</i>	1,675,260	0	244,872	0	0	1,920,132	270,312	1,780,700	3,971,144
<u>Industrial</u>	0	0	0	0	0	0	0	1,384,855	1,384,855
<i>Non-RDA</i>	0	0	0	0	0	0	0	1,384,855	1,384,855
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Mixed Use²</u>	0	0	0	0	0	0	0	11,366	11,366
<i>Non-RDA</i>	0	0	0	0	0	0	0	11,366	11,366
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Multiple Use 2</u>	0	0	0	0	0	0	0	58,500	58,500
<i>Non-RDA</i>	0	0	0	0	0	0	0	58,500	58,500
<i>RDA</i>	0	0	0	0	0	0	0	0	0
<u>Professional and Office</u>	6,081,162	0	2,324,698	3,352,862	316,406	12,075,128	251,057	409,210	12,735,395
<i>Non-RDA</i>	0	0	0	670,572	316,406	986,978	0	409,210	1,396,188
<i>RDA</i>	6,081,162	0	2,324,698	2,682,290	0	11,088,150	251,057	0	11,339,207
TOTAL SQUARE FEET	7,756,422	265,155	2,569,570	6,219,933	1,753,601	18,564,681	521,369	13,173,891	32,259,941
<i>Non-RDA</i>	0	265,155	0	1,243,986	1,753,601	3,262,742	0	11,393,191	14,655,933
<i>RDA</i>	7,756,422	0	2,569,570	4,975,947	0	15,301,939	521,369	1,780,700	17,604,008

Notes: (A) Source: Column P from All TAZ Growth Worksheet
 (B) Source: Column S (2035 SF) - Column D (Existing on Ground SF) from all TAZ Growth Worksheet
 1. Includes a total of approximately 2.8 million s.f. distributed between the Golden Triangle TAZ 504 (1.78 million s.f.) and the French Valley Crossings in TAZ 618 (965,900 sf.)
 2. Mixed Use for Historic Downtown SP Area (502,113 SF - split 50% commercial, 50% office) - has been included in commercial and professional and office categories.

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APPENDIX B FISCAL ASSUMPTIONS

This Appendix presents the revenue and cost assumptions for the General Plan Update fiscal analysis. Based on discussion with the City Finance Director, the adopted 2009-2010 revenues and expenditures in the *City of Murrieta, Operating Budget Fiscal Years 2009/10 and 2010/11* document are the basis for the revenue and cost assumptions presented in this Appendix.

B.1 General Assumptions

General assumptions used in the fiscal analysis are presented in Table B-1. These assumptions include population, housing units and employment estimates for the City of Murrieta. The assumptions are based on California Department of Finance (DOF) population and housing estimates, the employment estimate from the Western Riverside Council of Governments (WRCOG) as reported in the Southern California Association of Government's (SCAG's) RTP 2008 Projections.

Population

Murrieta's population of 101,487 is based on the California DOF estimates as of January 1, 2010.

Housing Units

For calculating per housing unit factors, the City housing unit estimate of 34,280 from DOF for January 1, 2010 is used.

Employment

For fiscal factors that are impacted by employment, the City's 2010 employment is estimated at 25,274. Estimated employment is based on the Western Riverside County Riverside Council of Governments (WRCOG) projections as reported in the Southern California Association of Government (SCAG) RTP 2008 Projections.

Service Population

Several fiscal factors are impacted by both population and employment growth. Therefore, these fiscal factors are estimated by allocating total budgeted revenues or costs to both population and employment. As shown in Table B-1, the service population for the City is estimated at 111,997. The service population estimate includes the resident population of 101,487 and the estimated weighted employment of 10,510 (50 percent of 21,019). Employment is weighted at 50 percent assuming that an employee would spend roughly half the time in the City as a resident.

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Table B-1
Socio-Economic Assumptions
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Assumption	Description
	<u>Population and Housing</u>¹
101,487	Total Resident Population
660	Group Quarters Population
100,827	Total Household Population
34,280	Total Housing Units
24,510	Single Family Detached
559	Single Family Attached
814	2 to 4 Units
6,693	5 Plus Units
1,704	Mobile Homes
32,665	Occupied Housing Units
4.71%	Vacancy Rate
3.087	Average Household Size
21,019	<u>Employment</u>²
	<u>Service Population</u>³
101,487	Total Resident Population
<u>10,510</u>	Employment Weighted at 50%
111,997	Total Service Population

- Note: 1. Population and housing estimates are from the California Department of Finance (DOF) for January 1, 2010.
2. The 2010 employment estimate is from WRCOGs' *Riverside County Projections (Revised Draft)* as included in SCAGs' RTP 2008 Projections.
3. This analysis defines service population as the resident population plus employment weighted at 50 percent. Employment is weighted at 50%, assuming that an employee would spend about half the time as a resident in the City.

Sources: Stanley R. Hoffman Associates, Inc.
State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark, Sacramento, California, May 2010*
Southern California Association of Governments (SCAG), *RTP 2008 Projections*

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B.2 Murrieta General Fund

General Fund Revenue Assumptions

The General Fund 2009-2010 revenues are presented in Table B-2. Projected recurring revenues to the City General Fund include property tax; in lieu property tax (VLF); sales and use tax; in lieu property tax (sales and use tax); property transfer tax; franchise fees; SB509 sales tax-safety; utility users tax; business licenses tax; traffic safety fines; other fines and forfeitures; motor vehicle license tax; operating transfers from other funds; interest earned on investments; lease/rental income; and program/miscellaneous income. The revenue factors for the recurring revenues projected in the fiscal analysis are summarized in Table B-3 and described in the remainder of this section.

Property Tax. Property tax revenues are projected at the one percent property tax levy on the assessed valuation for development anticipated for the General Plan Update. For the development located in areas outside redevelopment project areas, property tax to the General Fund is projected at 7 percent of the basic one percent property tax levy. Property tax increment to the Murrieta Redevelopment Agency for the development located in redevelopment project areas is also projected at one percent of the assessed valuation.

Property Transfer Tax. Sales of real property are taxed by the County of Riverside at a rate of \$1.10 per \$1,000 of property value. For property located in the City, property transfer tax is divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property value. As shown in Table B-4, residential development is assumed to change ownership at an average rate of about 8.0 percent per year based on data from the U.S. Census Bureau's, *American Community Survey*, 2009. Non-residential development is assumed to change ownership at an average rate of about 5.0 percent per year.

In Lieu Property Tax (VLF). Cities and counties began receiving additional property tax revenue to replace vehicle license fee (VLF) revenue that was lowered when the state reduced the vehicle license tax in 2004. This property tax in lieu of VLF is projected to grow with the change in the Citywide gross assessed valuation (AV) of taxable property from the prior year. Property tax in lieu of VLF revenue is allocated in addition to other property tax apportionments.

The property tax in lieu of VLF is projected to increase at \$782 per million dollars of increased AV, as shown in Table B-5. This factor is based on the change in AV and property in lieu of VLF over the period from fiscal year 2004/2005 to fiscal year 2009/2010, adjusted to current dollars.

Sales and Use Tax. As part of the total sales tax levied by the State, all cities and counties in the State generally receive a basic one percent (1.0 percent) sales tax and have the option to levy additional sales taxes under certain circumstances. In addition to sales tax revenue, the City receives revenues from the use tax, which is levied on shipments into the state and on construction materials for new residential and non-residential development not allocated to a situs location. Use tax is allocated by the State Board of Equalization (BOE) to counties and cities based on each jurisdiction's proportion of countywide and statewide direct taxable sales. Use tax revenues to the City of Murrieta are estimated at an additional 10.6 percent of point-of-sale sales tax, as shown in Table B-6.

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Table B-2 (page 1 of 2)
General Fund Revenues: 2009-2010
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

General Fund Revenue Category	Fiscal Year Adopted 2009-2010	One-Time Revenues	Not Projected	Projected Recurring Revenues
<u>Taxes</u>				
Property Tax	\$6,965,000	\$0	\$0	\$6,965,000
Sales Tax	7,956,762	0	0	7,956,762
Sales Tax Compensation Fund	2,713,653	0	0	2,713,653
Transient Occupancy Tax	125,000	0	0	125,000
Property Transfer Taxes	400,000	0	0	400,000
Franchises	<u>3,130,000</u>	<u>0</u>	<u>0</u>	<u>3,130,000</u>
<i>Total Taxes</i>	\$21,290,415	\$0	\$0	\$21,290,415
<u>Fines & Forfeitures</u>				
Animal Administration Citations	\$500	\$0	\$0	\$500
Miscellaneous Fines	20,000	0	0	20,000
Administrative Citations	20,000	0	0	20,000
False Alarm	0	0	0	0
Fines - P.C. 1202.5	340,000	0	0	340,000
Traffic Safety Fines	<u>430,000</u>	<u>0</u>	<u>0</u>	<u>430,000</u>
<i>Total Fines & Forfeitures</i>	\$810,500	\$0	\$0	\$810,500
<u>Licenses & Permits</u>				
Building Permits - Non-Residential	\$783,363	\$783,363	\$0	\$0
Miscellaneous Permits	18,496	18,496	0	0
Permit Issuance Fee	199,796	199,796	0	0
Residential Building Permits	26,112	26,112	0	0
Business Licenses	551,250	0	0	551,250
Development Services Fees	100,000	100,000	0	0
Vacant Home Property	50,000	50,000	0	0
Permit Fee Revenue	15,000	15,000	0	0
Transportation Permit Fee	15,000	15,000	0	0
Bingo Licenses/Fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Licenses & Permits</i>	\$1,759,017	\$1,207,767	\$0	\$551,250
<u>Charges for Services</u>				
Plan Checks - Building	\$132,737	\$132,737	\$0	\$0
Miscellaneous	3,700	3,700	0	0
Administrative Cost Reimbursement	591,220	0	591,220	0
CFD Administrative Charges	60,000	0	60,000	0
Citywide Overhead	200,000	0	200,000	0
Planning-Inspection/Plan Check	540,000	540,000	0	0
Contracts for Police Security	16,713	0	16,713	0
Inspections Charges	200,000	200,000	0	0
Public Works Charges	50,000	50,000	0	0
Abatement Reimbursement	0	0	0	0
GIS Processing Fees	0	0	0	0
Residential Building Plan Check	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Charges for Services</i>	\$1,794,370	\$926,437	\$867,933	\$0
<u>Other Revenue</u>				
Miscellaneous	\$6,300	\$0	\$0	\$6,300
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Revenue</i>	\$6,300	\$0	\$0	\$6,300
<u>Transfer in Accounts</u>				
Transfer In - Fire Fund	\$300,000	\$0	\$300,000	\$0
Transfer In - Library Fund	44,000	0	44,000	0
Transfer In - Low/Moderate Housing	500,000	0	500,000	0
Transfer In - Reserve Account	30,000	0	30,000	0
Transfer In - NPDES Fund	4,000	0	4,000	0
Transfer In - DIF Fund	0	0	0	0

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General Fund Revenues: 2009-2010
General Plan Update Fiscal Analysis, City of Murrieta
(In Constant 2010 Dollars)

General Fund Revenue Category	Fiscal Year Adopted 2009-2010	One-Time Revenues	Not Projected	Projected Recurring Revenues
Transfer In - CSD Fund	0	0	0	0
Transfer In - Building Department	0	0	0	0
Transfer In - CFD	0	0	0	0
Transfer In - Impound Yard Fund	0	0	0	0
Transfer In - SLEFS Fund	0	0	0	0
Transfer In - Traffic Safety	0	0	0	0
Transfer In - Area Drainage Fund	0	0	0	0
Transfer In - Foundation	0	0	0	0
<i>Total Transfers In</i>	\$878,000	\$0	\$878,000	\$0
<u>Use of Money & Property</u>				
Directional Sign Program	\$85,000	\$0	\$85,000	\$0
Interest Income	2,000,000	0	0	2,000,000
Lease/Rental Income	211,670	0	0	211,670
Proceeds of Fixed Asset Deposits	1,000	0	1,000	0
Unclaimed Funds	0	0	0	0
Vendor Remuneration	0	0	0	0
<i>Total Use of Money & Property</i>	\$2,297,670	\$0	\$86,000	\$2,211,670
<u>Intergovernmental Revenue</u>				
VLF Tax	\$300,000	\$0	\$0	\$300,000
VLF Compensation	6,551,914	0	0	6,551,914
Federal Reimbursement	64,945	0	64,945	0
State Reimbursements	33,609	0	33,609	0
Off Highway License Fees	0	0	0	0
Other Agency Reimbursement	317,822	0	317,822	0
<i>Total Intergovernmental Revenue</i>	\$7,268,290	\$0	\$416,376	\$6,851,914
<u>Use of Reserves</u>				
Use of Reserves	\$949,313	\$0	\$949,313	\$0
Fund Balance Carry Over	0	0	0	0
<i>Total Use of Reserves</i>	\$949,313	\$0	\$949,313	\$0
<u>General Fund Program Revenues</u>				
General Plan Fee	\$27,000	\$0	\$27,000	\$0
Vehicle Abatement	90,000	0	90,000	0
Waste Management	8,250	0	8,250	0
Police Services	100,000	0	0	100,000
State P.O.S.T.	25,000	0	0	25,000
Facility Indicator Fee	5,000	0	5,000	0
<i>Total General Fund Program</i>	\$255,250	\$0	\$130,250	\$125,000
<u>Miscellaneous Revenue</u>				
County Reimbursement	\$0	\$0	\$0	\$0
Cash Received-Over or Short	0	0	0	0
Govpartner Prior Year Revenue	0	0	0	0
Transfer In-Telecommunication Fund	0	0	0	0
<i>Total Miscellaneous</i>	\$0	\$0	\$0	\$0
<u>CIP Revenues</u>				
Area Drainage Fees	\$0	\$0	\$0	\$0
Development Impact Fee	0	0	0	0
<i>Total CIP Revenue</i>	\$0	\$0	\$0	\$0
General Fund Total	\$37,309,125	\$2,134,204	\$3,327,872	\$31,847,049

Note: 1. Revenues, such as grants or one-time fees, are not projected.

Sources: Stanley R. Hoffman Associates, Inc.
City of Murrieta, Operating Budget, Fiscal Years 2009/10 and 2010/11

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Table B-3
Projected Recurring Revenue Factors, 2009-2010: General Fund and Gas Tax Fund
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

Revenue Category	Fiscal Year Adopted 2009-2010 Budget	Projection Basis ¹	Projection Factor
General Fund			
Property Taxes- General Fund	\$6,965,000	General Fund Share of 1% Property Tax Levy on Assessed Valuation (AV)	7.0% of 1% property tax levy
Property Transfer Tax	\$400,000	Property Turnover and Valuation Assumptions	8.0% annual residential turnover rate 5.0% annual non-residential turnover rate \$0.55 per \$1,000 assessed valuation
Property Tax In Lieu of Motor Vehicle Tax (VLF) ²	\$6,551,914	Assessed Valuation (AV)	\$782 per \$1.0 million increase in AV
Sales Tax ³	\$7,956,762	Taxable Sales	1.0% of taxable sales times 75%
Sales Tax Compensation Fund ³	\$2,713,653	Taxable Sales	1.0% of taxable sales times 25%
Use Tax	n/a	Sales Tax	10.6% use tax as a percent of sales tax
Transient Occupancy Tax	\$125,000	Room Receipts	10.0% of room receipts
Franchise Taxes	\$3,130,000	Service Population	\$27.95 per service population
Business License Tax	\$551,250	Employment	\$26.23 per employee
Traffic Safety Fines	\$430,000	Service Population	\$3.84 per service population
Other Fines and Forfeitures	\$380,500	Service Population	\$3.40 per service population
Motor Vehicle License Fee	\$300,000	Population	\$2.96 per capita
Interest Earned on Investments ⁴	\$2,000,000	Share of Non-Interest Recurring Revenues	3.2% of recurring General Fund revenues
Lease/Rental Income	\$211,670	Population	\$2.09 per capita
Program and Miscellaneous Income	<u>\$131,300</u>	Service Population	\$1.17 per service population
Total General Fund Recurring Revenues	\$31,847,049		
State Gas Tax Fund⁵			
State Gasoline Tax	\$1,607,639	Population	\$15.84 per capita

- Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the resident population estimate plus 50 percent of the City's estimated employment. The weighting factor of 50 percent for employment assumes that an employee would spend about half the time as a resident in the City.
2. The State has lowered the MVLFF rate, which reduces the amount of MVLFF received by cities counties. However, the State is allocating property taxes to offset the MVLFF loss. MVLFF is projected at \$782 per million dollar increase in assessed valuation, as shown in Table B-5.
3. The City of Murrieta receives one percent of the total taxable sales within the City. Of this amount, 25 percent is accounted for in the Sales Tax Compensation Fund, which is a revenue account to track the offset in sales tax taken by the State to secure the Proposition 57 Economic Recovery Bond. The City is compensated for the taken sales tax through the State's Education Revenue Augmentation Funding (ERAF).
4. Interest earned on investments was initially calculated at 6.7 percent of recurring revenues. The fiscal analysis assumes interest earned for future growth at 50 percent of its current rate, or at 3.2 percent of annual recurring revenues.
5. These funds are specially earmarked for maintenance of City streets, including services provided by Public Works staff.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, Operating Budget, Fiscal Years 2009/10 and 2010/11

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**Table B-4
 Estimated Annual Residential Turnover
 General Plan Update Fiscal Analysis, City of Murrieta**

	Occupied Housing Units	Percent of Total
Total Owner Occupied:	21,238	100.0%
Moved in 2005 or later	7,707	36.3%
Moved in 2000 to 2004	8,173	38.5%
Annual Turnover Rate	1,764	8.0%
Moved in 1990 to 1999	3,855	18.2%
Moved in 1980 to 1989	1,231	5.8%
Moved in 1970 to 1979	272	1.3%
Moved in 1969 or earlier	0	0.0%

Source: Stanley R. Hoffman Associates, Inc.
 U.S. Census Bureau, American Community Survey (ACS), 2009

**Table B-5
 Estimated Change in Property Tax-in Lieu VLF per \$1,000,000 Increase in Assessed Valuation
 General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)**

Category	2004/2005	2009/2010	Change in VLF
Nominal Dollars			
Property Tax in Lieu of Vehicle License Fee (VLF)	\$4,367,714	\$6,551,914	\$2,184,200
Assessed Valuation	\$7,108,192,223	\$9,886,016,688	\$2,777,824,465
VLF Increase per Assessed Valuation (AV) Increase			0.000786
VLF Increase per \$1,000,000 increase in AV			\$786
Consumer Price Index			
July 2005 = 201.400			
July 2010 = 225.991			
Change Factor = 1.122			
2010 Constant Dollars			
Property Tax in Lieu of Vehicle License Fee (VLF)	\$4,848,163	\$7,351,248	\$2,503,085
Assessed Valuation	\$7,890,093,368	\$11,092,110,724	\$3,202,017,356
VLF Increase per Assessed Valuation (AV) Increase			0.000782
VLF Increase per \$1,000,000 increase in AV			\$782

Note: 1. Property tax in lieu of VLF revenues are received by cities and counties to offset the State reduction in motor vehicle license fees which began in 2004. Under State law, the increase in property tax in lieu of VLF is based on the increase in assessed valuation in the jurisdiction.

Sources: Stanley R. Hoffman Associates, Inc.
 State Controller's Office, Division of Account and Reporting, *Revenue and Taxation Code Section 97.90 © 1 (B) (i) Vehicle License Fee Adjustment Amounts*, 2004-2005
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*
 Riverside County Assessor, *Assessed Value for Cities, 2009/2010*
 Bureau of Labor Statistics, *Consumer Price Index - All Urban Consumers, Los Angeles-Riverside-Orange County, CA*

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Table B-6
Calculation of Use Tax Factor
General Plan Update Fiscal Analysis, City of Murrieta
(In Constant 2010 Dollars)

City of Murrieta	Amount
<u>Use Tax</u>	
County Pool	\$937,890
State Pool	<u>8,112</u>
Total Use Tax	\$946,002
	<i>divided by</i>
<u>Point-of Sale Sales Tax</u>	\$8,918,952
	<i>equals</i>
<u>Use Tax Rate</u>	10.6%

Note: 1. The use tax rate is the County Pool plus the State Pool divided by point-of-sale taxable sales tax.

Source: The HdL Companies, *Sales Tax Allocation Totals, Calendar Year 2009*

Sales and use tax is projected at 75.0 percent of the total sales and use tax generated because the State has reduced the local sales tax allocation (1.0 percent) by 25.0 percent and replaced this with a dollar-for-dollar allocation of local property tax from County ERAF funds.

Sales Tax Compensation Fund. As of July 1, 2004, the State has reduced the local 1 percent sales tax allocation by 25 percent and replaced this with a dollar-for-dollar allocation of local property tax from County ERAF funds. The City uses the Sales Tax Compensation Fund to track these payments, and the fiscal analysis projects these revenues at 25 percent of the estimated total sales and use tax generated.

Transient Occupancy Tax. The City assesses a tax of 10 percent of the room cost of a hotel, motel or other commercial residence. Transient occupancy tax is not projected in the General Plan Update because the number of new hotel rooms has not been identified.

Franchise Taxes. These taxes are paid by businesses that have a franchise to operate in the City. The businesses include Southern California Edison, The Gas Company, Waste Management of the Inland Empire, Verizon and Time Warner. Each company is assessed between one and ten percent of gross receipts. Based on the City Fiscal Year (FY) 2009-2010 franchise revenues of \$3,130,000 and the City service population estimate of 111,997, franchise taxes are projected at \$27.95 per service population.

Business License Tax. Business licenses are projected at \$26.23 per employee based on FY 2009-2010 business license revenues of \$551,250 and the City employment estimate of 21,019.

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Traffic Safety Fines. These fines are projected at \$3.84 per service population based on FY 2009-2010 adopted revenues of \$430,000 and the City's service population estimate of 111,997.

Other Fines and Forfeitures. These revenues are projected at \$3.40 per service population based on FY 2009-2010 adopted revenues of \$380,500 and the City service population estimate of 111,997. Revenues in this category include court fines and other fines and penalties.

Motor Vehicle License Tax. Motor vehicle license tax revenues are projected at \$2.96 per capita based on the City of Murrieta FY 2009-2010 revenues of \$300,000 and the City population estimate of 101,487.

Interest Earned on Investments. These revenues are projected at 6.7 percent of recurring General Fund revenues based on FY 2009-2010 estimated interest earnings of \$2,000,000 and non-interest General Fund recurring revenues of \$31,847,049. The fiscal analysis assumes that interest for future growth will be earned at 50 percent of the current rate, or at 3.2 percent of annual recurring revenues.

Lease/Rental Income. Lease/rental revenues are projected at \$2.09 per capita based on FY 2009-2010 adopted revenues of \$211,670 and the City population estimate of 101,487.

Program and Miscellaneous Fees. These revenues are projected at \$1.17 per service population based on FY 2009-2010 revenues of \$131,300 and the City service population estimate of 111,997.

State Gas Tax Fund. State gasoline tax revenues for the City are projected at \$15.84 per capita based on FY 2009-2010 adopted revenues of \$1,607,639 and the City's estimated population of 101,487. These revenues are shown with the General Fund because they are earmarked for maintenance of City streets and include services provided by Public Works' staff.

General Fund Cost Assumptions

Cost factors are based on the FY 2009-2010 adopted expenditures presented in the *City of Murrieta, Operating Budget Fiscal Years 2009/10 and 2010/11*. Projected General Fund recurring costs include general government; police; development services; economic development; building and safety; and public works.

General Government. General government costs include City Council, City Attorney, General Administration, Human Resources, Risk Management, Information Services, City Clerk, Finance, Business Licenses, Purchasing, Solid Waste Management, Community Events and Promotions and Non-Departmental expenditures. These costs represent generalized services that can't be directly linked to a specific department and usually viewed as citywide overhead and are projected using an overhead rate applied to departmental line costs.

General government costs are projected at about 20.0 percent of direct General Fund for the current budget. As shown in Table B-7, FY 2009-2010 general government costs of \$7,932,082 represent about 27.0 percent of direct line costs of \$37,309,125. However, overhead costs are not assumed to increase on a one-to-one basis for new development. Based on the fiscal consultants experience with other cities, general government costs are projected at a marginal rate of 75 percent, or at 20.0 percent of direct costs.

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Table B-7
General Fund Expenditures, Fiscal Year 2009-2010
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

General Fund Expenditures	Fiscal Year 2009-2010 Adopted
<u>A. General Government</u>	
City Council	\$250,614
City Attorney	600,066
Administration - General	715,750
Human Resources	740,574
Risk Management	0
Information Services	0
City Clerk	751,385
Finance	2,001,291
Business Licenses	0
Purchasing	219,278
Solid Waste Management	8,000
Community Events & Promotions	236,171
Non-Departmental	<u>2,408,953</u>
<i>Total</i>	\$7,932,082
<u>B. Non-General Government</u>	
Animal Control	\$172,800
Development Services (Planning, GIS)	1,188,614
Economic Development	424,366
Building & Safety	1,543,658
Public Works	3,277,271
Police	<u>22,770,334</u>
<i>Total</i>	\$29,377,043
GRAND TOTAL GENERAL FUND	\$37,309,125
<u>CALCULATION OF GENERAL GOVERNMENT COSTS</u>	
Total General Fund Expenditures	\$37,309,125
<i>minus</i>	
General Government Costs	<u>\$7,932,082</u>
<i>equals</i>	
Direct General Fund Costs	\$29,377,043
General Government as a Percent of Direct General Fund	27%
Overhead at a Marginal Rate of 75 Percent¹	20%

Note: 1. Based on the fiscal consultant's experience in other cities, City overhead for the General Plan Update is projected at 75 percent of the current City overhead rate, or at 20 percent of direct departmental costs.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

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Table B-8
Projected Recurring Cost Factors, 2009-2010: General Fund
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

Expenditure Category	Fiscal Year 2009-2010 Adopted Budget		Projection Basis ¹	Projection Factor
	Total Budget	Adjusted Budget		
General Government	\$7,932,082	n/a	Case Study	20% of direct operating costs
Police	\$22,770,334	n/a	Service Population	\$203.31 per service population
Animal Control	\$172,800	n/a	Population	\$1.70 per capita
Development Services ²	\$1,188,614	\$483,614	Case Study	\$4.32 per service population
Economic Development	\$424,366	n/a	Service Population	\$3.79 per service population
Building and Safety ³	\$1,543,658	\$379,454	Case Study	\$3.39 per service population
Public Works ⁴	<u>\$3,277,271</u>	\$3,012,271	Service Population	\$26.90 per service population
Total General Fund	\$37,309,125			

- Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the resident population estimate plus 50 percent of the City's estimated employment. The weighting factor of 50 percent for employment assumes that an employee would spend about half the time as a resident in the City.
2. Development Services costs are projected at \$4.32 per service population, which represents total Development Services expenditures minus estimated one-time planning fees for new development, as shown in Table B-9.
3. Building and Safety costs are projected at \$3.39 per service population, which represents total Building and Safety expenditures minus estimated one-time permit and plan check fees for new development, as shown in Table B-10.
4. Public Works costs are projected at \$26.90 per service population, which represents total Public Works expenditures minus estimated one-time Public Works fees for new development, as shown in Table B-11.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

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Police Protection. As shown in Table B-8, police protection costs are projected at about \$203.31 per service population based on FY 2009-2010 expenditures of \$22,770,334 and the City service population estimate of 111,997.

Animal Control. The Animal Control division contracts with Animal Friends of the Valley (AFV) for animal control services. The division is overseen by the City Manager's Office. As shown, in Table B-8, animal control costs are projected at \$1.70 per capita based on FY 2009-2010 adopted expenditures of \$172,800 and the City's estimated population of 101,487.

Development Services. Development services costs are projected at \$4.32 per service population based on FY 2009-2010 net costs of \$483,614 and the City service population estimate of 111,997. Development services net costs represent the budgeted costs of \$1,188,614 minus projected one-time fee and permit revenues of \$705,000, as shown in Table B-9.

Economic Development. Economic Development costs are projected at \$3.79 per service population based on FY 2009-2010 expenditures of \$424,366 and the City's estimated service population of 111,997.

Building and Safety. Building and Safety costs are projected at \$3.39 per service population based on FY 2009-2010 net costs of \$379,454 and the City service population estimate of 111,997. Building and Safety net costs represent the budgeted costs of \$1,543,658 minus projected one-time fee and permit revenues of \$1,164,204, as shown in Table B-10.

Public Works. Public Works costs are projected at \$26.90 per service population based on net costs of \$3,012,271 and the City's estimate service population. As shown in Table B-11, one-time public works revenues of \$265,000 are subtracted from FY 2009-2010 adopted expenditures of \$3,277,271 resulting in net costs of \$3,012,771 for Public Works.

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Table B-9
Net Recurring Development Services Cost Factor
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

Category	Amount
<u>Budgeted Development Services Expenditures</u>	\$1,188,614
	<i>minus</i>
<u>One-Time Fees</u>	
Licenses and Permits:	
Development Services Fees	\$100,000
Vacant Home Property	50,000
Permit Fee Revenue	<u>15,000</u>
<i>Subtotal Building Licenses and Permits</i>	<u>\$165,000</u>
Charges for Services:	
Planning-Inspection/Plan Check	<u>\$540,000</u>
<i>Subtotal Charges for Services</i>	<u>\$540,000</u>
Total One-Time Fees	\$705,000
	<i>equals</i>
<u>Recurring Net Development Services Expenditures</u>	\$483,614
	<i>divided by</i>
Service Population ¹	111,997
	<i>equals</i>
<u>Citywide Net Cost Factor per Service Population</u>	\$4.32

Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the City's estimated daytime population.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

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Table B-10
Net Recurring Building and Safety Cost Factor
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

Category	Amount
<u>Budgeted Building and Safety Expenditures</u>	\$1,543,658
<i>minus</i>	
<u>One-Time Fees</u>	
Licenses and Permits:	
Building Permits - Non-Residential	\$783,363
Miscellaneous Permits	18,496
Permit Issuance Fee	199,796
Residential Building Permits	<u>26,112</u>
<i>Subtotal Building Licenses and Permits</i>	<u>\$1,027,767</u>
Charges for Services:	
Plan Checks - Building	\$132,737
Miscellaneous	<u>3,700</u>
<i>Subtotal Charges for Services</i>	<u>\$136,437</u>
Total One-Time Fees	\$1,164,204
<i>equals</i>	
<u>Recurring Net Building and Safety Expenditures</u>	\$379,454
<i>divided by</i>	
Service Population ¹	111,997
<i>equals</i>	
<u>Citywide Net Cost Factor per Service Population</u>	\$3.39

Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the City's estimated daytime population.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

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Table B-11
Net Recurring Public Works Cost Factor
General Plan Update Fiscal Analysis, City of Murrieta
(In Constant 2010 Dollars)

Category	Amount
<u>Budgeted Public Works Expenditures</u>	\$3,277,271
	<i>minus</i>
<u>One-Time Fees</u>	
Licenses and Permits:	
<i>Transportation Permit Fee</i>	\$15,000
Charges for Services:	
Inspection Charges	\$200,000
Public Works Charges	<u>50,000</u>
<i>Subtotal Charges for Services</i>	\$250,000
Total One-Time Fees	\$265,000
	<i>equals</i>
<u>Recurring Net Public Works Expenditures</u>	\$3,012,271
	<i>divided by</i>
Service Population ¹	111,997
	<i>equals</i>
<u>Citywide Net Cost Factor per Service Population</u>	\$26.90

Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the City's estimated daytime population.

Sources: Stanley R. Hoffman Associates, Inc.
City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

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B.3 Murrieta Fire District

The Murrieta Fire District is the operating fund for the City's Fire Department. It is a separate legal entity with its own sources of funding and has a separate budget from the General Fund.

Fire District Revenue Assumptions

As shown in Table B-12, recurring revenues to the Fire District include property tax, fire assessments, charges for services, interest earned on investments, intergovernmental revenues, other revenues and reserves. Intergovernmental revenues, other revenues and reserves are not projected for the General Plan Update because they represent Fire District funding sources that are uncertain for the future.

Property Tax. As discussed previously, property tax revenues are projected at the one percent property tax levy on the assessed valuation for development anticipated for the General Plan Update. For the development located in areas outside redevelopment project areas, property tax to the Murrieta Fire District is projected at 11.5 percent of the basic one percent property tax levy.

Fire Assessment. A fire assessment of \$40 per household was approved by voters to supplement fire protection services.

Charges for Services. Based on the FY 2009-2010 adopted revenues of \$132,500 and the City's service population estimate of 111,997, Fire District charges for services are projected at \$1.19 per service population.

Interest Earned on Investments. Fire District interest is projected at 1.0 percent of recurring Fund revenues based on FY 2009-2010 estimated interest earnings of \$100,000 and non-interest Fire District recurring revenues of \$12,993,001.

Fire District Cost Assumption

As shown in Table B-13, fire protection costs are projected at \$116.90 per service population. This cost is based on FY 2009-2010 adopted Fire District expenditures of \$13,093,001 and the City's estimated service population of 111,997.

B.4 Murrieta Community Services District

The Murrieta Community Services District (CSD) pays for all parks and recreation activities, including the lighting and landscaping maintenance districts throughout the City. The CSD also pays for drainage, flood control and street sweeping.

Community Services District Revenue Assumptions

As shown in Table B-12, recurring revenues to the CSD include assessments, charges for recreation services, transfers from the General Fund for parks and recreation, interest earned on investments, trust fund transfers and reserves. Trust fund transfers and reserves are not projected for the General Plan Update because they represent CSD funding sources that are uncertain for the future.

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Table B-12
Projected Recurring Revenue Factors, 2009-2010: Other Funds
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 (In Constant 2010 Dollars)

Revenue Category	Fiscal Year Adopted 2009-2010 Budget	Projection Basis ¹	Projection Factor
<u>Murrieta Fire District</u>			
Property Taxes- Murrieta Fire District	\$9,869,727	Fire District Share of 1% Property Tax Levy on Assessed Valuation (AV)	11.5% of 1% property tax levy
Fire Assessment	\$1,525,130	Case Study	\$40 per unit
Charges for Services	\$132,500	Service Population	\$1.18 per service population
Intergovernmental Revenues ²	\$400,000	Case Study	n/a not projected
Other Revenue and Reserves ²	\$1,065,644	Case Study	n/a not projected
Interest Earned on Investments	<u>\$100,000</u>	Share of Non-Interest Recurring Revenues	1.0% of recurring Fire District revenues
Total Fire District Revenues	\$13,093,001		
<u>Murrieta Community Services District</u>			
Parks and Recreation Assessment	\$2,774,603	Case Study	\$45 per unit
LLD Assessments	\$3,550,165	Service Population	\$32 per service population
Flood & Drainage Control/Street Sweeping Assessment	\$1,783,787	Equivalent Benefit Unit (EBU) EBU Factors	\$45.44 per EBU 1.0 EBU per residential unit 3,000 Non-residential square feet per EDU
Charges for Recreation Services	\$419,000	Population	\$4.13 per capita
Transfer from General Fund for Parks and Recreation	\$1,027,313	Population	\$10.12 per capita
Interest Earned on Investments	\$255,000	Share of Non-Interest Recurring Revenues	3.0% of recurring CSD Fund revenues
Trust Fund Transfer and Reserves ²	<u>\$220,401</u>	Case Study	n/a not projected
Total CSD Revenues	\$10,030,269		
<u>Murrieta Public Library</u>			
Property Taxes- Murrieta Public Library	\$1,692,790	Library Fund Share of 1% Property Tax Levy on Assessed Valuation (AV)	0.3% of 1% property tax levy
Charges for Services	\$61,300	Population	\$0.60 per capita
Interest Earned on Investments	\$45,000	Share of Non-Interest Recurring Revenues	2.0% of recurring Library Fund revenues
Intergovernmental Revenues ²	\$130,000	Case Study	n/a not projected
Reserves ²	<u>\$415,292</u>	Case Study	n/a not projected
Total Library Fund Revenues	\$2,344,382		

Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the resident population estimate plus 50 percent of the City's estimated employment. The weighting factor of 50 percent for employment assumes that an employee would spend about half the time as a resident in the City.

2. These revenues represent revenues that are transferred from other funds and sources, including reserves, in the current budget. Because of the uncertainty of these revenues for the future, these revenues are not assumed to be recurring and are not projected for incremental growth.

Sources: Stanley R. Hoffman Associates, Inc.

City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*

Wildan Financial Services, *City of Murrieta, Engineer's Annual Levy Report, Murrieta Community Services District, Fiscal Year 2010/2011 Collection Roll*, June 2010

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Table B-13
Projected Recurring Cost Factors, 2009-2010: Other Funds
General Plan Update Fiscal Analysis, City of Murrieta
 (In Constant 2010 Dollars)

Expenditure Category	Fiscal Year 2009-2010 Adopted Budget		Projection Basis ¹	Projection Factor
	Total Budget	Adjusted Budget		
Murrieta Fire District				
Fire Protection	\$13,093,001	\$13,093,001	Service Population	\$116.90 per service population
Murrieta Community Services District (CSD)				
Recreation, Parks and Parkways	\$3,453,685	\$3,453,685	Case Study	\$30.84 per service population
Lighting and Landscaping	\$4,879,587	\$4,879,587	Case Study	\$43.57 per service population
Drainage/Flood Control/Street Sweeping	<u>\$1,696,997</u>	<u>\$1,696,997</u>	Case Study	\$15.15 per service population
Total CSD	\$10,030,269	\$10,030,269		
Library Fund				
Library Services	\$2,344,382	\$2,344,382	Population	\$23.10 per capita

Note: 1. For fiscal factors that are based on population and employment, an estimated Citywide average service population factor is applied to the estimated service population for the projected growth. Service population represents the resident population estimate plus 50 percent of the City's estimated employment. The weighting factor of 50 percent for employment assumes that an employee would spend about half the time as a resident in the City.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Murrieta, *Operating Budget, Fiscal Years 2009/10 and 2010/11*
 Wildan Financial Services, *City of Murrieta, Engineer's Annual Levy Report, Murrieta Community Services District, June 2010*

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Assessments. Assessments represent about 90 percent of the recurring revenues for the CSD. Three types of assessments are collected:

Parks and Recreation Assessment. An assessment of \$45 per household was approved by voters in 1998. Of this amount, about 61 percent goes toward maintenance of City parks and general landscaping and the remaining 39 percent is for recreation services.

LLD Assessments. Based on budget revenues of \$3,550,165 and the City's service population estimate of 111,997, LLD assessments are projected at \$32 per service population.

Flood Control, Drainage and Street Sweeping. An assessment of \$45.44 per equivalent benefit unit (EBU) is charged for these services. One EBU is equal to one residential unit and about 3,000 non-residential square feet are equal to one EBU.

Charges for Recreation Services. As shown in Table B-12, based on the FY 2009-2010 adopted revenues of \$419,000 and the City's population estimate of 101,487, CSD charges for recreation services are projected at \$4.13 per capita.

Transfer from General Fund for Recreation Services. Based on FY 2009-2010 transfers to the CSD of \$1,027,313 from the General Fund and the City's population estimate, these revenues are projected at \$10.12 per capita.

Interest Earned on Investments. CSD interest is projected at 3.0 percent of recurring CSD revenues based on FY 2009-2010 estimated interest earnings of \$255,000 and non-interest CSD recurring revenues of \$9,755,269.

Community Services District Cost Assumptions

Recreation, Parks and Parkways. As shown in Table B-13, these costs are projected at \$30.34 per service population. This cost is based on FY 2009-2010 adopted expenditures of \$3,453,685 for recreation, parks and parkway maintenance services and the City's estimated service population of 111,997.

Lighting and Landscaping. While the costs vary by benefit zone, the Citywide LLD costs are projected at \$43.57 per service population based on FY 2009-2010 adopted expenditures of \$4,879,587 and the City's estimated service population.

Drainage, Flood Control and Street Sweeping. Based on the FY 2009-2010 adopted expenditures of \$1,696,997 and the City's service population estimate of 111,997, these services are projected at \$15.15 per service population.

B.5 Murrieta Public Library

The Murrieta Library Fund is the operating fund for the City's Public Library. It is a separate legal entity with its own sources of funding and has a separate budget from the General Fund.

Library Fund Revenue Assumptions

As shown in Table B-12, recurring revenues to the Library Fund include property tax, charges for services, interest earned on investments, intergovernmental revenues and reserves.

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Intergovernmental revenues and reserves are not projected for the General Plan Update because they represent Library funding sources that are uncertain for the future.

Property Tax. For the development located in areas outside redevelopment project areas, property tax to the Murrieta Library Fund are projected at 0.3 percent of the basic one percent property tax levy.

Charges for Services. Based on the FY 2009-2010 adopted revenues of \$61,300 and the City's population estimate of 101,487, Library charges for services are projected at \$0.60 per capita.

Interest Earned on Investments. Library Fund interest is projected at 2.0 percent of recurring Fund revenues based on FY 2009-2010 estimated interest earnings of \$45,000 and non-interest Library recurring revenues of \$2,299,382.

Library Services Cost Assumption

As shown in Table B-13, costs for library services are projected at \$23.10 per capita. This cost is based on FY 2009-2010 adopted Library Fund expenditures of \$2,344,382 and the City's estimated population of 101,487.

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APPENDIX C PROJECT REFERENCES

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