APPENDIX J

Economic/Fiscal Impact Analysis Summary Report

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NOTICE ON APPENDIX REDUCTION

This technical appendix has been reduced by 50% and printed double-sided to conserve paper and to allow the technical appendices to be incorporated into the EIR/EIS. If you wish to have a full-sized copy of this appendix, please contact the CVAG at 760-346-1127.

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Fiscal Impact Analysis
for the

Coachella Valley
Multiple Species Habitat Conservation Plan

An Analysis of the Potential Cost/Revenue Impacts to the Cities and County

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Fiscal Impact Analysis for the Coachella Valley Multi-Species Habitat Conservation Plan

This Appendix was prepared in November 2003. Since that time, the City of Desert Hot Springs elected not to be a Permittee under the Plan. Information for the City of Desert Hot Springs is included in this Appendix, reflecting the fact that the City is located within the Plan Area for the MSHCP. It should be noted that Desert Hot Springs is not a Permittee under the MSHCP. MSHCP requirements do not apply within the City with the exception of conservation anticipated on public lands and within the Morongo Wash Special Provisions Area as described in Section 7.3.1 of the Plan. Since the City is not a Permittee, the City has no Covered Activities under the Plan.

I. INTRODUCTION

More than 1.2 million acres of land in the Coachella Valley occur within the boundaries of the proposed Coachella Valley Multi-Species Habitat Conservation Plan (MSHCP). Approximately 15.51% of the Plan area lies within the cities of Desert Hot Springs, Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio and Coachella.[1] The remaining 84.48% of the Plan area occurs within unincorporated Riverside County.

While a substantial portion of the MSHCP area is currently urbanized or already designated for conservation purposes, approximately 17.7% (200,536± acres) of the Plan area consists of vacant land proposed for conservation which is currently under private or public non-conservation ownership.[2] These lands are currently available for urban development, in a manner consistent with each jurisdiction's General Plan. Development of these lands would be expected to result in economic benefits for Coachella Valley cities and Riverside County in the form of increased property tax, sales tax and transient occupancy tax revenues, motor vehicle license fees, special assessments, and other revenues. Development would also generate additional costs associated with the extension of public services and facilities. Implementation of the proposed MSHCP would result in the conversion of these lands to conservation, and almost all revenues associated with future development would be lost. The conversion of vacant, potentially developable land to open space and conservation uses could have fiscal impacts on the economies of the jurisdictions in which these lands lie. The purpose of this fiscal impact analysis is to determine what the costs and revenues of these lands could be, if they were to develop under the parameters of the jurisdictions in which they occur.

The Plan does allow very limited development of conservation lands under certain circumstances. However, in order to reflect the most conservative analysis in this report, it has been assumed that no development, and therefore no revenue, would be generated on any lands in a conservation area. Further, some development occurs already in the conservation areas, generally of a very low density residential nature. This development is generating revenue and costs for the jurisdiction in which it occurs. Again in an effort to reflect the most conservative

[1] p.14, "Internal Review Draft, Coachella Valley Multiple Species Habitat Conservation Plan/Natural Communities Conservation Plan," prepared by the Coachella Valley Mountains Conservancy, August 2003.
[2] Ibid, Table 2.5

analysis, this report assumes that all lands designated for conservation within the Plan boundary are currently vacant, and not generating either costs or revenues beyond the basic property tax generated by vacant land in the jurisdiction in which it occurs. The following analysis evaluates the potential direct economic impacts associated with adoption and implementation of the MSCHP.

II. ASSUMPTIONS

The purpose of the fiscal analysis is to estimate the direct public costs and revenues that would result if vacant lands identified for conservation by the MSHCP were instead allowed to develop in accordance with their current land use designations. If the vacant acreage identified in the MSHCP is lost to conservation, and development is prohibited on these lands, all costs and revenues identified in this fiscal analysis will be lost.

Protection and conservation of the proposed conservation areas is at the heart of the MSHCP. Ideally, from a habitat protection perspective, it is desirable to acquire, or otherwise protect from development, 100% of the proposed conservation area. However, it is possible that adequate funds may not be available to acquire all parcels identified for conservation, and limited development opportunities may be available on certain parcels via environmental constraint sheets, cluster densities, land dedications, and other planning mechanisms which allow development, while also achieving conservation goals. Nonetheless, to provide the most conservative analysis possible, this analysis assumes that when the MSHCP is adopted and implemented, 100% of the vacant lands proposed for conservation by the MSHCP will be conserved, and development will be completely prohibited. Parcels that have already been developed will remain developed, and implementation of the MSHCP is expected to have little impact on them.

Density Assumptions
Analysis of existing development patterns in the Coachella Valley indicates that residential development does not typically occur at the maximum densities permitted by each jurisdictions' General Plan. Therefore, this fiscal analysis assumes that residential development will occur at a rate of 75% of the maximum density permitted. For example, if 100 acres of Low Density Residential land are available for development, and the maximum density permitted is 4 dwelling units per acre, a maximum of 400 units could potentially be developed. However, to provide a more realistic analysis of development in the Coachella Valley, this fiscal impact analysis assumes that only 300 units (75% of the maximum permitted) would be developed.

The fiscal analysis also assumes that, at buildout, commercial development will result in 22% building coverage (9,583.2 square feet of building space per acre), and industrial development will result in 34% building coverage (14,810.4 square feet of building space per acre). These estimates are provided in the Urban Land Institute's "Project Reference File" and represent standard single-story development typical of the Coachella Valley.[3] These assumptions are consistent with the local jurisdictions' floor area ration (FAR) limitations, and the realities of development for commercial and industrial projects, which require large areas of parking and/or loading in addition to the building coverage generated.

[3] "Project Reference File," Urban Land Institute, 1991.

Construction Cost Assumptions

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1% of valuation, and the collection rate is 100%. All property values are stated in year 2000-2001 dollars. The value of new residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." The value of new commercial development is assumed to be $95 per square foot, and the value of new industrial development is assumed to be $65 per square foot, which represent standard commercial and industrial development in the Coachella Valley.

III. FORMAT

The following jurisdictions occur within the boundaries of the proposed MSHCP. Each jurisdiction is expected to lose potentially developable lands to conservation upon adoption and implementation of the MSHCP:

- County of Riverside
- City of Desert Hot Springs
- City of Palm Springs
- City of Cathedral City
- City of Rancho Mirage
- City of Palm Desert
- City of Indian Wells
- City of La Quinta
- City of Indio
- City of Coachella

The MSHCP fiscal analysis is intended to provide a broad overview of projected costs and revenues that would result if lands proposed for conservation were instead allowed to develop, in accordance with their current land use designations. The findings represent those revenues and costs that could be "lost" to conservation upon implementation of the MSHCP.

All analyses conducted in this report follow the format recommended in the "Riverside County Guide to Preparing Fiscal Impact Reports," which is widely used in the Coachella Valley when jurisdictions prepare annexation applications. The costs and revenues evaluated in the fiscal analysis represent major cost and revenue sources identified in each jurisdiction's Fiscal Year 2000-2001 Budget. In most jurisdictions, major General Fund revenue sources associated with the development of land and/or associated population increases, include property tax, property transfer tax, sales tax, transient occupancy tax, and motor vehicle in-lieu revenues. Other taxes and fees levied on a city-wide or county-wide basis, such as Utility Users Taxes, are also included in the analysis. Restricted revenue sources (also known as Special or Non-General Fund revenues), including TUMF fees, highway user gas taxes, Measure A, and special assessment districts are also included where applicable. The analysis also evaluates the potential costs of providing general government services, public safety services, and roadway maintenance to future development that could occur on lands being proposed for conservation.

The fiscal analysis does not include projections of application processing or permitting fees, such as development review fees or building permit fees. These fees are largely based on project-specific development criteria that will not be determined until actual development projects are proposed and cannot be adequately estimated at this time. In addition, the following revenue sources are not evaluated: revenues not directly associated with the development of land, inter-governmental grants, capital improvement funds, and geographically limited assessments that are

not levied on a city-wide/county-wide basis. Furthermore, the analysis does not project potential revenues from developer impact fees. These fees are intended to mitigate the impacts of new development on public improvements and do not offset recurring operating costs. All projected costs and revenues are stated in Year 2000-2001 dollars.

The proposed MSHCP is a long-range plan that is expected to be in effect for 50 years. For analysis purposes, the life of the plan has been envisioned as a 20-year period, divided into four five-year buildout phases. It is assumed that future development will be evenly distributed over the four buildout phases, and that buildout will occur at the end of this period. This approach allows for an incremental analysis of potential fiscal impacts. Cost/revenue projections are cumulative and include the costs/revenues incurred during all previous phases. Should buildout occur over a longer period, the costs and revenues would simply be spread over a similarly longer period. The final analysis, therefore, is not affected by the time period involved in actual ultimate buildout of the Coachella Valley.

IV. METHODOLOGY

The MSHCP fiscal impact analysis utilizes two methodologies recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports": the Case Study Method and the Multiplier Method.[4] The Case Study Method is used to calculate the following revenue sources: property tax, property transfer tax, sales tax, transient occupancy tax, TUMF fees, and Measure A revenues. Each of these revenue sources is based on a unique series of mathematical computations and assumptions, which are discussed in more detail below. Other revenues and costs are projected using the Multiplier Method, which is based on a per unit or per capita cost or revenue factor.

A. Potential City/County Revenues

1. Property Tax Revenue

The County of Riverside collects property taxes annually at a rate of 1% of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies. It is important to note that Riverside County not only receives property tax revenue from unincorporated lands under its jurisdiction, but also receives a portion of property tax revenue generated in incorporated cities.

The table below describes the allocation of the 1% property tax among public agencies. The data are based on information acquired from city staff and the Riverside County Auditor-Controller's Office. Although actual percentages allocated to different agencies may vary from one Tax Rate Area (TRA) to another, the rates described below represent typical allocation formulas within each jurisdiction. They have been used in this fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands.

[4] "County of Riverside Guide to Preparing Fiscal Impact Reports," prepared by County Administrative Office, January 1995.

Table IV-1
Allocation of the 1% Property Tax
To Various Public Agencies

Jurisdiction	Portion of the 1% Property Tax		
	Percent Allocated to City	Percent Allocated to Riverside County General Fund	Percent Allocated to Other Agencies
Desert Hot Springs[2]	16.6%	23.1%	60.3%
Palm Springs[1]	27.5%	25.0%	47.5%
Cathedral City[2]	9.6%	24.8%	65.6%
Rancho Mirage[1]	7.5%	22.5%	70.0%
Palm Desert[1]	7.1%	21.1%	71.8%
Indian Wells[1]	7.0%	36.0%	57.0%
La Quinta[1]	5.0%	25.5%	69.5%
Indio[1]	21.0%	22.0%	57.0%
Coachella[1]	13.0%	19.1%	67.9%
Unincorp. Riv. Co.[2]	N/A	29.3%	70.7%

[1] Data provided by City Finance Department or budget.
[2] Based on Tax Rate Area (TRA) Tax Analysis data received from Riverside County Auditor-Controller's Office, May 31, 2001. Percentages represent property tax allocations for a sample TRA within each jurisdiction, before Educational Revenue Augmentation Fund (ERAF) distributions are subtracted. For unincorporated Riverside County, percentages shown are the averages of those in 3 TRA's located on unincorporated land in the Coachella Valley.

Under the proposed MSHCP, approximately 200,536 vacant acres currently designated for urban uses are proposed for conservation. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. The MSHCP does allow for some development within conservation land. Therefore, the analysis contained in this document is considered conservative. The development potential of these lands and any property tax revenue increases generated by future development is assumed to be "lost."

The General Plan designations for lands in conservation areas include Open Space and Public/Quasi-Public land uses. There are approximately 32,000 acres within the boundaries of the conservation areas which are currently designated for such uses. Projected tax revenues, including property tax revenues for lands currently designated as open space are not calculated if no density range is provided in the jurisdiction's General Plan. This is because open space lands are intended to remain undeveloped and are not expected to generate additional property tax or other revenues in the future. Similarly, potential property or other tax revenues are not calculated for lands designated for public/institutional uses. These lands typically allow for a wide range of land uses, such as schools, libraries, government offices, senior centers, and utility substations. At this time, it is impossible to anticipate what type of development, if any, would occur on these lands in the future and what the value of any improvements might be. Finally, these lands generally do not generate property tax.

To determine potential property tax revenue losses associated with implementation of the MSHCP, the fiscal model projects potential property tax revenues that would be generated if vacant lands being proposed for conservation were allowed to develop in the future. Potential property tax revenues are estimated for lands currently designated for residential, commercial, and industrial land uses. The fiscal model assumes that these parcels will develop at the densities described in the General Plan, less the reductions described in Section II of this document. Potential property tax revenues generated by future development on these lands will be "lost" if they are placed into conservation under the proposed MSHCP. The fiscal model calculates potential revenue losses for the city in which the land is located, as well as Riverside County, which retains a portion of revenues generated within each city.

2. Property Transfer Tax Revenue

Property transfer tax revenues will also be "lost" if developable lands are converted to conservation. The Property Transfer Tax is levied by Riverside County upon a change of ownership of property. The tax rate is $1.10 per $1,000 (or 0.11%) of the unencumbered property value.[5] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. If the property transfer occurs on unincorporated County lands, the County retains 100% of the revenue. If the transfer occurs within an incorporated city, the revenue is divided evenly between the County (50%) and the city (50%) in which the property is located.[6] Upon implementation of the MSHCP, therefore, Riverside County will not only lose Property Transfer Tax from unincorporated lands placed into conservation, but will also lose revenue from city lands placed into conservation.

The fiscal model describes the potential losses to both Riverside County and the city in which the lands occur (if any). For analysis purposes, estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." Upon the sale of a new unit, 100% of the unit's market value is subject to the property transfer tax. Upon change of ownership of an existing unit, the unencumbered value (average 80%) of the property is subject to the property transfer tax. Change in ownership is assumed to begin in the fourth year of the project, and 10% of existing residential properties are assumed to change ownership per year. Property values are stated in year 2000-2001 dollars, and the same property values used in the property tax revenue evaluation, above, are used in this analysis. A resale rate of 1% is assumed for multi-family, commercial and industrial development. For new commercial and industrial buildings, it is assumed that only 10% of the property value will change ownership after the structure is built.

3. Sales and Use Tax Revenue

The Coachella Valley's economy is largely dependent upon the tourism industry, and sales tax revenues constitute a significant revenue source for many Coachella Valley cities. If potentially developable land in the MSHCP planning area is converted to conservation, its ability to generate taxable sales and sales tax revenue will be lost. Sales tax in Riverside County is

[5] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[6] Ibid.

collected at a rate of 7.75% by the state of California. The table below describes how sales tax revenues are allocated among public agencies.

Table IV-2
Components of the 7.75% Sales and Use Tax

Rate	Jurisdiction
6.00%	State of California
1.00%	Local (City/County)
0.25%	County (transportation funds)
0.50%	Riverside County (Measure A)

Source: "California Cities and Counties Sales and Use Tax Rates," California State Board of Equalization, April 2003.

As shown in the table above, one percent (1.0%) of the sales tax is allocated to the jurisdiction in which the sale occurred. The MSHCP fiscal analysis estimates total taxable sales that could be generated if development is permitted on proposed conservation lands, then extracts 1% of taxable sales to determine how much local sales tax revenue could be generated.

The fiscal model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development. Taxable sales from industrial development in the Coachella Valley are generally very limited, and the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model. In this regard, the fiscal model provides a conservative (or worst-case) analysis of potential revenues.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. As described in the Riverside County "Guide to Preparing Fiscal Impact Reports," discretionary income calculations are based on the assumption that total monthly housing costs are roughly equal to 30% of household income, and 19% of net household income is available for spending on taxable goods. Monthly housing costs for single-family residential development are based on the 2001 median new housing value provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." This analysis assumes conventional financing with a 30-year fixed rate mortgage. A 25-year average mortgage lending rate (including years 1976 to 2000) of 9.65% is used. When applicable, monthly housing costs for multi-family development are based on the average rental rate for a one or two-bedroom apartments or duplexes, provided by the Riverside County Economic Development Agency "Community Economic Profile" for each jurisdiction.

Residents do not typically spend their entire expendable incomes within the boundaries of their own city, and often travel to other jurisdictions to shop. When this "retail leakage" occurs, the home city "loses" its sales tax revenue to another jurisdiction. The fiscal impact model assumes that 70% of expendable income is spent in the same jurisdiction in which the resident lives, and 30% is spent elsewhere. Therefore, the jurisdiction in which the resident lives derives sales tax

revenue from only 70% of the resident's expendable income. Because of the intensity of commercial development in Valley cities, it has been assumed that taxable transactions for County residents would occur primarily in the cities (70%), and that only 30% of taxable transactions would occur in the County.

The fiscal impact model also projects potential sales tax revenue generated on vacant commercial lands proposed for conservation under the MSHCP. It assumes that future development of commercial lands will result in 22% lot coverage, and that 90% of the net floor space will be dedicated to the sale of taxable goods. Average annual sales estimators from the Urban Land Institute's (ULI) 1997 "Dollars and Cents of Shopping Centers" are applied to the number of square feet dedicated to taxable sales. According to ULI, "neighborhood commercial" development (which includes neighborhood scale shopping centers conveniently located near residential areas, and a variety of smaller commercial centers, specialty retail shops and personal service businesses) generates an annual average of $220.69 per square foot in taxable sales. "Community Commercial" development (which includes larger, community scale shopping centers and malls that may be anchored by several department stores) generates an annual average of $224.99 per square foot in taxable sales.

4. Transient Occupancy Tax (TOT) Revenue

Transient Occupancy Tax (TOT) revenues will also be lost, where vacant lands designated for hotel/motel development are proposed for conservation. The TOT is imposed on individuals for the privilege of occupying a hotel or motel room. In some jurisdictions, camping sites and recreational vehicle spaces are also subject to the TOT. These facilities are included in revenue calculations, where appropriate. Each jurisdiction has its own TOT rate, as shown below.

Table IV-3
Transient Occupancy Tax Rates
Fiscal Year 2000-2001

Jurisdiction	TOT Rate
Desert Hot Springs	9%
Palm Springs	10%
Cathedral City	10%
Rancho Mirage	10%
Palm Desert	9%
Indian Wells	9.25%
La Quinta	10%[1]
Indio	10%
Coachella	9%
Riverside County	10%

[1] = In La Quinta, the TOT rate is 11% for hotels with convention facilities, and 10% for all others. To provide the most conservative analysis, the MSHCP fiscal model uses the 10% rate.

Potential TOT revenues are based on the number of hotel/motel rooms that could be constructed on proposed conservation lands, the average nightly room rate charged, and the average occupancy rate. The number of hotel/motel rooms that could be constructed is determined by multiplying the number of acres available for hotel/motel development by the maximum permitted room density. The room rate used in this analysis is $126.27/night, which is the 2002 YTD room rate in the Coachella Valley, based on data from the California Hotel & Motel Association.[7] The average occupancy rate is 60%, as recommended in Riverside County's "Guide to Preparing Fiscal Impact Reports."

5. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city is expected to receive $49.57 per capita, and Riverside County is expected to receive $54.04 per capita.[8]

The local jurisdictions all have residential lands within the proposed conservation areas. If these lands were allowed to develop as currently designated, new residential units would be constructed, and new residents would move in. The jurisdiction in which the new residents live would receive motor vehicle in-lieu revenue, on a per capita basis, for each new resident. If these lands are converted to conservation, as proposed by the MSHCP, no development will occur, and no additional revenue will be realized.

The fiscal model estimates potential motor vehicle in-lieu revenues that could be realized with development of proposed conservation lands. It assumes that residential lands will develop at a rate of 75% of the maximum density permitted, and calculates the number of dwelling units that could be constructed at buildout. It then multiplies the number of units by the average number of persons per household, as described by the 2000 U.S. Census, to determine the potential buildout population. Finally, the model applies the per capita apportionment factors described above to the total buildout population.

6. TUMF Fees

Riverside County Ordinance 673 established a fee mitigation program for funding the engineering, construction, and purchase of right-of-way and other transportation improvements in the Coachella Valley. The program is better known as the Transportation Uniform Mitigation Fee (TUMF), and its mitigation fee is paid by developers of new projects prior to the issuance of building permits. Fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units,

[7] California Hotel & Motel Association in cooperation with Smith Travel Research Company, provided by Terri Milton, Palm Springs Desert Resorts Convention and Visitors Authority, personal communication, October 8, 2002.
[8] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

number of rooms, or number of parking spaces. Mitigation fees are collected by Riverside County and disbursed to the Coachella Valley Association of Governments (CVAG), which is responsible for the management and utilization of funds for regional transportation improvement projects. The City of La Quinta does not participate in the TUMF program, and therefore, does not collect TUMF fees for new development projects within its boundaries. All other jurisdictions in the MSHCP planning area participate in the TUMF program.

The proposed MSHCP will place approximately 200,536± developable acres into conservation and will remove their development potential, as well as their potential to generate additional TUMF revenues. It can be argued that, with no new development, there will also be no new impacts to regional transportation facilities, and the loss of TUMF revenue will result in a zero net impact on regional transportation facilities. Nonetheless, to provide an accurate representation of potential revenue losses associated with implementation of the MSHCP, the fiscal model projects potential TUMF revenues that could be lost to conservation.

On the cost/revenue summary sheet for each jurisdiction that participates in the TUMF program (provided at the back of this document), TUMF fees collected are listed as a revenue source in the Restricted Fund Revenue section. However, because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on jurisdictions that collect TUMF fees, therefore, will be zero. However, potential impacts to the regional TUMF program itself could be substantial, and each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements.

7. Highway User Gas Tax Revenue

Portions of the tax levied per gallon by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. The anticipated per capita apportionment factors for Fiscal Year 2000-2001 are provided in the table below.

Table IV-4
Highway User Gas Tax
Annual Apportionment Factors, FY 2000-2001

Jurisdiction	Annual Per Capita Apportionment Factor
Desert Hot Springs	$19.14
Palm Springs	$18.82
Cathedral City	$18.87
Rancho Mirage	$19.26
Palm Desert	$18.87
Indian Wells	$20.27
La Quinta	$19.02
Coachella	$19.01
Indio	$18.81
Unincorporated Riverside County	$15.12
Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.	

Conservation of lands currently designated for residential development will result in highway users gas tax revenue losses to local jurisdictions. If vacant residential lands are allowed to develop as currently designated, new dwelling units would be constructed, and new residents would move in. The jurisdiction in which the residents live would receive gas tax revenues, on a per capita basis, for each new resident. Implementation of the MSHCP, however, will remove the development potential from these residential lands, and additional gas tax revenues will be lost.

8. Measure A Revenue

Of the 7.75% sales tax collected in Riverside County, 0.50% (or .005 cent on the dollar) is contributed to the Measure A fund. Measure A revenues are managed and disbursed by the Riverside County Transportation Commission (RCTC). Of all the Measure A revenues allocated to the Coachella Valley region, 65% is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. The remaining 35% is allocated to local jurisdictions, based on a formula that accounts for the jurisdiction's population and total taxable sales. Measure A revenues are restricted for use in funding local street maintenance, traffic signal installation, and related improvements. Because it does not participate in the TUMF program, the City of La Quinta does not receive Measure A revenues.

Implementation of the proposed MSHCP will remove the development potential and ability to generate taxable sales from vacant acres proposed for conservation. If taxable sales are lost, associated Measure A revenues will also be lost. The fiscal model estimates potential Measure A losses by estimating anticipated sales tax revenues, using the same methodology used to project local sales tax revenues. It then extracts the 0.50% designated for Measure A. It further reduces this amount to reflect only that portion (26.9%) which is allocated to the Coachella Valley region. Of the 26.9% allocated to the region, only 35% is allocated to local jurisdictions via the

Streets/Roads program. The table below identifies how Streets/Roads program funds are allocated to each jurisdiction.

Table IV-5
Allocation of Coachella Valley
Streets/Roads Program Measure A Funds

Jurisdiction	Percentage Allocated to Jurisdiction*
Desert Hot Springs	2.9%
Palm Springs	16.7%
Cathedral City	13.8%
Rancho Mirage	7.3%
Palm Desert	23.7%
Indian Wells	2.0%
Indio	10.1%
Coachella	3.1%
Unincorporated Riverside Co	13.0%

* Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.
Note: City of La Quinta does not receive Measure A funds.
Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001.

9. County Service Area (CSA) 152 Revenue

Several jurisdictions in the Coachella Valley collect an assessment, through County Service Area 152, to support the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990. The program requires the adoption and implementation of storm water management plans, which reduce the discharge of pollutants from storm water systems into waters of the United States.

The following four cities participate in CSA 152: Desert Hot Springs, Palm Springs, Rancho Mirage and La Quinta.[9] The cities have a Memorandum of Understanding (MOU) with Riverside County, whereby Riverside County acts as fund manager for the cities' CSA 152 assessments. The County collects, manages, and reimburses 100% of the assessments collected to the participating cities. Should potentially developable lands be placed into conservation, these revenues would be lost.

Under CSA 152, an annual assessment is levied on both developed and undeveloped lands. The amount assessed is based on a system of Benefit Assessment Units (BAUs). Each parcel is assigned a specific number of BAUs, based on land use, as shown in the table below.

[9] Debbie Cox, CSA Administrator, Riverside County Executive Office, personal communication, January 10, 2001.

Table IV-6
County Service Area 152
Benefit Assessment Unit (BAU) Factors

Land Use	BAU Assignment
Single-Family Residential	1 BAU/dwelling unit
Multi-Family Residential	9 BAU/developed acre
Commercial/Industrial	12 BAU/developed acre
Golf Course/Private Park	0.10 BAU/developed acre
Parcels w/miscellaneous structures	0.05 BUA/developed acre
Agriculture, Dairies, Vacant and Undeveloped Parcels	0 BAU/acre
Source: Assessment Guidelines, provided by Debbie Cox, CSA Administrator, Riverside County Executive Office, January 10, 2001.	

Each city has established its own BAU dollar value. To calculate the assessment for a particular property, the fiscal model multiplies the number of dwelling units or developed acres on a particular parcel, by the number of BAUs assigned to the property (shown in the table above), and the city's established BAU dollar rate. The BAU dollar rates for the four participating cities are shown below.

Table IV-7
County Service Area 152
City BAU Rates

Jurisdiction	Annual BAU Rate
Desert Hot Springs	$1.57
Palm Springs	$9.50
Rancho Mirage	$4.68
La Quinta	$9.99
Source: Debbie Cox, CSA Administrator, Riverside County Executive Office, January 10, 2001.	

10. Investment Income

If municipal revenues are "lost" to conservation, any investment income that could be generated by these revenues will also be lost. In order to project potential investment earnings on new revenues, the fiscal model applies the standard prescribed in the Riverside County "Guide to Preparing Fiscal Impact Reports'" the historical average interest rate of the 90-Day Treasury Bill. During the 25-year period from 1976 through 2000, the average interest earned on the 90-Day Treasury Bill was 6.83%.[10] The fiscal model calculates investment income for all revenues calculated in this report.

11. Special Revenue Sources

As previously mentioned, individual jurisdictions levy taxes and fees on a city-wide or county-wide basis. The revenues from these special revenue sources are included in the MSHCP fiscal

[10] Average historical interest rate determined using data from Table B.3, "Riverside County Guide to Preparing Fiscal Impact Reports," January 1995 and "3-Month Treasury Constant Maturity Rates," from the Federal Reserve Board of Governors, as provided by The Financial Forecast Center.

analysis. A discussion of each is included in this document in the cost/revenue analysis chapter for the jurisdiction in which it is levied. The following is a list of these special revenue sources, by jurisdiction.

Coachella
- Coachella New Construction Tax
- Coachella Fire Protection District
- Coachella Sanitary District

Desert Hot Springs
- Desert Hot Springs Utility Tax
- Desert Hot Springs Public Safety Tax
- Desert Hot Springs City-wide Lighting and Landscaping District (LLD)

Indian Wells
- Indian Wells Emergency Services Upgrade Fund

Indio
- Indio Utility Users Tax

La Quinta
- La Quinta City-wide Landscaping and Lighting District

Palm Desert
- Palm Desert Proposition A Fire Tax

Palm Springs
- Palm Springs Utility Users Tax
- **Palm Springs New Development Tax**

Rancho Mirage
- Rancho Mirage Community Facilities District #1
- Rancho Mirage Fire (and Fire Excise) Tax
- Rancho Mirage City-wide Landscaping and Lighting District (LLD)
- Rancho Mirage Park Maintenance Tax

Riverside County
- Riverside County Fire Fund

12. Summary of Impacts to Riverside County

Riverside County will not only experience a direct revenue loss as a result of placing unincorporated County lands into conservation, but will also lose its share of property taxes and property transfer taxes that could be generated on conservation lands in incorporated cities. As described in Section IV.A.1, above, the County receives a certain percentage of all property tax revenues generated within an incorporated city, and also receives 50% of all property transfer

taxes generated within an incorporated city. Should the MSHCP be implemented, these indirect revenue sources will be "lost" to the County. These losses are shown in each of the jurisdictions' property tax and property transfer tax tables, and included in the summary table for Riverside County, all provided in the appendices of this report.

B. Potential City/County Costs

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the MSHCP.

1. Incorporated Cities

Costs of General Government
General government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures (minus expenditures for public safety and roadway maintenance, which are calculated separately and discussed below) into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents.

Costs of Public Safety Services
The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

Costs of Roadway Maintenance
The costs associated with repairing and maintaining future paved public roads in the conservation area are calculated using a per road mile cost factor. The fiscal model first determines the existing number of paved road miles per square mile of land area in the jurisdiction. For example, in the City of Desert Hot Springs, there are approximately 23 square miles of land and 104 paved road miles within the incorporated City limits. This equates to 4.5 road miles per square mile of land area.

The model then identifies the number of square miles of land area designated for conservation and projects the number of potential paved road miles that could be constructed in the conservation area.

The model then divides the jurisdiction's total annual roadway maintenance costs by the number of paved road miles in the city/county to determine an annual per road mile cost factor. Finally, the annual per road mile cost is applied to the number of potential paved road miles in the conservation area for that jurisdiction.

2. Unincorporated Riverside County

Costs incurred by the County of Riverside for providing public services to residents in the Plan area are based on multipliers provided in Appendix A of the County's "Guide to Preparing Fiscal Impact Reports."

Costs of General Government

General government costs for unincorporated Riverside County lands are calculated using the multipliers shown in the following table. The fiscal model applies these factors to the commercial and industrial acreage proposed for conservation, and the new resident population that would occupy residential lands at buildout. This provides an estimate of the costs associated with providing general government services to these lands, assuming they are allowed to develop in the future.

Table IV-8
Unincorporated Riverside County
General Government Cost Multipliers

Cost Category	Cost Multiplier
County-wide Services, General Government	Residential: $7.51 per capita Commercial/Industrial: $17.21 per acre
Municipal Services, General Government	Residential: $0.06 per capita Commercial/Industrial: $0.14 per acre
Support Services, General Government	Residential: $15.92 per capita Commercial/Industrial: $36.46 per acre
Source: Table A.2, "County of Riverside Guide to Preparing Fiscal Impact Reports," Riverside County Administrative Office, January 1995.	

Costs of Public Safety

Public safety costs for unincorporated County lands are based on the following multipliers.

Table IV-9
Unincorporated Riverside County
Public Safety Cost Multipliers

Cost Category	Cost Multiplier
County-wide Services, Public Protection	Residential: $43.29/capita Commercial/Industrial: $132.18/acre
County-wide Services, Sheriff	Residential: $33.05/capita Commercial/Industrial: $108.75/acre
Municipal Services, Public Protection	Residential: $2.12/capita Commercial/Industrial: $4.85/acre
Fire Fund	Residential: $125.00/dwelling unit Commercial/Industrial: $0.08/sq. ft.
Source: Table A.2 and A.3, "County of Riverside Guide to Preparing Fiscal Impact Reports," Riverside County Administrative Office, January 1995.	

The fiscal model applies the multipliers shown above to commercial and industrial acreage proposed for conservation, and the resident population that would occupy residential lands at buildout. Where the number of dwelling units or square feet is required to perform a calculation, the model projects the amount of development likely to occur on acres proposed for conservation using the assumptions discussed in Section II, above. The calculations provide an estimate of the costs associated with providing public safety services to these lands at buildout, assuming they are allowed to develop in the future.

Costs of Roadway Maintenance

To project the roadway maintenance costs required for future paved roads on unincorporated lands in the proposed conservation area, the fiscal model applies a per road mile cost factor to the anticipated number of roadway miles. The method used is similar to that used to calculate roadway maintenance costs in incorporated cities. The model estimates the number of roadway miles likely to be constructed on unincorporated lands proposed for conservation, then multiplies these miles by an annual maintenance cost factor. The cost factor is based on that ($4,478 per lane mile) provided in Table A.5 of the "Riverside County Guide to Preparing Fiscal Impact Reports." The fiscal model assumes that all new roads constructed will consist of two lanes, and translates the County's cost factor to $2,239 per road mile.

V. COST/REVENUE SUMMARY TABLES

As discussed in Chapter II, the purpose of the MSHCP fiscal analysis is to provide a broad overview of projected costs and revenues that would result if lands proposed for conservation were instead allowed to develop in accordance with their current land use designations. The findings shown in the following sections for each of the nine Coachella Valley cities and unincorporated Riverside County represent those revenues and costs that could be "lost" to conservation upon implementation of the MSHCP.

As previously stated, the costs and revenues evaluated in the fiscal analysis represent major cost and revenue sources identified in each jurisdiction's Fiscal Year 2000-2001 Budget. The analysis includes major General Fund revenue sources associated with the development of land and/or associated population increases, other taxes and fees levied on a city-wide or county-wide basis, and restricted revenue sources. The analysis also evaluates potential costs of providing general government services, public safety services, and roadway maintenance to future development that could occur on lands being proposed for conservation.

The fiscal analysis does not include projections of application processing or permitting fees, such as development review fees or building permit fees, revenues not directly associated with the development of land, inter-governmental grants, capital improvement funds, and geographically limited assessments that are not levied on a city-wide/county-wide basis. Neither does the analysis project potential revenues from developer impact fees or new development taxes. All projected costs and revenues are stated in Year 2000-2001 dollars.

The proposed MSHCP is a long-range plan. This analysis has assumed a 20-year buildout period, divided into five-year buildout phases. It is further assumed that future development will be evenly distributed over the four buildout phases, thus allowing for an incremental analysis of potential fiscal impacts. Cost/revenue projections are cumulative and include the costs/revenues incurred during all previous phases. Actual buildout of the Plan area is likely to take longer than 20 years. The analysis below, therefore, which represents an accelerated buildout, represents a most conservative scenario, since the potential effects of the loss in costs and revenue are likely to be spread over a considerably longer period.

As discussed in Section II, the fiscal model assumes the following buildout levels for potentially developable parcels, unless otherwise specified:

- development on residential parcels will occur at 75 percent of the maximum density permitted;
- development on commercial parcels will result in 22 percent lot coverage; and
- development on industrial parcels will result in 34 percent lot coverage.

The analysis also makes no adjustment for residential vacancy. It assumes that 100 percent of the residential units developed on the subject lands would be occupied, thus providing a most conservative estimate of potential revenues and costs associated with that development. The following discussions provide a break down of potential cost/revenue projections for each of the jurisdictions. The detailed tables which illustrate all of the costs and revenues by land use, and which are summarized below, are included in the Appendices of this document.

VI. COUNTY OF RIVERSIDE

As previously stated, Riverside County retains a portion of revenues generated within each city. Therefore, proposed conservation of lands within each city would result in lost revenues to the County. The County would also lose revenues from conservation of unincorporated County lands. This analysis estimates all potential County revenues and costs separately for each City, as well as for unincorporated lands. This chapter discusses County-related costs and revenues.

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the County of Riverside would be expected to receive if all currently vacant lands within conservation areas within the County were allowed to develop for urban uses according to their land use designations. Within Riverside County, a total of 172,299± acres are currently vacant and undeveloped in the proposed conservation areas. Of these, 17,18,326± acres are designated for Open Space uses, which include conservation, hillsides, mineral resources, and watercourse. The Mineral Resources lands under the conservation designation are currently developed private mines/gravel operations in the Indio Hills area, and total 977.14 acres. These lands are also excluded from the analysis, and are assumed to continue to generate revenue at their current rates. An additional 666.81± acres are designated for public facilities, and 35.82± acres are designated for freeways. And have no potential to generate revenues associated with development. Therefore, lands designated as Open Space, Public Facilities or freeways are not analyzed in this fiscal analysis.

The remaining 153,270.8± acres in the conservation area in Palm Springs are designated for residential and industrial use in the City's General Plan, as shown in Table VI-1, and are the subject of the cost/revenue analyses that follow.

Table VI-1
County of Riverside
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
AG	Agriculture (1 du/10 ac)	1,057.85	DU	79
RD	Rural Desert (1 du/10 ac)	5,317.61	DU	398
RM	Rural Mountainous (1 du/10 ac)	2,502.12	DU	187
LDR	Low Density Residential (2-5 du/ac)	58.4	DU	220
MDR	Medium Density Residential (5-8 du/ac)	231.82	DU	1,392
OS-RUR	Open Space Rural (1 du/20 ac)	134,627.99	DU	5,048
RR	Rural Residential (1 du/5 ac)	6,380.88	DU	956
VLDR	Very Low Density Residential (0.2-2 du/ac)	2,384.06	DU	3,576
	Single-Family Residential Subtotals	**152,560.73**	**DU**	**11,856**
CT	Commercial Tourist	42.39	SF	406,232
CR	Commercial Retail	26.77	SF	256,544
	Commercial Subtotals	**69.16**	**SF**	**662,776**
BP	Business Park	350.46	SF	5,190,452
LI	Light Industrial	290.44	SF	4,301,532
	Industrial Subtotals	**640.9**	**SF**	**9,491,984**
	TOTAL	**153,270.79**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density.
For commercial development, assumes 22 percent lot coverage at buildout.
For industrial development, assumes 34 percent lot coverage at buildout.

As shown in the table, development of lands designated for residential uses would result in construction of 11,856 single-family dwelling units at buildout. In the unincorporated County area, the average household size is 2.98 persons, as described by the 2000 U.S. Census.[11] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 35,330. This figure is applied throughout this analysis.

A. Potential Revenues to the County of Riverside

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1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year

[11] Census 2000, U.S. Census Bureau.

2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for unincorporated lands in the Coachella Valley is $239,000. The value of commercial development is estimated at $95 per square foot, while new industrial development is assumed to be $65 per square foot.

The County allocates 29.3% of property tax to its general fund. This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands.

Under the proposed MSHCP, approximately 153,720.79± vacant acres currently designated for urban uses are proposed for conservation on unincorporated lands. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
There are 152,560.7± acres designated for various single family residential land uses within the conservation areas in unincorporated Riverside County in the Valley. Based on a median home price of $239,000 for single-family homes, potential annual property tax revenues to the County from residential development would be $8,278,740 at buildout. Potential annual property tax revenues for residential development for each of the four buildout phases are summarized in Table VI-2, below.

Potential Property Tax Revenues from Commercial Development
There are approximately 69.2 acres of commercially designated land in the unincorporated areas of the Coachella Valley. These lands have the potential to generate $184,484 annually to the County at buildout.

Potential Property Tax Revenues from Industrial Development
There are approximately 640.9± acres with developable potential for Business Park or Light Industrial uses. Potential property tax revenues to the County would total $1,807,748 annually.

Summary
Potential annual residential, commercial and industrial property tax revenues from unincorporated vacant developable lands are summarized in the following table.

Table VI-2
County of Riverside
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$2,069,685	$4,139,370	$6,209,055	$8,278,740
Total property tax revenue from commercial development	$46,121	$92,242	$138,363	$184,484
Total property tax revenue from industrial development	$451,937	$903,874	$1,355,811	$1,807,748
Total property tax revenue from all development	$2,567,743	$5,135,486	$7,703,229	$10,270,972

As Table VI-2 shows, it is estimated that at buildout, the County would lose a total of $10,270,972 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

Property Tax from Incorporated Cities

In addition to the taxes collected by the County on unincorporated lands, the County also keeps a portion of the property tax for lands within incorporated cities. These revenues are depicted in Table VI-3, below, as is the total potential property tax which would be lost by the County should the MSHCP be fully implemented.

Table VI-3
Total Potential Property Tax Revenue to Riverside County

Jurisdiction	**Phase I (Yrs 1-5)**	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Unincorporated Riverside County lands	$2,567,743	$5,135,486	$7,703,229	$10,270,972
Desert Hot Springs	$527,018	$1,054,037	$1,581,055	$2,108,074
Palm Springs	$214,586	$429,172	$643,758	$858,344
Cathedral City	$110,555	$221,111	$331,666	$442,222
Rancho Mirage	$8,478	$16,956	$25,434	$34,760
Palm Desert	$55,688	$111,376	$167,064	$222,752
Indian Wells	$2,678	$5,357	$8,035	$10,714
La Quinta	$285,600	$571,200	$856,800	$1,142,400
Indio	$ 71,092	$ 142,184	$ 213,276	$ 284,368
Coachella	$23,745	$47,490	$71,235	$94,980
Total Property Tax to County (from all jurisdictions)	$3,867,184	$7,734,369	$11,601,553	$15,469,586

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered

property value.[12] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[13] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

Potential Revenues from Residential Property Transfer Tax
The 152,560.7± acres of residential land within conservation areas in the County would generate up to $1,388,112 in property transfer tax for the County annually at buildout.

Potential Revenues from Commercial Property Transfer Tax
The 69.2 acres of commercial land located within conservation areas could generate annual property transfer tax totaling $19,393.

Potential Revenues from Industrial Property Transfer Tax
The 640.9± acres of business park and light industrial lands in the County portion of the conservation area have the potential to generate $190,030 in property transfer tax for the County annually at buildout.

Potential Revenues from Property Transfer Tax from Cities
As stated in Section IV of this report, the County receives 50% of the property transfer tax collected for properties located within incorporated City boundaries. Based on the potentially developable lands within cities in the Valley, the following table illustrates the potential revenue which could be generated by property transfer tax from sales in local cities' conservation lands.

Table VI-4
Total Potential Property Transfer Tax to County

Jurisdiction	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Unincorporated Riverside County lands	$991,515	$1,181,373	$1,387,097	$1,597,535
Desert Hot Springs	$130,130	$169,408	$203,291	$242,169
Palm Springs	$48,804	$61,976	$75,103	$89,565
Cathedral City	$25,171	$34,022	$36,100	$41,848
Rancho Mirage	$2,072	$3,565	$3,751	$4,767
Palm Desert	$15,133	$21,168	$26,294	$31,988
Indian Wells	$409	$737	$900	$1,064
La Quinta	$64,526	$86,240	$110,822	$135,462
Indio	$18,624	$24,840	$31,821	$38,888
Coachella	$7,131	$9,524	$12,277	$14,963
Total all jurisdictions	$1,303,515	$1,592,852	$1,887,456	$2,198,250

[12] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[13] Ibid.

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the County, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section H of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes that 70% of the purchases made by residents in the County will be in local cities, and 30% will be in projects on County lands, since the majority of commercial development in the Valley is located within incorporated cities.

Potential Sales Tax Revenues

As shown in Table VI-1, approximately 152,560.7 acres of developable lands in the unincorporated County are designated for residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $239,000, potential residential development would yield annual sales tax revenues to the County of $698,998 at buildout.

Retail commercial development will also generate taxable sales, and therefore revenues to the County. At buildout, the developed commercial space which would be lost with implementation of the Plan would be approximately $519,479. It is important to note that adding both sales tax revenue from residential development and the sales tax revenue from commercial development is likely to represent an extremely conservative estimated of the lost revenue, since it is highly likely that the residents in the conservation areas would spend their disposable income at the retail establishments in the conservation areas. There is likely, therefore, “double counting” in the analysis. However, since the aim of this document is to provide a conservative analysis, both commercial and residential land uses are included here.

Estimates of potential annual sales tax revenues for all four buildout phases are summarized in Table VI-5, below.

Summary
The following table summarizes potential annual sales tax revenues for residential development in Palm Springs, which would be lost if potentially developable lands are placed in conservation.

Table VI-5
County of Riverside
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from residential development	$174,749	$349,499	$524,248	$698,998
Total sales tax revenue from commercial development	$129,870	$259,739	$389,609	$519,479
Total Potential Sales Tax Revenue	**$304,619**	**$609,238**	**$913,857**	**$1,218,476**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, Riverside County was expected to receive $54.04 per capita.[14]

Development of the lands within the County and within the conservation areas could result in 11,856 residences. Based on an average household size of 2.98 persons, as described by the 2000 U.S. Census,[15] it is estimated that at Phase IV buildout, these new residential units would result in a total of 35,330 new residents. The County would annually receive motor vehicle in-lieu revenues of $1,909,281 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues for all four buildout phases.

Table VI-6
County of Riverside
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$477,320**	**$954,640**	**$1,431,961**	**$1,909,281**

[14] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.
[15] Census 2000, U.S. Census Bureau.

5. TUMF Fees

The County participates in the Transportation Uniform Mitigation Fee (TUMF) program for its lands in the Coachella Valley. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on the County will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by the County.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. 11,856 residential units could occur in the County at buildout. Based on these data, CVAG would collect a total of $2,484,721 in TUMF fees for residential development during each phase of buildout of residential development in Palm Springs. This is not an annual revenue however, but a one-time revenue that would occur at the time each unit is built.

TUMF Fee Potential for Commercial Development
TUMF fees for commercial development are calculated on the basis of $2,137 per 1,000 square feet. The 69.16 acres of commercial land in the County has the potential to generate 662,776 square feet of commercial space. CVAG would collect $354,034 annually during each phase of development. Once again, this is not an annual revenue, but a one-time revenue when development occurs.

TUMF Fee Potential for Industrial Development
For industrial development, TUMF fees are collected at a rate of $460 per 1,000 square feet. There are approximately 640.9 acres of vacant lands with potential for industrial development in the County. Assuming an even distribution of industrial buildout over each of the four five-year buildout phases, 474,599± square feet of industrial space would be constructed annually through buildout. CVAG would collect $1,091,626 in TUMF fees annually. Once again, this is not an annual revenue, but a one-time revenue when development occurs.

Summary

The following table summarizes TUMF fees that would be lost if all vacant lands with development potential were placed in conservation.

Table VI-7
County of Riverside
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$2,484,721	$2,484,721	$2,484,721	$2,484,721
Total TUMF revenue from commercial development	$354,034	$354,034	$354,034	$354,034
Total TUMF revenue from industrial development	$1,091,626	$1,091,626	$1,091,626	$1,091,626
Total TUMF revenue from all development	**$3,930,381**	**$3,930,381**	**$3,930,381**	**$3,930,381**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. Based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $15.12 was projected.[16] This figure is used to estimate potential gas tax revenues in this analysis.

Based on a buildout potential population of 35,330, total annual gas tax revenue from all development would be $534,203 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for the County by Phase.

[16] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Table VI-8
County of Riverside
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	$133,551	$267,101	$400,652	$534,203

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, the County receives a 13 percent Streets/Roads allocation of program funds from Measure A funds collected.[17] This allocation is based on the County's population and total taxable sales.

As previously discussed, this analysis projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development. Since taxable sales from industrial development in the Coachella Valley are generally very limited, the fiscal model assumes that no taxable sales, or resulting Measure A revenues, are generated by industrial development.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in the County would result in approximately 11,856 residential units. Based on assumptions previously stated regarding discretionary income spending, potential residential development in the County would yield annual Measure A Revenues totaling $4,278 at Phase IV buildout.

Potential Measure A Revenues from Commercial Development
The 256, 544 square feet of retail commercial development in the County would have the potential to yield an annual allocation of $3,179 at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Palm Springs be converted to conservation.

[17] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

Table VI-9
Riverside County
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from residential development	$1,069	$2,139	$3,208	$4,278
Total Measure A revenue from commercial development	$795	$1,590	$2,384	$3,179
Total Measure A revenue from all development	**$1,864**	**$3,728**	**$5,593**	**$7,457**

8. County Fire Fund Revenues

As discussed in Section IV of this document, the County receives revenues from both a General Fund contribution, and from state, federal and other income which are dedicated to the provision of fire services. These funds have been allocated on a per capita basis, and result in revenues of $25.59 from state, federal and other funds; and revenues of $15.81 per capita from General Fund contributions. The total per capita revenue to the fire fund therefore totals $41.40

Potential Fire Fund Revenue from Residential Development
The residential lands proposed for conservation could yield up to 11,856 residential units at buildout. Based on an average household size of 2.98 persons, a buildout population of 35,330, the County could result. This population could generate up to $1,462,698 in Fire Fund revenues for the County.

Summary
The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Palm Springs. These revenues would be lost if these lands are placed in conservation.

Table VI-10
Riverside County
Fire Fund Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Fire Fund Revenue	**$365,675**	**$731,349**	**$1,097,024**	**$1,462,698**

9. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Riverside County Cost/Revenue Summary table at the end of this chapter.

10. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in the County with development potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table VI-11
County of Riverside
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
General Fund:				
Property Tax				
from unincorporated Riv. County lands	$2,567,743	$5,135,486	$7,703,229	$10,270,972
from Desert Hot Springs	$527,018	$1,054,037	$1,581,055	$2,108,074
from Palm Springs	$214,586	$429,172	$643,758	$858,344
from Cathedral City	$110,555	$221,111	$331,666	$442,222
from Rancho Mirage	$8,478	$16,956	$25,434	$34,760
from Palm Desert	$55,688	$111,376	$167,064	$222,752
from Indian Wells	$2,678	$5,357	$8,035	$10,714
from La Quinta	$285,600	$571,200	$856,800	$1,142,400
from Indio	71,092	142,184	213,276	284,368
from Coachella	$23,745	$47,490	$71,235	$94,980
Total Property Tax	$3,867,184	$7,734,369	$11,601,553	$15,469,586
Property Transfer Tax				
from unincorporated Riv. County lands	$991,515	$1,181,373	$1,387,097	$1,597,535
from Desert Hot Springs	$130,130	$169,408	$203,291	$242,169
from Palm Springs	$48,804	$61,976	$75,103	$89,565
from Cathedral City	$25,171	$34,022	$36,100	$41,848
from Rancho Mirage	$2,072	$3,565	$3,751	$4,767
from Palm Desert	$15,133	$21,168	$26,294	$31,988
from Indian Wells	$409	$737	$900	$1,064
from La Quinta	$64,526	$86,240	$110,822	$135,462
from Indio	$18,624	$24,840	$31,821	$38,888
from Coachella	$7,131	$9,524	$12,277	$14,963
Total Property Transfer Tax	$1,303,515	$1,592,852	$1,887,456	$2,198,250
Local Sales Tax	$304,619	$609,238	$913,857	$1,218,476
Transient Occupancy Tax	$1,025,689	$2,051,378	$3,077,067	$4,102,757
Motor Vehicle In-Lieu	$477,320	$954,640	$1,431,961	$1,909,281
Restricted Funds:				
TUMF Fees	$3,930,381	$3,930,381	$3,930,381	$3,930,381
Highway Users Gas Tax	$133,551	$267,101	$400,652	$534,203
Measure A	$1,864	$3,728	$5,593	$7,457
Fire Fund	$365,675	$731,349	$1,097,024	$1,462,698
Total Revenues	**$12,189,087**	**$19,095,903**	**$26,008,345**	**$32,938,989**

B. Potential Costs to the County of Riverside

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional governmental costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The County will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, costs incurred by the County of Riverside for providing public services to residents in the Plan area are based on multipliers provided in Appendix A of the County's "Guide to Preparing Fiscal Impact Reports."

The fiscal model applies these factors to the commercial and industrial acreage proposed for conservation, and the new resident population that would occupy residential lands at buildout. This provides an estimate of the costs associated with providing general government services to these lands, assuming they are allowed to develop in the future.

Buildout of the County lands proposed for conservation would result in 11,856 residential units and a population of 35,330; up to 662,776 square feet of commercial development; and up to 9,491,984 square feet of industrial space. Annual general government costs for each buildout phase are summarized in the following table.

Table VI-12
County of Riverside
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$242,797**	**$485,593**	**$728,374**	**$971,170**

2. Costs of Public Safety Services

The fiscal model applies the multipliers shown in Section IV of this document to commercial and industrial acreage proposed for conservation, and the resident population that would occupy residential lands at buildout. Where the number of dwelling units or square feet is required to perform a calculation, the model projects the amount of development likely to occur on acres proposed for conservation. The calculations provide an estimate of the costs associated with providing public safety services to these lands at buildout, assuming they are allowed to develop in the future.

Based on these data, annual costs for provision of public safety services to the buildout population would be $5,893,159. Annual public safety costs for each buildout phase are summarized in Table VI-13, below.

Table VI-13
County of Riverside
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$1,204,892**	**$2,946,579**	**$4,419,869**	**$5,893,159**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

To project the roadway maintenance costs required for future paved roads on unincorporated lands in the proposed conservation area, the fiscal model applies a per road mile cost factor to the anticipated number of roadway miles. The model estimates the number of roadway miles likely to be constructed on unincorporated lands proposed for conservation, then multiplies these miles by an annual maintenance cost factor. The cost factor is based on that ($4,478 per lane mile) provided in Table A.5 of the "Riverside County Guide to Preparing Fiscal Impact Reports." The fiscal model assumes that all new roads constructed will consist of two lanes, and translates the County's cost factor to $2,239 per road mile.

Table VI-14
County of Riverside
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$10,090**	**$21,453**	**$32,816**	**$44,179**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Riverside County.

Table VI-15
County of Riverside
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
General Fund:				
General Government Costs				
County-wide Services				
Municipal Services				
Support Services				
Total General Government Costs (for all services)	$0	$0	$0	$0
Restricted Funds:				
Public Safety Costs				
County-wide Public Protection Services				
County-wide Sheriff Services				
Municipal Public Protection Services				
Fire Fund				
Total Public Safety Costs (for all services)	$0	$0	$0	$0
Roadway Maintenance Costs				
TUMF Allocation to CVAG	$0	$0	$0	$0
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$5,388,160**	**$7,384,007**	**$9,111,440**	**$10,838,889**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the County will realize if all of the 153,270.79± acres of potentially developable lands are allowed to develop. The table also summarizes costs that will be expended if these lands are developed.

Table VI-16
Unincorporated Riverside County
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax				
from unincorporated Riv. County lands	$2,567,743	$5,135,486	$7,703,229	$10,270,972
from Desert Hot Springs	$527,018	$1,054,037	$1,581,055	$2,108,074
from Palm Springs	$214,586	$429,172	$643,758	$858,344
from Cathedral City	$110,555	$221,111	$331,666	$442,222
from Rancho Mirage	$8,478	$16,956	$25,434	$34,760
from Palm Desert	$55,688	$111,376	$167,064	$222,752
from Indian Wells	$2,678	$5,357	$8,035	$10,714
from La Quinta	$285,600	$571,200	$856,800	$1,142,400
from Indio	$ 71,092	$ 142,184	$ 213,276	$ 284,368
from Coachella	$23,745	$47,490	$71,235	$94,980
Total Property Tax (from all jurisdictions)	$3,867,184	$7,734,369	$11,601,553	$15,469,586
Property Transfer Tax				
from unincorporated Riv. County lands	$991,515	$1,181,373	$1,387,097	$1,597,535
from Desert Hot Springs	$130,130	$169,408	$203,291	$242,169
from Palm Springs	$48,804	$61,976	$75,103	$89,565
from Cathedral City	$25,171	$34,022	$36,100	$41,848
from Rancho Mirage	$2,072	$3,565	$3,751	$4,767
from Palm Desert	$15,133	$21,168	$26,294	$31,988
from Indian Wells	$409	$737	$900	$1,064
from La Quinta	$64,526	$86,240	$110,822	$135,462
from Indio	$18,624	$24,840	$31,821	$38,888
from Coachella	$7,131	$9,524	$12,277	$14,963
Total Property Transfer Tax (from all jurisdictions)	$1,303,515	$1,592,852	$1,887,456	$2,198,250
Local Sales Tax	$304,619	$609,238	$913,857	$1,218,476
Transient Occupancy Tax	$1,025,689	$2,051,378	$3,077,067	$4,102,757
Motor Vehicle In-Lieu Revenue	$477,320	$954,640	$1,431,961	$1,909,281
Restricted Funds:				
TUMF Fees	$3,930,381	$3,930,381	$3,930,381	$3,930,381
Highway Users Gas Tax	$133,551	$267,101	$400,652	$534,203
Measure A	$1,864	$3,728	$5,593	$7,457
Fire Fund	$365,675	$731,349	$1,097,024	$1,462,698

ANNUAL COSTS				
General Fund:				
General Government Costs				
County-wide Services	$77,625	$155,249	$232,874	$310,498
Municipal Services	$621	$1,241	$1,862	$2,482
Support Services	$164,551	$329,103	$493,638	$658,190
Total General Government Costs (for all services)	$242,797	$485,593	$728,374	$971,170
Restricted Funds:				
Public Safety Costs				
County-wide Public Protection Services	$405,832	$811,665	$1,217,497	$1,623,330
County-wide Sheriff Services	$311,981	$622,452	$933,678	$1,244,905
Municipal Public Protection Services	$19,586	$39,173	$58,759	$78,345
Fire Fund	$467,493	$1,473,290	$2,209,935	$2,946,579
Total Public Safety Costs (for all services)	$1,204,892	$2,946,579	$4,419,869	$5,893,159
Roadway Maintenance Costs	$10,090	$21,453	$32,816	$44,179
TUMF Allocation to CVAG	$3,930,381	$3,930,381	$3,930,381	$3,930,381
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$6,978,327	$12,942,478	$18,911,895	$24,898,350
Total Annual Restricted Fund Revenues	$4,431,471	$4,932,560	$5,433,650	$5,934,739
Revenue Subtotal	$11,409,798	$17,875,038	$24,345,544	$30,833,089
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$779,289	$1,220,865	$1,662,801	$2,105,900
Total Annual Revenues at Phase Buildout	**$12,189,087**	**$19,095,903**	**$26,008,345**	**$32,938,989**
Costs:				
Total Annual General Fund Costs	$242,797	$485,593	$728,374	$971,170
Total Annual Restricted Fund Costs	$5,145,364	$6,898,414	$8,383,066	$9,867,719
Total Annual Costs at Phase Buildout	**$5,388,160**	**$7,384,007**	**$9,111,440**	**$10,838,889**
Annual Cashflow at Phase Buildout	**$6,800,927**	**$11,711,896**	**$16,896,905**	**$22,100,100**

D. Conclusion

The Cost/Revenue Summary table shows that development of the 153,270.79± acres of lands in the County that have been identified for conservation under the proposed MSHCP will result in a positive cash flow in the beginning in Phase I and continuing over the long term.

The revenues generated on County lands are high due to the high number of units which could be built on these lands, and the commercial and industrial development potential occurring in the conservation areas. The high population generates a high potential for sales tax, and increases the per capita revenues which the County receives.

The County also provides services to incorporated cities, which are not reflected directly in this analysis. Overall, it is expected that the net revenues shown in this analysis are high, and that actual revenues upon buildout of the MSHCP area will be lower.

VII. CITY OF CATHEDRAL CITY

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Cathedral City would be expected to receive if all currently vacant lands within conservation areas in the City were allowed to develop for urban uses according to their land use designations. A total of 1,782± acres within Cathedral City are currently vacant and undeveloped in the proposed conservation areas. Of these, 829± acres are designated as Open Space. Since this analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development, lands designated as Open Space are not analyzed in this fiscal analysis.

The remaining 953± acres are designated for residential and industrial use in the City's General Plan, as shown in Table VII-1, and are the subject of the cost/revenue analyses that follow.

Table VII-1
City of Cathedral City
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
HR	Hillside Reserve (1 du/20ac)	552.53	DU	20
R-E	Estate Residential (0-2 du/ac)*	314.20	DU	472
	RESIDENTIAL SUBTOTALS	**866.73**	**DU**	**492**
I	Industrial	86.07	SF	1,274,880
	INDUSTRIAL SUBTOTALS	**86.07**	**SF**	1,274,880
	TOTAL	**952.80**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
For industrial development, assumes 34 percent lot coverage at buildout.
[3]Data provided by CVAG included land use designation "M" totaling 12.20 acres. Further analysis by CVAG showed these lands should be included in the Estate Residential totals. Therefore, 12.20 acres previously designated "M" is included in the total R-E acreage shown here.

As Table VII-1 shows, development of lands designated for residential uses would result in construction of 492 single-family dwelling units at buildout. In Cathedral City, the average household size is 3.03 persons, according to the 2000 U.S. Census.[18] Based on these data, and the previously stated assumption that 100% of the residential units constructed on these lands would be occupied, the buildout population of the subject lands would be 1,491. This figure is applied throughout this analysis.

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[18] Census 2000, U.S. Census Bureau.

A. Potential Revenues to Cathedral City

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, Cathedral City, and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Cathedral City is $194,000. The value of new industrial development is assumed to be $65 per square foot, which represents standard industrial development in the Coachella Valley.

Cathedral City receives 9.6 percent of the 1 percent allocation collected by the County.[19] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Cathedral City. 24.8 percent of the 1 percent allocation goes to the Riverside County General Fund, and 65.6 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Cathedral City are discussed in Chapter VI.

Under the proposed MSHCP, approximately 953 vacant acres currently designated for urban uses are proposed for conservation in Cathedral City. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table VII-1, approximately 867 acres of land with developable potential within Cathedral City are designated for single-family residential uses. Allowable densities on these lands range from 1 dwelling unit per 20 acres to 2 dwelling units per acre. Based on a median home price of $194,000 for single-family homes in Cathedral City, potential annual property tax revenues to the City from single-family residential development would be $91,630. Table VII-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

[19] Based on Tax Rate Area (TRA) Tax Analysis data received from Riverside County Auditor-Controller's Office, May 31, 2001. Percentages represent property tax allocations for a sample TRA within each jurisdiction, before Educational Revenue Augmentation Fund (ERAF) distributions are subtracted.

Potential Property Tax Revenues from Industrial Development
There are approximately 86± acres within Cathedral City with developable potential for Industrial uses. Potential property tax revenues to the City from all developable industrial lands in Cathedral City total $79,553 annually. Potential annual property tax revenues for all four buildout phases from potentially-developable industrial lands in Cathedral City are summarized in Table VII-2.

Summary
Potential annual residential and industrial property tax revenues from vacant developable lands in Cathedral City are summarized in the following table:

Table VII-2
City of Cathedral City
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$22,907	$45,815	$68,723	$91,630
Total property tax revenue from industrial development	$19,888	$39,776	$59,664	$79,553
Total property tax revenue from all development	**$42,795**	**$85,591**	**$128,387**	**$171,183**

As shown in Table VII-2, it is estimated that Cathedral City would lose a total of $171,183 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[20] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[21] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Cathedral City, potential annual property transfer tax revenues have been calculated for approximately 953 acres of lands with potential for urban development. These include residential and industrial uses, discussed categorically below.

[20] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[21] Ibid.

Potential Revenues from Residential Property Transfer Tax
In Cathedral City, 867± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 492 new single-family residential units would be constructed. Single-family residential development on these lands would generate $29,086 annually in property transfer tax to the City at buildout. Property transfer tax revenues from single-family residential development for all four buildout phases are shown in Table VII-3, below.

Potential Revenues from Industrial Property Transfer Tax
Approximately 86 acres of potentially developable lands are designated for industrial use in Cathedral City. Based on the transfer rate assumptions discussed in Chapter IV, annual property transfer tax revenues resulting from development of these lands for industrial use would be $12,762 at buildout.

Summary
Table VII-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table VII-3
City of Cathedral City
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$13,722	$22,172	$23,794	$29,086
Total tax revenue from industrial development	$11,449	$11,850	$12,306	$12,762
Total property transfer tax revenue from all development	**$25,171**	**$34,022**	**$36,100**	**$41,848**

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the City of Cathedral City, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section H of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, and then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from

development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development

As shown in Table VII-1, approximately 867 acres of developable lands in Cathedral City are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $194,000, potential single-family residential development in Cathedral City would yield annual sales tax revenues to the City of $54,939 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table VII-4, below.

Summary

The following table summarizes potential annual sales tax revenues for residential development in Cathedral City, which would be lost if the potentially developable lands are placed in conservation.

Table VII-4
City of Cathedral City
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	**$13,735**	**$27,470**	**$41,205**	**$54,939**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita.[22]

[22] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

In Cathedral City, under the proposed MSHCP, approximately 867 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 492 new single and multi-family residential units would be constructed. Based on 2000 U.S. Census,[23] which shows an average household size of 3.03 persons in Cathedral City, it is estimated that at Phase IV buildout, these new residential units would result in a total of 1,491 new residents. Cathedral City would receive annual motor vehicle in-lieu revenues of $73,897 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Cathedral City for all four buildout phases.

Table VII-5
City of Cathedral City
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$18,474**	**$36,948**	**$55,423**	**$73,897**

5. TUMF Fees

Cathedral City, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees fund regional transportation improvement projects in the Coachella Valley, and are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. Therefore, the direct fiscal impacts of MSHCP implementation on Cathedral City will be zero. However, since each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements, potential impacts to the regional TUMF program itself could be considerable. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Cathedral City.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new buildings, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit, and $506 per multi-family dwelling unit. In Cathedral City, the 867± acres with residential development potential would result in construction of 492 single-family residences. Based on these data, CVAG would collect a total of $103,111 in TUMF fees

[23] Census 2000, U.S. Census Bureau.

for single-family residential development during each phase of buildout of residential development in Cathedral City. This is not an annual revenue, however, but a one-time revenue that would occur at the time each unit is built.

Industrial Development TUMF Fee Potential
For industrial development, TUMF fees are collected at a rate of $460 per 1,000 square feet. There are approximately 86 acres of vacant lands with potential for industrial development in Cathedral City. Assuming an even distribution of industrial buildout over each of the four five-year buildout phases, 318,720 square feet of industrial space would be constructed per buildout phase. CVAG would collect $146,617 in TUMF fees per buildout phase. This is not an annual revenue, however, but a one-time revenue that would occur at the time each building is built.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Cathedral City were placed in conservation.

Table VII-6
City of Cathedral City
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$103,111	$103,111	$103,111	$103,111
Total TUMF revenue from industrial development	$146,617	$146,617	$146,617	$146,617
Total TUMF revenue from all development	**$249,728**	**$249,728**	**$249,728**	**$249,728**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Cathedral City, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $18.87 was projected.[24] This figure is used to estimate potential gas tax revenues for Cathedral City in this analysis.

Based on a total potential population of 1,491, the per capita apportionment figure of $18.87, total annual gas tax revenue from all development in Cathedral City would be $28,131 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for Cathedral City.

[24] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Table VII-7
Cathedral City
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$7,033**	**$14,065**	**$21,098**	**$28,131**

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Cathedral City receives a 13.8 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[25] This allocation is based on the City's population and total taxable sales.

As previously discussed, this analysis projects sales tax revenues for proposed conservation lands that are currently designated for residential development. Since taxable sales from industrial development in the Coachella Valley are generally very limited, the fiscal model assumes that no taxable sales, or resulting Measure A revenues, are generated by industrial development.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Cathedral City would result in approximately 492 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Cathedral City would yield annual sales tax revenues to the City of $54,939 at buildout. The City would receive $357 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should vacant lands with residential development potential in Cathedral City be converted to conservation.

[25] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

Table VII-8
Cathedral City
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	**$89**	**$178**	**$268**	**$357**

8. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Cathedral City Cost/Revenue Summary table at the end of this chapter.

9. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Cathedral City with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table VII-9
City of Cathedral City
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$42,795	$85,591	$128,387	$171,183
Property Transfer Tax	$25,171	$34,022	$36,100	$41,848
Local Sales Tax	$13,735	$27,470	$41,205	$54,939
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$18,474	$36,948	$55,423	$73,897
Restricted Funds:				
TUMF Fees	$249,728	$249,728	$249,728	$249,728
Highway Users Gas Tax	$7,033	$14,065	$21,098	$28,131
Measure A	$89	$178	$268	$357
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$100,175	$184,031	$261,115	$341,867
Total Annual Restricted Fund Revenues	$256,850	$263,971	$271,094	$278,216
Revenue Subtotal	$357,025	$448,002	$532,209	$620,083
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$24,385	$30,599	$36,350	$42,352
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$381,410**	**$478,601**	**$568,559**	**$662,435**

B. Potential Costs to the City of Cathedral City

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Cathedral City were $6,657,979.[26] Data from the 2000 U.S. Census shows that Cathedral City had a population of 42,647.[27] Based on these data, the annual per capita cost of providing general government services is $156.12 per capita.

In Cathedral City, should the approximately 867 acres of vacant lands designated for residential uses be developed, a total of 492 new single-family residential units would result. Cathedral City's population would increase by 1,491 persons at buildout. Based on the per capita figure cited above ($156.12), annual cost for the provision of general government services to the buildout population of potentially developable lands in Cathedral City would be $232,735. Annual general government costs for each buildout phase are summarized in the following table.

Table VII-10
City of Cathedral City
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$58,184**	**$116,367**	**$174,551**	**$232,735**

[26] City of Cathedral City Budget, Fiscal Year 2000-2001.
[27] U.S. Census 2000

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

Public safety expenditures for fiscal year 2000-2001 in Cathedral City were $11,706,879, or $274.51 per capita. As previously stated, a buildout population of 1,491 would result from development of 492 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $409,223. Annual public safety costs for each buildout phase are summarized in Table VII-11, below.

Table VII-11
City of Cathedral City
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$102,306**	**$204,612**	**$306,917**	**$409,223**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Cathedral City, there are approximately 19 square miles of land and 165 paved road miles within the incorporated City limits, which equates to 8.5 road miles per square mile of land area. A total of approximately 2.78 square miles are designated for conservation, of which approximately 1.50 square miles are designated for urban development. Using the average of 8.5 road miles per square mile of land area, the potentially developable area proposed for conservation in Cathedral City are estimated to include 12.5 miles of paved roadways at buildout.

In Cathedral City, an estimated annual expenditure of $1,750,000 is required to maintain the 165 existing miles of paved roadway.[28] This equates to an annual maintenance cost of approximately $10,606 per road mile. In Cathedral City, the potential 12.5 road miles in the conservation area would require maintenance expenditures of approximately $132,889 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Cathedral City for each buildout phase. Should lands identified for conservation under the MSCHP be

[28] Dale Bolls, City of Cathedral Public Works Department, personal communication, August 27, 2003.

conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table VII-12
City of Cathedral City
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$33,222**	**$99,666**	**$199,333**	**$332,222**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Cathedral City.

Table VII-13
City of Cathedral City
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$58,184	$116,367	$174,551	$232,735
Restricted Funds:				
Public Safety Costs	$102,306	$204,612	$306,917	$409,223
Roadway Maintenance Costs	$33,222	$99,666	$199,333	$332,222
TUMF Allocation to CVAG	$249,728	$249,728	$249,728	$249,728
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$58,184	$116,367	$174,551	$232,735
Total Annual Restricted Fund Costs	$385,256	$554,007	$755,979	$991,173
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$443,440**	**$670,374**	**$930,530**	**$1,223,908**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 953± acres of potentially developable lands within Cathedral City are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table VII-14
City of Cathedral City
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$42,795	$85,591	$128,387	$171,183
Property Transfer Tax	$25,171	$34,022	$36,100	$41,848
Local Sales Tax	$13,735	$27,470	$41,205	$54,939
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$18,474	$36,948	$55,423	$73,897
Restricted Funds:				
TUMF Fees	$249,728	$249,728	$249,728	$249,728
Highway Users Gas Tax	$7,033	$14,065	$21,098	$28,131
Measure A	$89	$178	$268	$357
ANNUAL COSTS				
General Fund:				
General Government Costs	$58,184	$116,367	$174,551	$232,735
Restricted Funds:				
Public Safety Costs	$102,306	$204,612	$306,917	$409,223
Roadway Maintenance Costs	$33,222	$99,666	$199,333	$332,222
TUMF Allocation to CVAG	$249,728	$249,728	$249,728	$249,728
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$100,175	$184,032	$261,115	$341,867
Total Annual Restricted Fund Revenues	$256,850	$263,972	$271,094	$278,216
Revenue Subtotal	$357,025	$448,003	$532,209	$620,083
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$24,385	$30,599	$36,350	$42,352
Total Annual Revenues at Phase Buildout	$381,410	$478,602	$568,559	$662,435
Costs:				
Total Annual General Fund Costs	$58,184	$116,367	$174,551	$232,735
Total Annual Restricted Fund Costs	$385,256	$554,007	$755,979	$991,173
Total Annual Costs at Phase Buildout	$443,440	$670,374	$930,530	$1,223,908
Annual Cashflow at Phase Buildout	**-$62,030**	**-$191,772**	**-$361,971**	**-$561,473**

D. Conclusion

The Cost/Revenue Summary table for Cathedral City shows that development of the 953± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow in the near term, beginning in Phase I, and continuing over the long term.

This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs, particularly in areas such as Cathedral City, where housing is affordable. In general, commercial development may be expected to compensate for this shortfall. However, in Cathedral City, no lands are available for commercial development in the proposed conservation area. Unlike many cities, Cathedral City has not established special revenue sources that might be expected to further off-set costs associated with residential development.

Industrial lands generally do not generate significant sales tax revenues, and therefore this analysis has not calculated sales tax revenues for the approximately 86 acres of lands designated for industrial use in Cathedral City. Therefore, although potential exists for industrial development in the conservation area, revenues from those lands would not be sufficient to cover costs associated with 867± acres of residential development. Therefore, in the overall, conservation of potentially developable lands under the proposed MSHCP will benefit Cathedral City over both the near and long terms.

VIII. CITY OF COACHELLA

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Coachella would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Coachella, a total of 299± acres are currently vacant and undeveloped in the proposed conservation areas. These lands are designated for residential use in the City's General Plan, as shown in Table VIII-1, and are the subject of the cost/revenue analyses that follow.

Table VIII-1
City of Coachella
Summary of Potentially Developable Vacant Lands

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
RVL	Very Low Density Residential (0-2 du/ac)	299.46	DU	448
	TOTAL	**299.46**		

Source: Coachella Valley Association of Governments, August 2003.
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density

As shown in Table VIII-1, development of lands designated for residential uses would result in construction of 448 single-family dwelling units at buildout. In Coachella, the average household size is 4.72 persons, as described by the 2000 U.S. Census.[29] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 2,115. This figure is applied throughout this analysis.
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A. Potential Revenues in Coachella

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the City of Coachella, and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Coachella is $111,000.

[29] Census 2000, U.S. Census Bureau.

Coachella receives 13.0 percent of the 1 percent allocation collected by the County.[30] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Coachella. Of the 1 percent allocation collected by the County, 19.1 percent goes to the Riverside County General Fund, and 67.9 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Coachella are discussed in Chapter VI.

Under the proposed MSHCP, there are approximately 299 vacant acres in Coachella currently designated for urban uses that are proposed for conservation. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table VIII-1, there are 299± developable acres within Coachella designated for single-family residential uses, which allow for a density of up to 2 dwelling units per acre.

Based on a median home price in Coachella of $111,000 for single-family homes, potential annual property tax revenues to the City from single-family residential development would be $64,646. Table VIII-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

Table VIII-2
City of Coachella
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	**$16,162**	**$32,323**	**$48,485**	**$64,646**

As Table VIII-2 shows, it is estimated that Coachella would lose a total of $64,646 annually in property tax revenues if the vacant lands currently designated for urban uses were placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[31] Riverside County collects Property Transfer Taxes on all changes in ownership

[30] Data provided by City of Coachella Finance Department or FY 2000-2001 Budget.
[31] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.

that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[32] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Coachella, potential annual property transfer tax revenues have been calculated for approximately 299 acres of lands with potential for single-family residential development.

Potential Revenues from Residential Property Transfer Tax
Based on buildout of these lands at 75 percent of maximum allowable densities, the 299± acres of developable land designated for single-family residential development in Coachella would result in construction of 448 new single-family residential units. Single-family residential development on these lands would generate $14,963 annually in property transfer tax to the City at buildout.

Summary
Table VIII-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table VIII-3
City of Coachella
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total tax revenue from residential development	$7,131	$9,524	$12,277	$14,963

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of the total sales tax collected, the State retains 6.00 percent. As is the case with other local jurisdictions, the City of Coachella receives 1 percent of the sales tax for sales that occur within the City. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section IV of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, and then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and

[32] Ibid.

commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development

As shown in Table VIII-1, approximately 299 acres of developable lands in Coachella are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $111,000, potential single-family residential development in Coachella would yield annual sales tax revenues to the City of $28,623 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table VIII-4, below.

Summary

The following table summarizes potential annual sales tax revenues for residential development, which would be lost if the potentially developable lands are placed in conservation.

Table VIII-4
City of Coachella
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	**$7,156**	**$14,312**	**$21,467**	**$28,623**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[33]

In Coachella, under the proposed MSHCP, approximately 299 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were

[33] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

allowed to develop as currently designated, approximately 448 new single-family residential units would be constructed. Based on an average household size of 4.72 persons, as described by the 2000 U.S. Census,[34] it is estimated that at Phase IV buildout, these new residential units would result in a total of 2,115 new residents. Coachella would annually receive motor vehicle in-lieu revenues of $104,819 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Coachella for all four buildout phases.

Table VIII-5
City of Coachella
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Motor Vehicle In-Lieu Revenue from residential development	**$26,205**	**$52,409**	**$78,614**	**$104,819**

5. TUMF Fees

As previously discussed, Coachella, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Coachella will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Coachella.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Coachella, the 299± acres with residential development potential would result in construction of 448 single-family residences. Based on these data, CVAG would collect a total of $93,890 in TUMF fees for single-family residential development during each phase of buildout of residential development in Coachella. This is not an annual revenue however, but a one-time revenue that would occur at the time each unit is built.

[34] Census 2000, U.S. Census Bureau.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Coachella were placed in conservation.

Table VIII-6
City of Coachella
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total TUMF revenue from residential development	**$93,890**	**$93,890**	**$93,890**	**$93,890**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Coachella, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $19.01 was projected.[35] This figure is used to estimate potential gas tax revenues for Coachella in this analysis.

Based on a total potential population of 2,115 the per capita apportionment figure of $19.01, total annual gas tax revenue from all development in Coachella would be $40,198 at Phase IV buildout.

Summary
The following table summarizes potential annual Highway User Gas Tax revenues for Coachella. These revenues would be lost should lands with potential for residential development be placed in conservation.

Table VIII-7
City of Coachella.
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from residential development	**$10,049**	**$20,999**	**$30,148**	**$40,198**

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the

[35] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Coachella receives a 3.1 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[36] This allocation is based on the City's population and total taxable sales.

Potential Measure A Revenues from Residential Development

This analysis projects that potential single-family development in Coachella would result in approximately 448 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Coachella would yield annual sales tax revenues to the City of $28,623 at buildout. The City would receive $42 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary

The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Coachella be converted to conservation.

Table VIII-8
City of Coachella
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	**$10**	**$21**	**$31**	**$42**

8. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Coachella Cost/Revenue Summary table at the end of this chapter.

9. Special Revenue Sources

Coachella New Construction Tax

The City of Coachella levies a one-time tax on all new development at a rate of 1% of assessed value. The tax is not considered a developer impact fee, but instead is placed into the General Fund and is unrestricted as to its use.[37]

[36] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

[37] Monica Diaz, Building Division, City of Coachella, personal communication, August 23, 2001.

The MSHCP fiscal model projects the amount of development likely to occur on proposed conservation lands, and estimates property values using the same methods and assumptions used to calculate projected property tax revenues. It then extracts 1% of assessed valuation to estimate potential losses to the City associated with implementation of the MSHCP.

Potential New Construction Tax Revenues from Residential Development
Development of the approximately 299 acres of lands designated for residential use in the conservation area in Coachella would result in construction of 448 new single-family dwelling units. Based on a median housing value of $111,000 in Coachella, and applying the new construction tax rate of 1% of the assessed valuation, the City would realize $124,320 in revenues at each buildout phase. As previously stated, this is not an annual fee, but a one-time fee that is levied when the unit is constructed. The following table summarizes potential new construction tax revenues at each buildout phase. These revenues would be lost should potentially developable lands in Coachella be placed in conservation.

Table VIII-9
City of Coachella
New Development Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Tax Collected on All New Development	**$124,320**	**$124,320**	**$124,320**	**$124,320**

Coachella Fire Protection District
The Coachella Fire Protection District is a city-wide district, which finances fire protection and prevention services. The District is financed by a combination of General Fund transfers and property tax revenues. Only future property tax revenues would be affected by implementation of the proposed MSHCP and would be "lost" to conservation. General Fund transfers would generally remain unaffected by implementation of the Plan.

According to property tax allocation data provided by the City of Coachella and the Riverside County Auditor-Controller's Office, approximately 12% of property tax revenue collected in the City is contributed to the Fire Protection District. The fiscal model extracts 12% of potential total property tax revenues that could be generated on vacant lands proposed for conservation. This provides an estimate of the potential financial impacts of the MSHCP on the Fire Protection District Fund.

Potential Revenues to the Coachella Fire Protection District from Residential Development
Approximately 448 new single-family residential dwelling units would be constructed at buildout should lands designated for residential use in the conservation area in Coachella be allowed to develop. As previously discussed, these dwelling units would yield $497,280 in property tax revenues at buildout. Based on an approximately 12 percent contribution of these revenues, the City Fire Protection District would receive $59,674 annually at buildout.

Summary
Table VIII-10 Summarizes potential Fire Protection District revenues from residential development in Coachella for all four buildout phases. These revenues would be lost should lands with developable potential be placed in conservation.

Table VIII-10
City of Coachella
Fire Protection District
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	**$14,918**	**$29,837**	**$44,755**	**$59,674**

Coachella Sanitary District
The Coachella Sanitary District is also funded by property tax revenue. According to property tax allocation data provided by the City of Coachella and the Riverside County Auditor-Controller's Office, approximately 6.3% of property tax revenue collected in the City is allocated to the City's Sanitary District. The fiscal model extracts 6.3% of total potential property tax revenues anticipated at buildout of proposed conservation lands. This provides an estimate of the potential financial impacts of the MSHCP on the City's Sanitary District.

Potential Revenues to the Coachella Sanitary District from Residential Development
As previously discussed, the 448 single-family residential dwellings that would result from development of vacant lands designated for residential uses in Coachella would yield approximately $497,280 in property tax revenues. Of these revenues, approximately 6.3 percent, or $31,329 would be allocated to the Coachella Sanitary District at buildout.

Summary
The following table summarizes potential Sanitary District revenues that would be generated by the 448 dwelling units in Coachella. These revenues would be lost if the lands with potential for residential development were converted to conservation.

Table VIII-11
City of Coachella
Coachella Sanitary District Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	**$7,832**	**$15,664**	**$23,496**	**$31,329**

10. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Coachella with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table VIII-12
City of Coachella
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$7,832	$15,664	$23,496	$31,329
Property Transfer Tax	$7,131	$9,524	$12,277	$14,963
Local Sales Tax	$7,156	$14,312	$21,467	$28,623
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$26,205	$52,409	$78,614	$104,819
New Construction Tax	$124,320	$124,320	$124,320	$124,320
Restricted Funds:				
TUMF Fees	$93,890	$93,890	$93,890	$93,890
Highway Users Gas Tax	$10,049	$20,099	$30,148	$40,198
Measure A	$10	$21	$31	$42
Fire Protection District Property Tax	$14,918	$29,837	$44,755	$59,674
Sanitary District Property Tax	$7,832	$15,664	$23,496	$31,329
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$48,323	$91,909	$135,855	$179,734
Total Annual Restricted Fund Revenues	$126,700	$159,511	$192,321	$225,132
Revenue Subtotal	$175,023	$251,420	$328,175	$404,865
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$11,954	$17,172	$22,414	$27,652
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$186,977**	**$268,592**	**$350,590**	**$432,518**

B. Potential Costs to the City of Coachella

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Coachella were $3,134,049.[38] According to the 2000 U.S. Census, Coachella had a population of 22,724. Based on these data, the annual per capita cost of providing general government services is $137.92 per capita.

In Coachella, development of the approximately 299 acres of vacant lands designated for residential uses would result in a total 448 new single-family residential units, which would increase Coachella' population by 2,115 persons at buildout. Based on the per capita figure cited above ($137.92), annual cost for the provision of general government services to the buildout population of potentially developable lands in Coachella would be $291,636. Annual general government costs for each buildout phase are summarized in the following table.

Table VIII-13
City of Coachella
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$72,909**	**$145,818**	**$218,727**	**$291,636**

[38] City of Coachella Budget, Fiscal Year 2000-2001.

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expendiures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Coachella, public safety expenditures for fiscal year 2000-2001 were $3,616,123, or $159.13 per capita. As previously stated, a buildout population of 2,115 would result from development of 448 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $336,495. Annual public safety costs for each buildout phase are summarized in Table VIII-14, below.

Table VIII-14
City of Coachella
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$84,124**	**$168,247**	**$252,371**	**$336,495**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Coachella, there are approximately 29 square miles of land and 65 paved road miles within the incorporated City limits, which equates to 2.2 road miles per square mile of land area. A total of approximately 0.5 square miles are designated for conservation, all of which are designated for urban development. Using the average of 2.2 road miles per square mile of land area, the potentially developable area proposed for conservation in Coachella are estimated to include 1.1 miles of paved roadways at buildout.

In Coachella, an estimated annual expenditure of $357,773 is required to maintain the 65 existing miles of paved roadway.[39] This equates to an annual maintenance cost of approximately $5,504 per road mile. In Coachella, the potential 1.1 road miles in the conservation area would require maintenance expenditures of approximately $5,798 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Coachella for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

[39] Frank Crane, City of Coachella, personal communication, August 14, 2003.

Table VIII-15
City of Coachella
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$1,450**	**$2,899**	**$4,349**	**$5,798**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Coachella.

Table VIII-16
City of Coachella
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$72,909	$145,818	$218,727	$291,636
Restricted Funds:				
Public Safety Costs	$84,124	$168,247	$252,371	$336,495
Roadway Maintenance Costs	$1,450	$2,899	$4,349	$5,798
TUMF Allocation to CVAG	$93,890	$93,890	$93,890	$93,890
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$72,909	$145,818	$218,727	$291,636
Total Annual Restricted Fund Costs	$179,464	$265,036	$350,610	$436,183
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$252,373**	**$410,854**	**$569,337**	**$727,819**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 299± acres of potentially developable lands within Coachella are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table VIII-17
City of Coachella
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$7,832	$15,664	$23,496	$31,329
Property Transfer Tax	$7,131	$9,524	$12,277	$14,963
Local Sales Tax	$7,156	$14,312	$21,467	$28,623
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$26,205	$52,409	$78,614	$104,819
New Construction Tax	$124,320	$124,320	$124,320	$124,320
Restricted Funds:				
TUMF Fees	$93,890	$93,890	$93,890	$93,890
Highway Users Gas Tax	$10,049	$20,099	$30,148	$40,198
Measure A	$10	$21	$31	$42
Fire Protection District Property Tax	$14,918	$29,837	$44,755	$59,674
Sanitary District Property Tax	$7,832	$15,664	$23,496	$31,329
ANNUAL COSTS				
General Fund:				
General Government Costs	$72,909	$145,818	$218,727	$291,636
Restricted Funds:				
Public Safety Costs	$84,124	$168,247	$252,371	$336,495
Roadway Maintenance Costs	$1,450	$2,899	$4,349	$5,798
TUMF Allocation to CVAG	$93,890	$93,890	$93,890	$93,890
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$48,323	$91,909	$135,855	$179,734
Total Annual Restricted Fund Revenues	$126,700	$159,511	$192,321	$225,132
Revenue Subtotal	$175,023	$251,420	$328,175	$404,865
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$11,954	$17,172	$22,414	$27,652
Total Annual Revenues at Phase Buildout	$186,977	$268,592	$350,590	$432,518
Costs:				
Total Annual General Fund Costs	$72,909	$145,818	$218,727	$291,636
Total Annual Restricted Fund Costs	$179,463	$265,036	$350,610	$436,183
Total Annual Costs at Phase Buildout	$252,372	$410,854	$569,336	$727,819
Annual Cashflow at Phase Buildout	**-$65,395**	**-$142,262**	**-$218,747**	**-$295,301**

D. Conclusion

The Cost/Revenue Summary table for the City of Coachella shows that development of the 299± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow beginning in Phase I and continuing over the long term.

This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs, particularly in Coachella where housing is affordable. While in general, commercial development may be expected to compensate for this shortfall, in Coachella, no lands are available for commercial development in the proposed conservation area. Based on this analysis, conservation of these potentially developable lands under the proposed MSHCP will benefit Coachella over both the near and long term.

IX. CITY OF DESERT HOT SPRINGS

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Desert Hot Springs would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Desert Hot Springs, a total of 3,001± acres are currently vacant and undeveloped in the proposed conservation areas. Of these, 1,108± acres are designated as Open Space. This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis.

The remaining 1,893± acres are designated for residential, commercial and industrial use in the City's General Plan, as shown in Table IX-1, and are the subject of the cost/revenue analyses that follow.

Table IX-1
City of Desert Hot Springs
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
R-E-10	Residential Estates (0-1 du/10ac)	217.80	DU	16
R-L	Low Density Residential (0-5 du/ac)	275.12	DU	1,032
R-L/SP	Low Density Residential, Specific Plan (0-5 du) [3]	1,058.58	DU	3,968
R-M	Medium Density Residential (0-8 du/ac)	92.78	DU	556
	Single-Family Residential Subtotals	**1644.28**	**DU**	**5,572**
R-H	High Density Residential (0-14 du/ac) [3]	40.38	DU	424
	Multi-Family Residential Subtotals	**40.38**	**DU**	**424**
	RESIDENTIAL SUBTOTALS	**1,684.67**	**DU**	**5,996**
C-G	General Commercial[3]	8.69	SF	83,184
	Commercial Subtotals	**8.69**	**SF**	**83,184**
I-E	Energy Industrial	161.61	SF	569,904
I-L	Light Industrial	38.48	SF	2,393,360
	INDUSTRIAL SUBTOTALS	**200.09**	**SF**	**2,963,264**
	TOTAL	**1893.44**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
For commercial development, assumes 22 percent lot coverage at buildout
For industrial development, assumes 34 percent lot coverage at buildout.
[3]Data provided by CVAG included a single "Multiple" parcel totaling 158.18± acres with multiple land use designations. The breakdown is as follows, and is incorporated into this table: R-L/SP – 48.75; R-H – 40.38; C-G – 8.69. The "Multiple" parcel also included 60.21 acres of Private Open Space (OS/PV), not shown on this table.

As shown in the table, development of lands designated for residential uses would result in construction of 5,996 single and multi-family dwelling units at buildout. In Desert Hot Springs,

the average household size is 2.8 persons, as described by the 2000 U.S. Census.[40] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 16,789. This figure is applied throughout this analysis.

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A. Potential Revenues for Desert Hot Springs

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Desert Hot Springs is $122,500. The median value of new multi-family residences is assumed to be $69,579 per unit, which represents standard multi-family residential development in the Coachella Valley. The value of new commercial development is assumed to be $95 per square foot, and the value of new industrial development is assumed to be $65 per square foot, which represent standard commercial and industrial development in the Coachella Valley.

Desert Hot Springs, receives 16.6 percent of the 1 percent allocation collected by the County.[41] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Desert Hot Springs. 23.1 percent of the 1 percent allocation goes to the Riverside County General Fund, and 60.3 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Desert Hot Springs are discussed in Chapter VI.

Under the proposed MSHCP, approximately 1,893 vacant acres currently designated for urban uses are proposed for conservation in Desert Hot Springs. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

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40 Census 2000, U.S. Census Bureau.

41 Based on Tax Rate Area (TRA) Tax Analysis data received from Riverside County Auditor-Controller's Office, May 31, 2001. Percentages represent property tax allocations for a sample TRA within each jurisdiction, before Educational Revenue Augmentation Fund (ERAF) distributions are subtracted.

Potential Property Tax Revenues from Residential Development
As shown in Table IX-1, there are 1,685± developable acres within Desert Hot Springs designated for residential uses. Of these, 1,644± are designated for single-family development, with densities ranging from 1 dwelling unit per 10 acres to 8 dwelling units per acre. The remaining 40± acres are designated for high density, multi-family development (maximum 14 dwelling units per acre).

Based on a median home price of $122,500 for single-family homes in Desert Hot Springs potential annual property tax revenues to the City from single-family residential development would be $1,333,067. With median per unit value for multi-family dwelling units of $69,579, potential annual property tax revenues to the City from multi-family residential development would be $48,972 at buildout. Total potential annual property tax revenues from buildout of all lands designated for residential development in the City would be $1,182,039. Table IX-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

Potential Property Tax Revenues from Commercial Development
Within Desert Hot Springs, there are approximately 9± acres with potential for development for General Commercial (C-G) uses. Potential annual property tax revenues to the City on developable lands designated C-G in Desert Hot Springs total $79,025 at buildout. Potential annual property tax revenues from commercial lands in Desert Hot Springs are summarized for all four buildout phases in Table IX-2.

Potential Property Tax Revenues from Industrial Development
There are approximately 200+ acres within Desert Hot Springs with developable potential for Industrial uses. These include Light Industrial (I-L) and Energy Industrial (I-E). Potential property tax revenues to the City from all developable industrial lands in Desert Hot Springs total $319,737 annually. Potential annual property tax revenues for all four buildout phases from potentially-developable industrial lands in Desert Hot Springs are summarized in Table IX-2.

Summary
Potential annual residential, commercial and industrial property tax revenues from vacant developable lands in Desert Hot Springs are summarized in the following table:

Table IX-2
Desert Hot Springs
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$295,509	$591,010	$886,529	$1,182,039
Total property tax revenue from commercial development	$3,279	$39,512	$59,269	$79,025
Total property tax revenue from industrial development	$79,934	$159,868	$239,802	$319,737
Total property tax revenue from all development	**$378,722**	**$790,399**	**$1,185, 600**	**$1,580,801**

As Table IX-2 shows, it is estimated that Desert Hot Springs would lose a total of $1,580,801 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[42] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[43] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Desert Hot Springs, potential annual property transfer tax revenues have been calculated for approximately 1,893 acres of lands with potential for urban development. These include residential, commercial and industrial uses, discussed categorically below.

Potential Revenues from Residential Property Transfer Tax
In Desert Hot Springs, 1,644± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 5,572 new single-family residential units would be constructed. Single-family residential development on these lands would generate $206,774 annually in property transfer tax to the City at buildout.

Approximately 424 new multi-family residential units would be constructed on the 40± acres designated for high-density residential development. In Desert Hot Springs, annual property transfer tax revenues to the City from these multi-family units would be $4,516 at buildout.

[42] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[43] Ibid.

Total annual transfer property tax revenues from all residential development on currently vacant lands in Desert Hot Springs would be $211,289 at buildout.

Potential Revenues from Commercial Property Transfer Tax
There are approximately 9 acres of vacant lands in Desert Hot Springs with potential to develop for commercial uses that are proposed for conservation. Based on the transfer rate assumptions, as previously discussed, annual property transfer tax revenues generated at buildout for the lands with commercial development potential in Desert Hot Springs would be $1,217.

Potential Revenues from Industrial Property Transfer Tax
For the 200± acres of potentially developable lands designated for industrial use in Desert Hot Springs, and based on the transfer rate assumptions, annual property transfer tax revenues resulting from development of these lands for industrial use would be $29,663 at buildout.

Summary
Table IX-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table IX-3
Desert Hot Springs
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$102,426	$140,698	$173,514	$211,289
Total tax revenue from commercial development	$1,092	$1,132	$1,174	$1,217
Total tax revenue from industrial development	$26,612	$27,579	$28,603	$29,663
Total property transfer tax revenue from all development	**$130,130**	**$169,408**	**$203,291**	**$242,169**

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the City of Desert Hot Springs, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed below.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are

generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

The fiscal impact model also projects potential sales tax revenue generated on vacant commercial lands proposed for conservation under the MSHCP. Assumptions regarding buildout of commercial lands, percentage of net floor space that will be dedicated to the sale of taxable goods, and average annual sales estimators, are also discussed in Chapter IV. This analysis also applies data from the Urban Land Institute's (ULI) 1997 "Dollars and Cents of Shopping Centers," for "neighborhood commercial" scale and "community commercial" scale development." Neighborhood commercial" development generates an annual average of $220.69 per square foot in taxable sales.[44] "Community Commercial" development generates an annual average of $224.99 per square foot in taxable sales.[45]

Potential Sales Tax Revenues from Residential Development

As shown in Table IX-1, approximately 1,685 acres of developable lands in Desert Hot Springs are designated for single and multi-family residential development. The remaining 40± acres are designated for high density, multi-family residential development. Potential annual sales tax revenues from single and multi-family residential development in Desert Hot Springs are discussed below.

Of the 1,685± developable acres in Desert Hot designated for residential development, approximately1,644 acres would be developed for single-family residential dwellings, with densities ranging from one dwelling unit per 10 acres to 8 dwelling units per acre. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $122,500, potential single-family residential development in Desert Hot Springs would yield annual sales tax revenues to the City of $392,883 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table IX-4, below.

Approximately 40 acres would be developed for high density, multi-family residential uses. Estimates of discretionary income for future residents of multi-family development are derived using an average monthly rental rate for a one or two bedroom apartment in Desert Hot Springs

[44] Table 6-15, "Dollars and Cents of Shopping Centers," Urban Land Institute, 1997.
[45] Table 5-15, Ibid.

of $485.[46] Applying that rate to assumptions previously stated for discretionary spending, potential annual sales tax revenues to the City from multi-family residential development would be $10,940 at buildout. Table IX-4, below, summarizes potential annual retail sales tax revenues generated by multi-family residential development in the City for all four buildout phases.

Sales Tax Revenue Potential from Commercial Development

This analysis assumes that a portion of the 9± acres with commercial development potential in Desert Hot Springs would buildout for commercial retail, and that a portion would result in hotel/motel development. (Tax revenues from hotel/motel development are discussed in Section E of this chapter.) Based on previously-stated assumptions for discretionary spending and development of approximately 6 acres of the subject lands for commercial retail development, the City would realize $110,220 in annual retail sales tax. Potential retail sales tax potential for commercial development are shown in Table IX-4, for all four phases of buildout.

This analysis previously discussed potential annual sales tax revenues that would result from the development of proposed conservation lands designated for residential development in Desert Hot Springs. This analysis assumes that the commercial development discussed herein would be utilized not only by residential development on the proposed conservation lands, but also by residents living outside those areas. Therefore, potential annual sales tax revenues for both commercial and residential development on lands proposed for conservation are included in the total revenue calculations for Desert Hot Springs.

Summary

The following table summarizes potential annual sales tax revenues for residential and commercial development, which would be lost if the potentially developable lands are placed in conservation.

Table IX-4
Desert Hot Springs
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	$98,221	$196,442	$294,663	$392,883
Total sales tax revenue from multi-family residential development	$2,735	$5,470	$8,205	$10,940
Total sales tax revenue from commercial development	$27,555	$55,110	$82,665	$110,220
Total sales tax revenue from all development	**$128,511**	**$257,022**	**$385,533**	**$514,043**

[46] Community Economic Profile for Desert Hot Springs, Riverside County, California, prepared by Riverside County Economic Development Agency, 2001.

4. Transient Occupancy Tax (TOT) Revenue

As previously stated, a Transient Occupancy Tax (TOT) is imposed on individuals for occupying a hotel or motel room. Each jurisdiction has its own TOT rate. In Desert Hot Springs, the TOT rate is 9 percent.[47] Potential TOT revenues are based on the number of hotel/motel rooms that could be constructed on proposed conservation lands, the average nightly room rate charged, and the average occupancy rate. The room rate used in this analysis is $126.27/night, which represents the average daily expenditure for hotel rooms by Coachella Valley visitors.[48] The average occupancy rate is 60 percent, as recommended in Riverside County's "Guide to Preparing Fiscal Impact Reports."

Within the City of Desert Hot Springs, approximately 9 acres of vacant lands are designated General Commercial (C-G). Under the C-G designation, appropriate land uses include hotel and motel development. However, as previously stated, this analysis assumes that only a portion of those lands, approximately 3 acres, would be developed for hotel/motel uses. Based on an estimate of 35 hotel/motel rooms per acre[49], a total of 105 hotel/motel rooms would be constructed over project buildout. Based on an average daily room rate of $126.27/night, and an occupancy rate of 60 percent, those 105 hotel/rooms would yield $261,322 in annual TOT revenues at buildout. Annual TOT revenues project for each phase of buildout are summarized in the following table. Conservation of these lands would result in a "loss" of annual TOT revenues to the City.

Table IX-5
Desert Hot Springs
Transient Occupancy Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Transient Occupancy Tax Revenue from all development	**$65,331**	**$130,661**	**$195,992**	**$261,322**

5. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita.[50]

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47 Desert Hot Springs TOT Rate, Fiscal Year 2000-2001.

48 California Hotel & Motel Association in cooperation with Smith Travel Research Company, provided by Terri Milton, Palm Springs Desert Resorts Convention and Visitors Authority, personal communication, October 8, 2002.

49 Terra Nova Planning & Research, Inc. estimate based on Coachella Valley City Zoning Ordinances.

50 "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

In Desert Hot Springs, under the proposed MSHCP, approximately 1,685 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 5,996 new single and multi-family residential units would be constructed. Based on an average household size of 2.8 persons, as described by the 2000 U.S. Census,[51] it is estimated that at Phase IV buildout, these new residential units would result in a total of 16,789 new residents. Desert Hot Springs would annually receive motor vehicle in-lieu revenues of $832,221 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Desert Hot Springs for all four buildout phases.

Table IX-6
Desert Hot Springs
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$208,055**	**$416,110**	**$624,166**	**$832,221**

6. TUMF Fees

As previously discussed, Desert Hot Springs, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Desert Hot Springs will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Desert Hot Springs.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit, and $506 per multi-family dwelling unit. In Desert Hot Springs, the 1,685± acres with residential development potential would result in construction of 5,572 single-family residences and 424 multi-family residences. Based on these data, CVAG would

[51] Census 2000, U.S. Census Bureau.

collect a total of $1,167,710 in TUMF fees for single-family residential development during each phase of buildout of residential development in Desert Hot Springs. Multi-family residential development would generate $53,668 in TUMF fees. All residential development in Desert Hot Springs would generate $1,221,378 in TUMF revenues at project buildout. This is not an annual revenue however, but a one-time revenue which would occur at the time each unit is built.

TUMF Fee Potential from Commercial Development

TUMF fees are collected at a rate of $2,137 per 1,000 square feet of commercial development. 9± acres of vacant lands with potential for commercial development in Desert Hot Springs would result in approximately 83,184 square feet of commercial space at Phase IV buildout. Based on the assumption that this development would buildout out evenly over the four five-year buildout phases, approximately 20,796 square feet would be constructed during each phase. As a result of this development, CVAG would collect $44,433 in TUMF fees per buildout phase. This is not an annual revenue however, but a one-time revenue which would occur at the time each building is built.

Industrial Development TUMF Fee Potential

For industrial development, TUMF fees are collected at a rate of $460 per 1,000 square feet. There are approximately 200 acres of vacant lands with potential for industrial development in Desert Hot Springs. Assuming an even distribution of industrial buildout over each of the four five-year buildout phases, 472,896 square feet of industrial space would be constructed per buildout phase. CVAG would collect $340,790 in TUMF fees per buildout phase. This is not an annual revenue however, but a one-time revenue which would occur at the time each building is built.

Summary

The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Desert Hot Springs were placed in conservation.

Table IX-7
Desert Hot Springs
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$1,221,378	$1,221,378	$1,221,378	$1,221,378
Total TUMF revenue from commercial development	$44,433	$44,433	$44,433	$44,433
Total TUMF revenue from industrial development	$340,790	$340,790	$340,790	$340,790
Total TUMF revenue from all development	**$1,606,602**	**$1,606,602**	**$1,606,602**	**$1,606,602**

7. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Desert Hot Springs, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $19.14 was projected.[52] This figure is used to estimate potential gas tax revenues for Desert Hot Springs in this analysis.

Based on a total potential population of 16,789, the per capita apportionment figure of $19.14, total annual gas tax revenue from all development in Desert Hot Springs would be $321,338 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for Desert Hot Springs.

Table IX-8
Desert Hot Springs.
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$80,334**	**$160,669**	**$241,003**	**$321,338**

8. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Desert Hot Springs receives a 2.9 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[53] This allocation is based on the City's population and total taxable sales.

As previously discussed, this analysis projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development. Since taxable sales from industrial development in the Coachella Valley are generally very limited, the fiscal

[52] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

[53] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

model assumes that no taxable sales, or resulting Measure A revenues, are generated by industrial development.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Desert Hot Springs would result in approximately 1,644 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Desert Hot Springs would yield annualsales tax revenues to the City of $392,883 at buildout. The City would receive $536 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

As previously discussed, potential sales tax revenues for the approximately 40 acres of vacant lands with development potential as multi-family residences are based on estimates of discretionary income for future residents of multi-family development and an average monthly rental rate of $485 in Desert Hot Springs. Sales tax revenue resulting from multi-family residential development in Desert Hot Springs is estimated at $10,940 annually at Phase IV buildout. Desert Hot Springs' annual allocation of Measure A Revenues from multi-family residential development would be $15 at buildout.

Potential Measure A Revenues from Commercial Development
As previously discussed, this analysis assumes that 6± of the 9± acres in the proposed conservation area with potential for commercial development would be developed for retail commercial uses. These 6± would yield $110,220 in sales tax revenues to the City at buildout. Total annual Measure A revenue from commercial retail development in Desert Hot Springs would be $150.

As was the case with potential sales tax revenues, Measure A revenues from commercial development in the proposed conservation area in Desert Hot Springs, are included in the total revenues for this analysis, along with potential Measure A revenues from residential development. This analysis assumes that commercial development within the conservation area would be utilized by residents from outside the area, as well as by those within it. Therefore, inclusion of these revenues for both commercial and residential development does not represent double-counting of these revenues, but instead provides a conservative estimate of revenues that would be lost to conservation.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Desert Hot Springs be converted to conservation.

Table IX-9
Desert Hot Springs
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	$134	$268	$402	$536
Total Measure A revenue from multi-family resid. development	$4	$7	$11	$15
Total Measure A revenue from commercial development	$38	$75	$113	$150
Total Measure A revenue from all development	**$176**	**$350**	**$526**	**$701**

9. County Service Area (CSA) 152 Revenue

As discussed in Chapter IV, Desert Hot Springs is one of four Coachella Valley cities that participate in CSA 152, along with Palm Springs, Rancho Mirage and La Quinta.[54] These cities collect an assessment, through County Service Area 152, to support the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990.

Riverside County collects, manages, and reimburses to the participating cities 100 percent of the CSA 152 assessments collected. Under CSA 152, an annual assessment is levied on both developed and undeveloped lands based on a system of Benefit Assessment Units (BAUs). These are discussed in Section IV.

Each city has established its own BAU dollar value. Desert Hot Springs' BAU dollar rate is $1.57.[55] The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property, as shown in Table IX-1, above. The same formula is used to determine the assessment for commercial and industrial lands, with the exception that the assessment is based on the number of developed acres on a parcel instead of dwelling units per parcel. CSA 152 revenue assessments are discussed for residential, commercial and industrial development, below.

Potential CSA 152 Revenue from Residential Development
In Desert Hot Springs, there are approximately 1,685 vacant acres in conservation areas with potential for residential development. If allowed to develop under their current designations, these 1,685+ acres would result in construction of 5,572 single-family dwellings and 424 multi-family dwellings at buildout.

Based on the per parcel BAU dollar value in Desert Hot Springs of $1.57, and the County CSA BAU Factor of 1 BAU per single-family residence, 5,572 single-family dwellings would yield

[54] Debbie Cox, CSA Administrator, Riverside County Executive Office, personal communication, January 10, 2001.

$8,748 in potential annual CSA 152 revenues at Phase IV buildout. Applying the City's BAU dollar value and the County CSA BAU Factor (9) per multi-family residence, potential annual CSA 152 revenues from the 424 multi-family residences would be $428 at Phase IV buildout. All residential development in Desert Hot Springs would yield $9,176 in annual CSA 152 revenues.

Potential CSA 152 Revenue from Commercial Development

There are approximately 9 acres of vacant land with potential for development for commercial use in Desert Hot Springs. At 22 percent building coverage for commercial development, 1.91± acres would be developed at buildout. However, as previously stated, CSA 152 revenues are based on "developed acres." The 22 percent building coverage assumption used throughout this analysis accounts for only the commercial building itself, excluding parking lots or other paved surfaces. Therefore, to calculate CSA revenues, this analysis uses a more conservative factor for commercial and industrial development, and assumes that 80 percent of a parcel would be developed at buildout. At 80 percent lot coverage, 7± acres would be developed at buildout. Applying Desert Hot Springs' BAU dollar value of $1.57 and the County BAU assessment factor (12 per developed acre) for commercial/industrial lands, those 7± acres would yield $131 in CSA 152 revenues at buildout

Potential CSA 152 Revenue from Industrial Development

In Desert Hot Springs, there are a total of 200± undeveloped acres with potential for industrial development. These include 162± acres of lands designated for Energy Industrial uses, and 38± acres designated for Light Industrial uses. As with commercial development, industrial development would result in industrial buildings, parking lots, and other paved surfaces. Therefore, for CSA 152 revenues, this analysis also bases the number of acres that would be developed for industrial uses on 80 percent lot coverage. Based on that assumption, 161± acres would be developed at buildout. Those 161± acres of developed industrial lands would yield $3,016 in annual CSA 152 revenues at buildout.

Summary

The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Desert Hot Springs.

Table IX-10
Desert Hot Springs
CSA 152 Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total CSA 152 Revenue from Residential Development	$2,294	$4,588	$6,882	$9,176
Total CSA 152 Revenue from Commercial Development	$33	$65	$98	$131
Total CSA 152 Revenue from Industrial Development	$754	$1,508	$2,262	$3,016
Total CSA 152 Revenue from all Development	**$3,081**	**$6,161**	**$9,242**	**$12,323**

10. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Desert Hot Springs Cost/Revenue Summary table at the end of this chapter.

11. Special Revenue Sources

Desert Hot Springs Utility Tax
As discussed in Chapter IV, the City of Desert Hot Springs levies a Utility Tax on all users of electricity, natural gas, cable and other utilities. The tax is equal to 5 percent of each utility bill. Revenues applied to the City's General Fund. Utility Tax revenues for fiscal year 2000-2001 were $940,179.[56] With approximately 5,859 occupied dwelling units in the City, this equates to approximately $160 per dwelling unit per year.

To determine potential utility tax revenues, this analysis multiplies the annual per dwelling unit factor ($160) by the number of units that could be constructed on proposed conservation lands. The model does not project potential utility tax revenues generated by future commercial or industrial development, because the per dwelling unit factor shown above ($160) accounts for all utility users in the City, including commercial and industrial development.

The Utility Tax was originally scheduled to be collected for only 5 years, and has been extended for an additional 5 years. Therefore, Utility Tax revenues are calculated for 10 years. These revenues are shown in Phases I and II only of the Cost/Revenue Summary Table at the end of this chapter.

As has been stated, it is projected that a total of 5,996 single and multi-family residential units would be constructed in Desert Hot Springs over project buildout. As previously stated, it is assumed that 100 percent these units would be occupied at buildout. Applying the $160 per dwelling unit factor, annual Utility Tax revenues would be $240,541 in Phase I, and $481,082 in Phase II. Table IX-11, below, summarizes this information.

Table IX-11
Desert Hot Springs
Utility Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Utility Tax Revenue from all development	**$240,541**	**$481,082**	**N/A**	**N/A**

[56] Linda Kelly, City of Desert Hot Springs, August 12, 2003.

Desert Hot Springs Public Safety Tax
Beginning in year 2000, the City of Desert Hot Springs collects a Public Safety Tax for a ten-year period. This tax is a restricted revenue source. It provides for police, fire, code compliance and animal control services and programs. The following tax rates are applied to future development that could occur on proposed conservation lands.

Table IX-12
City of Desert Hot Springs
Public Safety Tax Rates

Land Use	Annual Public Safety Tax Rate
Residential	
Low Density	$97.28/unit
Medium Density	$54.41/unit
High Density	$36.16/unit
Vacant Acres (all densities)	$6.90/acre
Commercial	
Developed Acres (all categories)	$2,618.26/acre
Vacant Acres (all categories)	$93.89/acre
Industrial	
Developed Acres (all categories)	$420.05/acre
Vacant Acres (all categories)	$1.90/acre
Source: City of Desert Hot Springs, Fiscal Year 2000-2001.	

As shown in Table IX-12, above, the City applies different public safety tax rates to low, medium and high-density residential development. Rates for all categories of commercial development are the same, as are rates for all categories of industrial development. Vacant lands designated for residential, commercial and industrial uses are assigned a different tax rate, which is lower than the rate assigned developed lands in the same land use category.

Since the City will only collect public safety taxes for a ten-year period, the cost/revenue analysis calculates these taxes for Phases I and II. Based on an even distribution of development over each of the four buildout phases only a portion of the total developable lands in each land use category will buildout during each phase. The applicable vacant acre tax rate is applied to the balance of vacant acres in each phase.

For example, for the Residential Estates designation, a total of 217.8± acres are projected to buildout over 20 years. Approximately 54.45 acres are projected to buildout in Phase I. The low-density public safety tax rate of $97.28 per acre is therefore applied to those 54.45± acres. The remaining 163.35± acres are assumed to remain vacant, and the lower vacant acreage rate of $6.90 is applied. This method has been used in this analysis to calculate potential public safety tax revenues for all residential, commercial and industrial land use categories. (The Desert Hot Springs Public Safety Tax Revenue table at the end of this document shows all calculations.)

Potential Public Safety Tax Revenues from Residential Development

Of the total 1,685 acres projected to build out as single and multi-family residential development, it is assumed that approximately 50 percent, or 822 acres, would be developed at buildout of Phase II. To calculate public safety tax revenues for these lands, the respective developed acreage tax rates for low, medium and high-density residential development shown in Table IX-1 above, have been applied. The resulting calculations show that for all lands designated for residential development in Desert Hot Springs, including those still vacant at buildout of Phase II, annual public safety tax revenues would be $265,057.

Potential Public Safety Tax Revenues from Commercial Development

Approximately 9 acres of land in Desert Hot Springs are designated for commercial use. At 22 percent lot coverage, and assuming an even distribution of development over the four project buildout phases, approximately .95 acres would be developed at buildout of Phase II. A balance of 2.43± vacant acres would remain to be developed. Applying the $2,618.26 public safety tax rate for developed commercial acreage, and the $93.89 tax rate for vacant commercial lands yields a total of $2,728 in public safety tax revenues at Phase II buildout.

Potential Public Safety Tax Revenues from Industrial Development

In Desert Hot Springs, there are 200± developable acres designated for industrial uses. Based on 34 percent lot coverage, and an even distribution of development over the four five-year project buildout phases, 34± acres would be developed by buildout of Phase II. A balance of 26± acres would remain to be developed. Applying the public safety tax rate of $420.05 for industrial development, and the per vacant acre tax rate ($1.90) to these lands yields a total of $14,349 in public safety tax revenues at Phase II buildout.

Summary

The following table summarizes potential public safety tax revenues for all vacant lands with potential for urban development in Desert Hot Springs. These revenues would be lost should these lands be converted to conservation.

Table IX-13
Desert Hot Springs
Public Safety Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$138,341	$265,057	N/A [2]	N/A [2]
Total tax revenue from commercial development	$1,727	$2,728	N/A	N/A
Total tax revenue from industrial development	$7,332	$14,349	N/A	N/A
Total Public Safety tax revenue from all development	**$147,400**	**$282,134**	**N/A**	**N/A**

Desert Hot Springs City-wide Lighting and Landscaping District (LLD)
The Desert Hot Springs City-wide Lighting and Landscaping District (LLD) funds various public facilities and improvements, such as municipal parks, landscaping and maintenance of public rights-of-way, and maintenance of public buildings and equipment. The LLD is funded through annual assessments levied at a rate of $42/parcel/year.

As discussed in Chapter IV, the fiscal model assumes that future development of parcels designated for single-family residential development will result in those parcels being subdivided into numerous single-family residential lots. It is further assumed that single-family residential development will occur at a rate of 75 percent of the maximum density permitted, and each new single-family dwelling unit will occupy its own parcel. For example, a 10-acre parcel designated for a maximum density of 4 units per acre is currently assessed $42/year. If the parcel is later subdivided and developed at 75 percent of the maximum density permitted, the site will be divided into 30 smaller parcels. Each parcel will be assessed $42/year, and the City will collect a total of $1,260/year. The LLD will generate $1,218 more annually than it did before development occurred.

The fiscal model also assumes that, if developed in the future, parcels designated for multi-family residential, commercial, industrial, public/institutional uses and open space, will remain "whole" and will not be subdivided. It multiplies the number of these parcels by $42/parcel/year, which yields the anticipated LLD revenues that would be generated at future buildout of these lands.

Potential LLD Revenues from Residential Development
The 1,644± acres of vacant lands designated for single-family residential development in Desert Hot Springs would, if developed at 75 percent of maximum allowable densities, would result in construction of 5,572 residential units at project buildout. Applying the City's $42 per parcel LLD assessment rate to these units would yield annual LLD revenues of $234,024 from single-family residential development at buildout.

In Desert Hot Springs, approximately 40 acres of vacant land are designated for multi-family residential development. As previously discussed, this analysis assumes that parcels designated for multi-family residential development would not be subdivided. Therefore, land designated for multi-family residential development would yield $42 in annual LLD revenues.

Potential LLD Revenues from Commercial Development
A total of 9± vacant acres are designated for commercial uses in Desert Hot Springs. Of these, approximately 6 acres have been assumed to develop for retail commercial uses, with the remaining 3 acres to be developed for hotel/motel uses. Therefore, commercial development of these lands would result in two parcels, and total annual LLD revenues from lands designated for commercial uses would be $84 at buildout.

Potential LLD Revenues from Industrial Development
There are 200± acres with potential for development for industrial uses in Desert Hot Springs. Of these, approximately 38± acres are designated Light Industrial. It is assumed that these 38 acres are one parcel, and would therefore be assessed the $42 per parcel LLD rate. The

remaining 162± acres, designated Energy Industrial, would also be assumed to be one parcel, also assessed at the $42 per parcel LLD rate. Therefore, for all lands designated for industrial uses in Desert Hot Springs, total annual LLD assessment revenues would be $84 at buildout.

Summary

The following table summarizes LLD assessment revenues for lands with potential for urban development in Desert Hot Springs. LLD revenues would be lost if these lands are placed in conservation.

Table IX-14
Desert Hot Springs
Lighting & Landscaping District Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total LLD Revenue from Single-Family Resid. Development	$58,506	$117,012	$175,518	$234,024
Total LLD Revenue from Multi-Family Resid. Development	$11	$21	$32	$42
Total LLD Revenue from Commercial Development	$21	$42	$63	$84
Total LLD Revenue from Industrial Development	$21	$42	$63	$84
Total Annual LLD Revenue from all development	**$58,559**	**$117,117**	**$175,676**	**$234,234**

12. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Desert Hot Springs with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table IX-15 City of Desert Hot Springs Total Potential Revenues Associated with Development of Conservation Lands Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
ANNUAL REVENUES				
General Fund:				
Property Tax	$378,722	$790,399	$1,185,600	$1,580,801
Property Transfer Tax	$130,130	$169,409	$203,291	$242,169
Local Sales Tax	$128,511	$257,022	$385,533	$514,043
Transient Occupancy Tax	$65,331	$130,661	$195,992	$261,322
Utility Tax	$240,541	$481,082	N/A	N/A
Motor Vehicle In-Lieu Revenue	$208,055	$416,110	$624,166	$832,221
Restricted Funds:				
TUMF Fees	$1,606.602	$1,606.602	$1,606.602	$1,606.602
Highway Users Gas Tax	$80,334	$160,669	$241,003	$321,338
Measure A	$176	$350	$526	$701
CSA 152 (NPDES)	$3,081	$6,161	$9,242	$12,323
Municipal Lighting & Landscaping District	$58,559	$117,117	$175,676	$234,234
Public Safety Tax	$147,400	$282,134	N/A	N/A
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$1,151,290	$2,244,683	$2,594,582	$3,430,556
Total Annual Restricted Fund Revenues	$1,896,152	$2,173,033	$2,033,049	$2,175,198
Revenue Subtotal	$3,047,442	$4,417,716	$4,627,631	$5,605,754
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$208,140	$301,730	$316,067	$382,873
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$3,255,581**	**$4, 719,445**	**$4,943,697**	**$5,988,626**

B. Potential Costs to the City of Desert Hot Springs

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Desert Hot Springs were $2,604,969.[57] According to the 2000 U.S. Census, Desert Hot Springs had a population of 16,582. Based on these data, the annual per capita cost of providing general government services is $157.10 per capita.

In Desert Hot Springs, development of the approximately 1,685 acres of vacant lands designated for residential uses would result in a total 5,996 new single and multi-family residential units, which would increase Desert Hot Springs' population by 16,789 persons at buildout. Based on the per capita figure cited above ($157.10), annual cost for the provision of general government services to the buildout population of potentially developable lands in Desert Hot Springs would be $2,637,456. Annual general government costs for each buildout phase are summarized in the following table.

Table IX-16
Desert Hot Springs
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$659,364**	**$1,318,728**	**$1,978,092**	**$2,637,456**

[57] City of Desert Hot Springs Budget, Fiscal Year 2000-2001.

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Desert Hot Springs, public safety expenditures for fiscal year 2000-2001 were $2,221,392, or $133.96 per capita. As previously stated, a buildout population of 16,789 would result from development of 5,996 new single and multi-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $2,249,096. Annual public safety costs for each buildout phase are summarized in Table IX-17, below.

Table IX-17
Desert Hot Springs
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$562,274**	**$1,124,548**	**$1,686,822**	**$2,249,096**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Desert Hot Springs, there are approximately 23 square miles of land and 104 paved road miles within the incorporated City limits, which equates to 4.5 road miles per square mile of land area. A total of approximately 4.69 square miles are designated for conservation, of which approximately 2.96 square miles are designated for urban development. Using the average of 4.5 road miles per square mile of land area, the potentially developable area proposed for conservation in Desert Hot Springs are estimated to include 13.4 miles of paved roadways at buildout.

In Desert Hot Springs, an estimated annual expenditure of $700,000 is required to maintain the 104 existing miles of paved roadway.[58] This equates to an annual maintenance cost of approximately $6,731 per road mile. In Desert Hot Springs, the potential 13.4 road miles in the conservation area would require maintenance expenditures of approximately $90,087 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Desert Hot Springs for each buildout phase. Should lands identified for conservation under

[58] "City of Desert Hot Springs Pavement Management System Report," prepared by Fomotor Engineering, 1996.

the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table IX-18
Desert Hot Springs
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$22,522**	**$45,043**	**$67,565**	**$90,087**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Desert Hot Springs.

Table IX-19
City of Desert Hot Springs
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$659,364	$1,318,728	$1,978,092	$2,637,456
Restricted Funds:				
Public Safety Costs	$562,274	$1,124,548	$1,686,822	$2,249,096
Roadway Maintenance Costs	$22,522	$45,043	$67,565	$90,087
TUMF Allocation to CVAG	$1,606,602	$1,606,602	$1,606,602	$1,606,602
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$659,364	$1,318,728	$1,978,092	$2,637,456
Total Annual Restricted Fund Costs	$2,191,398	$2,776,193	$3,360,989	$3,945,785
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$2,850,762**	**$4,094,921**	**$5,339,081**	**$6,583,241**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 1,893± acres of potentially developable lands within Desert Hot Springs are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table IX-20
City of Desert Hot Springs
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$378,722	$790,399	$1,185,600	$1,580,801
Property Transfer Tax	$130,130	$169,409	$203,291	$242,169
Local Sales Tax	$128,511	$257,022	$385,533	$514,043
Transient Occupancy Tax	$65,331	$130,661	$195,992	$261,322
Utility Tax	$240,541	$481,082	N/A	N/A
Motor Vehicle In-Lieu Revenue	$208,055	$416,110	$624,166	$832,221
Restricted Funds:				
TUMF Fees	$1,606,602	$1,606,602	$1,606,602	$1,606,602
Highway Users Gas Tax	$80,334	$160,669	$241,003	$321,338
Measure A	$176	$350	$526	$701
CSA 152 (NPDES)	$3,081	$6,161	$9,242	$12,323
Municipal Lighting & Landscaping District	$58,559	$117,117	$175,676	$234,234
Public Safety Tax	$147,400	$282,134	N/A	N/A
ANNUAL COSTS				
General Fund:				
General Government Costs	$659,364	$1,318,728	$1,978,092	$2,637,456
Restricted Funds:				
Public Safety Costs	$562,274	$1,124,548	$1,686,822	$2,249,096
Roadway Maintenance Costs	$22,522	$45,043	$67,565	$90,087
TUMF Allocation to CVAG	$1,606,602	$1,606,602	$1,606,602	$1,606,602
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$1,151,290	$2,244,683	$2,594,581	$3,430,556
Total Annual Restricted Fund Revenues	$1,896,151	$2,173,033	$2,033,048	$2,175,197
Revenue Subtotal	$3,047,441	$4,417,715	$4,627,630	$5,605,753
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$208,140	$301,730	$316,067	$382,873
Total Annual Revenues at Phase Buildout	$3,255,581	$4,719,445	$4,943,697	$5,988,626
Costs:				
Total Annual General Fund Costs	$659,364	$1,318,728	$1,978,092	$2,637,456
Total Annual Restricted Fund Costs	$2,191,397	$2,776,193	$3,360,989	$3,945,784
Total Annual Costs at Phase Buildout	$2,850,761	$4,094,921	$5,339,081	$6,583,241
Annual Cashflow at Phase Buildout	**$404,820**	**$624,524**	**-$395,384**	**-$594,615**

D. Conclusion

The Cost/Revenue Summary table for Desert Hot Springs shows that development of the 1,893± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a positive cash flow in the near term (Phases I and II). However, development of those lands will result in a negative cash flow over the long term, beginning in Phase III.

Both the Utility and Public Safety taxes will end at Year 10, and the City will realize no more revenue from those restricted fund sources. However, the City will continue to incur costs for provision of General Government, Public Safety and Roadway Maintenance for these lands. Even in the near term, costs for provision of public safety services to these lands far exceed corresponding public safety tax revenues.

Based on the summary table, currently vacant lands with potential for urban development in Desert Hot Springs would, if developed, result in a negative cash flow for the City over the long term. This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs, particularly in areas such as Desert Hot Springs, where housing is affordable. In general, commercial development may be expected to compensate for this shortfall. However, in Desert Hot Springs, only 9 acres of land are available for commercial development in the proposed conservation area. Potential revenues from commercial development on the subject lands would not be adequate to cover the costs associated with development of approximately 1685 acres for residential uses. Therefore, conservation of these potentially developable lands under the proposed MSHCP will benefit Desert Hot Springs over the long term.

X. CITY OF INDIAN WELLS

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Indian Wells would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Indian Wells, a total of 2003± acres are currently vacant and undeveloped in the proposed conservation areas. Of these, 1823± acres are designated as Open Space, including lands designated as Watercourse. This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis.

The remaining 180± acres are designated for residential use in the City's General Plan, as shown in Table X-1, and are the subject of the cost/revenue analyses that follow.

Table X-1
City of Indian Wells
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
	Natural Preserve (0-1 du/40 gross ac)	178.81	DU	4
	Very Low Density Residential (1-3 du/ac)	1.32	DU	4
	SINGLE-FAMILY RESIDENTIAL SUBTOTALS	**180.13**	**DU**	**8**
	TOTAL	**180.13**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density

As shown in Table X-1, development of lands designated for residential uses would result in construction of 8 single -family dwelling units at buildout. In Indian Wells, the average household size is 1.93 persons, as described by the 2000 U.S. Census.[59] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 16. This figure is applied throughout this analysis.
.

[59] Census 2000, U.S. Census Bureau.

A. Potential Revenues for Indian Wells

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Indian Wells is $372,000.

Indian Wells, receives 7.0 percent of the 1 percent allocation collected by the County.[60] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Indian Wells. 36.0 percent of the 1 percent allocation goes to the Riverside County General Fund, and 57.0 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Indian Wells are discussed in Chapter VI.

Under the proposed MSHCP, there are approximately 180 vacant acres in Indian Wells currently designated for urban uses that are proposed for conservation. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table X-1, there are 180± developable acres within Indian Wells designated for single-family residential uses. Densities range from 1 dwelling unit per 40 gross acres to 3 dwelling units per acre.

Based on a median home price in Indian Wells of $372,000 for single-family homes, potential annual property tax revenues to the City from single-family residential development would be $2,084. Table X-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

[60] Data provided by City of Indian Wells Finance Department or FY 2000-2001 Budget.

Table X-2
City of Indian Wells
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	**$520**	**$1,042**	**$1,562**	**$2,084**

As Table X-2 shows, it is estimated that Indian Wells would lose a total of $2,084 annually in property tax revenues if the vacant lands currently designated for urban uses were placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[61] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[62] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Indian Wells, potential annual property transfer tax revenues have been calculated for approximately 180 acres of lands with potential for urban development, which include single-family residential uses.

Potential Revenues from Residential Property Transfer Tax
In Indian Wells, 180± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 8 new single-family residential units would be constructed. Single-family residential development on these lands would generate $1,064 annually in property transfer tax to the City at buildout.

Summary
Table X-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

[61] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[62] Ibid.

Table X-3
City of Indian Wells
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total tax revenue from residential development	$409	$737	$409	$1,064

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the City of Indian Wells, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section H of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, and then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development
As shown in Table X-1, approximately 180 acres of developable lands in Indian Wells are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $372,000, potential single-family residential development in Indian Wells would yield annual sales tax revenues to the City of $1,713 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table X-4, below.

Summary
The following table summarizes potential annual sales tax revenues for residential development, which would be lost if the potentially developable lands are placed in conservation.

Table X-4
City of Indian Wells
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	**$428**	**$856**	**$1,285**	**$1,713**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[63]

In Indian Wells, under the proposed MSHCP, approximately 180 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 8 new single-family residential units would be constructed. Based on an average household size of 1.92 persons it is estimated that at Phase IV buildout, these new residential units would result in a total of 16 new residents. Indian Wells would annually receive motor vehicle in-lieu revenues of $765 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Indian Wells for all four buildout phases. These revenues would be lost if lands with potential for urban development in Indian Wells are placed in conservation.

Table X-5
City of Indian Wells
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from residential development	**$191**	**$383**	**$574**	**$765**

[63] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

5. TUMF Fees

As previously discussed, Indian Wells, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Indian Wells will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Indian Wells.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Indian Wells, the 180± acres with residential development potential would result in construction of 8 single-family residences. Based on these data, CVAG would collect a total of $1,677 in TUMF fees for single-family residential development during each phase of buildout of residential development in Indian Wells. This is not an annual revenue however, but a one-time revenue that would occur at the time each unit is built.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Indian Wells were placed in conservation.

Table X-6
Indian Wells
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	**$1,677**	**$1,677**	**$1,677**	**$1,677**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Indian Wells, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $20.27 was projected.[64] This figure is used to estimate potential gas tax revenues for Indian Wells in this analysis.

Based on a total potential population of 16, the per capita apportionment figure of $20.27, total annual gas tax revenue from all development in Indian Wells would be $313 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for Indian Wells, which would be lost if lands with potential for urban development be converted to conservation.

Table X-7
City of Indian Wells.
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from residential development	**$78**	**$156**	**$235**	**$313**

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Indian Wells receives a 2.0 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[65] This allocation is based on the City's population and total taxable sales.

[64] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

[65] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Indian Wells would result in approximately 8 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Indian Wells would yield annual sales tax revenues to the City of $1,713 at buildout. The City would receive $2 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Indian Wells be converted to conservation.

Table X-8
City of Indian Wells
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	**$0**	**$1**	**$1**	**$2**

8. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Indian Wells Cost/Revenue Summary table at the end of this chapter.

9. Special Revenue Sources

Indian Wells Emergency Services Upgrade Fund
The Indian Wells Emergency Services Upgrade Fund covers the costs of paramedic and other emergency services and is financed by an annual, city-wide tax. The tax is levied on residential development at a rate of $120/year/household. The fiscal model projects the amount of residential development likely to occur on proposed conservation lands, based on the assumption that development will occur at a rate of 75% the maximum density permitted. The model applies the $120/household tax rate to determine potential revenue losses to the City upon implementation of the MSHCP.

Potential Emergency Services Upgrade Fund Revenues from Residential Development
In Indian Wells, buildout of the lands in the conservation area with potential for residential development would result in the construction of 8 single-family dwelling units. Applying the City's annual per household assessment rate of $120 would result in Emergency Services Upgrade Fund revenues of $960 at buildout. These revenues are summarized for all four buildout phases in Table X-9, below.

Table X-9
City of Indian Wells
Emergency Services Upgrade Fund Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Annual Emerg. Services Revenue from all development	**$240**	**$480**	**$720**	**$960**

10. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Indian Wells with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table X-10
City of Indian Wells
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$520	$1,042	$1,562	$2,084
Property Transfer Tax	$409	$737	$409	$1,064
Local Sales Tax	$428	$856	$1,285	$1,713
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$191	$383	$574	$765
Restricted Funds:				
TUMF Fees	$1,677	$1,677	$1,677	$1,677
Highway Users Gas Tax	$78	$156	$235	$313
Measure A	$0	$1	$1	$2
Emergency Services Upgrade Fund	$240	$480	$720	$960
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$1,548	$3,018	$3,730	$5,626
Total Annual Restricted Fund Revenues	$1,995	$2,314	$2,633	$2,952
Revenue Subtotal	$3,543	$5,332	$6,363	$8,578
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$242	$364	$435	$586
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$3,785**	**$5,696**	**$6,904**	**$9,164**

B. Potential Costs to the City of Indian Wells

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Indian Wells were $3,065,640.[66] According to the 2000 U.S. Census, Indian Wells had a population of 3,816. Based on these data, the annual per capita cost of providing general government services is $803.36 per capita.

In Indian Wells, development of the approximately 180 acres of vacant lands designated for residential uses would result in a total 8 new single-family residential units, which would increase Indian Wells' population by 16 persons at buildout. Based on the per capita figure cited above ($803.36), annual cost for the provision of general government services to the buildout population of potentially developable lands in Indian Wells would be $12,404. Annual general government costs for each buildout phase are summarized in the following table.

Table X-11
Indian Wells
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$3,101**	**$6,202**	**$9,303**	**$12,404**

[66] City of Indian Wells Budget, Fiscal Year 2000-2001.

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Indian Wells, public safety expenditures for fiscal year 2000-2001 were $3,542,357, or $928.29 per capita. As previously stated, a buildout population of 16 would result from development of 8 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $14,333. Annual public safety costs for each buildout phase are summarized in Table X-12, below.

Table X-12
Indian Wells
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$3,583**	**$7,166**	**$10,750**	**$14,333**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Indian Wells, there are approximately 15 square miles of land and 10 paved road miles within the incorporated City limits, which equates to 0.7 road miles per square mile of land area. A total of approximately 3.13 square miles are designated for conservation, of which approximately 0.3 square miles are designated for urban development. Using the average of 0.7 road miles per square mile of land area, the potentially developable area proposed for conservation in Indian Wells are estimated to include 0.2 miles of paved roadways at buildout.

In Indian Wells, an estimated annual expenditure of $492,166 is required to maintain the 10 existing miles of paved roadway.[67], [68] This equates to an annual maintenance cost of approximately $49,217 per road mile. In Indian Wells, the potential 0.2 road miles in the conservation area would require maintenance expenditures of approximately $9,465 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Indian Wells for each buildout phase. Should lands identified for conservation under the

[67] Ibid.
[68] Kevin McCarthy, City of Indian Wells, personal communication, September 11, 2003.

MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table X-13
Indian Wells
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$2,366**	**$4,732**	**$7,099**	**$9,465**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Indian Wells.

Table X-14
City of Indian Wells
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$3,101	$6,202	$9,303	$12,404
Restricted Funds:				
Public Safety Costs	$3,583	$7,166	$10,750	$14,333
Roadway Maintenance Costs	$2,366	$4,732	$7,099	$9,465
TUMF Allocation to CVAG	$1,677	$1,677	$1,677	$1,677
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$3,101	$6,202	$9,303	$12,404
Total Annual Restricted Fund Costs	$7,626	$13,575	$19,525	$25,474
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$10,727**	**$19,777**	**$28,828**	**$37,878**

D. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 180± acres of potentially developable lands within Indian Wells are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table X-15
City of Indian Wells
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$520	$1,042	$1,562	$2,084
Property Transfer Tax	$409	$737	$900	$1,064
Local Sales Tax	$428	$856	$1,285	$1,713
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$191	$383	$574	$765
Restricted Funds:				
TUMF Fees	$1,677	$1,677	$1,677	$1,677
Highway Users Gas Tax	$78	$156	$235	$313
Measure A	$0	$1	$1	$2
Emergency Services Upgrade Fund	$240	$480	$720	$960
ANNUAL COSTS				
General Fund:				
General Government Costs	$3,101	$6,202	$9,303	$12,404
Restricted Funds:				
Public Safety Costs	$3,583	$7,166	$10,750	$14,333
Roadway Maintenance Costs	$2,366	$4,732	$7,099	$9,465
TUMF Allocation to CVAG	$1,677	$1,677	$1,677	$1,677
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$1,549	$3,017	$4,321	$5,626
Total Annual Restricted Fund Revenues	$1,995	$2,314	$2,632	$2,952
Revenue Subtotal	$3,543	$5,331	$6,954	$8,578
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$242	$364	$475	$586
Total Annual Revenues at Phase Buildout	$3,785	$5,695	$7,429	$9,164
Costs:				
Total Annual General Fund Costs	$3,101	$6,202	$9,303	$12,404
Total Annual Restricted Fund Costs	$7,626	$13,575	$19,525	$25,474
Total Annual Costs at Phase Buildout	$10,727	$19,777	$28,828	$37,878
Annual Cashflow at Phase Buildout	**-$6,942**	**-$14,082**	**-$21,399**	**-$28,714**

D. Conclusion

The Cost/Revenue Summary table for Indian Wells shows that development of the 180± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow beginning in Phase I and continuing over the long term. This is mainly attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs. While in general, commercial development may be expected to compensate for this shortfall, in Indian Wells, no lands are available for commercial development in the proposed conservation area.

Costs for provision of services are calculated on a per capita basis. Within the City of Indian Wells, these costs are distributed across a very low total population, resulting in costs which are higher than average for the Coachella Valley. There is a high level of expected services in the City. While in many cities, it would not be fiscally possible to support these costs, Indian Wells has sizable revenue sources, particularly from property and transient occupancy taxes, which compensate for these costs. However, as previously stated, since all those lands in the conservation area are designated for residential uses, they generate no commercial revenues. Therefore, the higher than average costs associated with development in Indian Wells would contribute to a negative cash flow if lands in the conservation area were allowed to develop.

Based on this analysis, conservation of the potentially developable lands under the proposed MSHCP will benefit Indian Wells over both the near and long term.

XI. CITY OF INDIO

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Indio would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Indio, there are a total of 129± acres with potential for development in the proposed MSHCP conservation area. Of these, 4± acres are designated as Open Space, and 36± are designated as Public.

This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis.

As previously stated, lands designated for Public/Institutional uses have potential to buildout for a wide range of land uses, such as schools, libraries, government offices, senior centers and utility substations. Public/institutional lands would have potential to generate property and property transfer tax revenues, as well as limited sales tax revenue. However, since it is impossible to know at this time what the nature or value of improvements on public lands may be, lands designated as Public are not analyzed in this fiscal analysis.

The remaining 89± acres are designated for residential use in the City's General Plan, as shown in Table IX-1, and are the subject of the cost/revenue analyses that follow.

Table XI-1
City of Indio
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
R-L	Low Density Residential (3.5-10 du/ac)	89.32	DU	668

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space or Public.
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density

As shown in the table, development of lands designated for residential uses would result in construction of 668 single-family dwelling units at buildout. In Indio, the average household size is 3.48 persons, as described by the 2000 U.S. Census.[69] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 2,325. This figure is applied throughout this analysis.

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[69] Census 2000, U.S. Census Bureau.

A. Potential Revenues for Indio

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." The value of new single-family residential units in the City of Indio is $193,500.

Indio receives 21.0 percent of the 1 percent allocation collected by the County.[70] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Indio. Of the 1 percent allocation, 22.0 percent goes to the Riverside County General Fund, and 57.0 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Indio are discussed in Chapter VI.

In the City of Indio, approximately 89 vacant acres currently designated for urban uses are proposed for conservation under the MSHCP. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table IX-1, there are 89± developable acres within Indio designated for low-density single-family residential use, with densities ranging from 3.5 to 10 dwelling units per acre. Based on a median home price of $193,500 for single-family homes in Indio, potential annual property tax revenues to the City from single-family residential development would be $271,442. Table IX-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

Summary
Potential annual residential property tax revenues from vacant developable lands in Indio are summarized in the following table:

[70] Data provided by City Finance Department or budget.

Table XI -2
City of Indio
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from all development	**$67,860**	**$135,721**	**$203,581**	**$271,442**

As Table IX-2 shows, it is estimated that Indio would lose a total of $271,442 annually in property tax revenues if the vacant lands currently designated for urban uses were placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document. In Indio, potential annual property transfer tax revenues have been calculated for approximately 89 acres of lands with potential for urban development.

Potential Revenues from Residential Property Transfer Tax
In Indio, 89± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 668 new single-family residential units would be constructed. Single-family residential development on these lands would generate annual property transfer tax revenues of $38,888 to the City at buildout.

Summary
Table IX-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table XI -3
City of Indio
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property transfer tax revenue from all development	**$18,624**	**$24,840**	**$31,821**	**$38,888**

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California, of which the State retains 6.00 percent. Local jurisdictions, including the City of Indio, receive 1 percent of the sales tax for sales that occur within that jurisdiction. Another 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds, which are discussed in Section H of this chapter.

As previously stated, this analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands. It then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. It is also assumed that residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development
As shown in Table XI-1, approximately 89 acres of developable lands in Indio are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $193,500, potential single-family residential development in Indio would yield annual sales tax revenues to the City of $74,400 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table IX-4, below.

Summary
The following table summarizes potential annual sales tax revenues for residential and commercial development, which would be lost if the potentially developable lands are placed in conservation.

Table XI -4
City of Indio
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from all development	**$18,600**	**$37,200**	**$55,800**	**$74,400**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees are collected by the State of California. These revenues are imposed on motorists in-lieu of a local property tax. A portion of the total revenue is allocated to each local jurisdiction on a monthly basis. These estimated apportionments have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[71]

Under the proposed MSHCP in the City of Indio, approximately 89 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 668 new single-family residential units would be constructed. Based on an average household size of 3.48 persons, as described by the 2000 U.S. Census,[72] it is estimated that at Phase IV buildout, these new residential units would result in a total of 2,325 new residents. Therefore, at Phase IV buildout, Indio would receive annual motor vehicle in-lieu revenues of $115,232.

Summary
The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Indio for all four buildout phases. These revenues would be lost if lands designated for residential uses in Indio were converted to conservation.

Table XI -5
City of Indio
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$28,808**	**$57,616**	**$86,424**	**$115,322**

5. TUMF Fees

As previously discussed, Indio participates in the Transportation Uniform Mitigation Fee (TUMF) program along with most other cities in the MSCHP planning area. TUMF fees fund regional transportation improvement projects in the Coachella Valley and are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Indio will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Indio.

[71] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.
[72] Census 2000, U.S. Census Bureau.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Indio, the 89± acres with residential development potential would result in construction of 668 single-family residences. Therefore, for residential development in Indio, CVAG would collect a total of $139,996 in TUMF fees during each phase of buildout. This is not an annual revenue however, but a one-time revenue, which would occur at the time each unit is built.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Indio were placed in conservation.

Table XI -6
City of Indio
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from all development	**$139,996**	**$139,996**	**$139,996**	**$139,996**

6. Highway User Gas Tax Revenue

The State of California levies a per-gallon tax levied on all gasoline purchases. A portion of these revenues is allocated to counties and cities throughout the state. For Indio, Based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a projected per capita apportionment factor of $18.81 was projected for Indio for fiscal year 2000-2001.[73] This figure is used to estimate potential gas tax revenues for Indio in this analysis.

Based on a total potential population of 2,325 and the per capita apportionment figure of $18.81, total annual gas tax revenue from all development in Indio at Phase IV buildout would be $43,726.

Summary
The following table summarizes potential annual Highway User Gas Tax revenues which would be lost should lands with potential for residential development in Indio be placed in conservation.

[73] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Table XI -7
Indio.
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	$10,932	$21,863	$32,795	$43,726

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund, to be managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Indio receives a 10.0 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County..[74] This allocation is based on the City's population and total taxable sales.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Indio would result in approximately 668 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Indio would yield annual sales tax revenues to the City of $74,400 at buildout. The City would receive $354 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Indio be converted to conservation.

Table XI-8
Indio
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Measure A revenue from all development	$88	$177	$265	$354

[74] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

8. Investment Income

As discussed in Chapter IV, conservation of potentially developable lands in the City will not only result in loss of revenues, but also in the loss of investment income that could be generated by those revenues. Potential annual investment income for single-family residential development in Indio is shown in the Cost/Revenue Summary table for the City at the end of this chapter.

9. Special Revenue Sources

Indio Utility User's Tax
As discussed in Chapter IV, the City of Indio Utility Users Tax is levied at a rate of 5 percent on utility bills for all utility users in the City. This analysis assumes that the Utility Users Tax will be collected throughout the life of the proposed MSHCP.

Utility User's Tax revenues for fiscal year 2000-2001 were $2,420,000.[75] With approximately 13,871 occupied dwelling units in the City, this equates to approximately $174 per dwelling unit per year. To determine potential utility tax revenues, this analysis multiplies the annual per dwelling unit factor $174) by the number of units that could be constructed on proposed conservation lands. The per unit dwelling unit factor shown above ($174) accounts for all utility users in the City, including commercial and industrial development.

As has been stated, it is projected that a total of 668 single-family residential units would be constructed in Indio over project buildout. As previously stated, it is assumed that 100 percent these units would be occupied at buildout. Applying the $174 per dwelling unit factor, annual Utility Tax revenues would be $116,542 at Phase IV buildout. Table XI-9, below, summarizes this information.

Table XI-9
Indio
Utility Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Utility Tax Revenue from all development	**$29,136**	**$58,271**	**$87,407**	**$116,542**

10. Summary of Revenues

All general fund and restricted fund revenues that would be lost if vacant lands in Indio with developable potential were placed in conservation under the proposed MSHCP are summarized in the following table. Potential annual investment income that would be lost as a result of conservation of these lands is also shown

[75] Jerry Carter, City of Indio, August 22, 2003.

Table XI-10
City of Indio
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$67,860	$135,721	$203,581	$271,442
Property Transfer Tax	$18,624	$24,840	$31,821	$38,888
Local Sales Tax	$18,600	$37,200	$55,800	$74,400
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Utility Tax	$29,136	$58,271	$87,407	$116,542
Motor Vehicle In-Lieu Revenue	$28,808	$57,616	$86,424	$115,232
Restricted Funds:				
TUMF Fees	$139,996	$139,996	$139,996	$139,996
Highway Users Gas Tax	$10,932	$21,863	$32,795	$43,726
Measure A	$88	$177	$265	$354
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$163,028	$313,648	$465,033	$616,504
Total Annual Restricted Fund Revenues	$151,016	$162,036	$173,056	$184,076
Revenue Subtotal	$314,044	$475,684	$638,089	$800,580
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$21,449	$32,489	$43,581	$54,680
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$335,493**	**$508,173**	**$681,670**	**$855,260**

B. Potential Costs to the City of Indio

Development of lands being proposed for conservation will not only generate additional revenues but also additional municipal costs. General government services, and the expansion and/or extension of infrastructure, utilities, roads and other public services will require additional expenditures. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. If these lands are placed in conservation rather than being developed, the City will not incur these costs.

1. Costs of General Government

As previously discussed, general government costs include expenses associated with items necessary for the day-to-day functioning of city government. These include providing city employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items that are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a

per capita factor, and applies that amount to the anticipated buildout population, which yields the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs and are calculated separately. Public safety and roadway maintenance expenditures are discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Indio were $6,747,369.[76] According to the 2000 U.S. Census, Indio had a population of 49,116. Based on these data, the annual per capita cost of providing general government services is $137.38 per capita.

In Indio, development of the approximately 89 acres of vacant lands designated for residential use would result in a total 668 new single-family residential units. At buildout, therefore, Indio's population would increase by 2,325 persons at buildout. Based on the per capita figure cited above ($137.38), annual cost for the provision of general government services to the buildout population of potentially developable lands in Indio would be $319,350. Annual general government costs for each buildout phase are summarized in the following table. These costs would not be incurred should lands designated for urban development in Indio be placed in conservation.

Table XI-11
City of Indio
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$79,838**	**$159,675**	**$239,513**	**$319,350**

2. Costs of Public Safety Services

Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model calculates costs of providing public safety services to future residents in the same manner as general government costs. It translates these expenditures into a per capita factor that is then applied to the anticipated buildout population.

In the City of Indio, public safety expenditures for fiscal year 2000-2001 were $9,823,621, or $200.01 per capita. As previously stated, a buildout population of 2,325 would result from development of 668 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $464,948. Annual public safety costs for each buildout phase are summarized in Table XI-12, below.

[76] City of Indio Budget, Fiscal Year 2000-2001.

Table XI-12
City of Indio
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Costs of Public Safety for all development	**$116,237**	**$232,474**	**$348,711**	**$464,948**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Indio, there are approximately 26 square miles of land and 150 paved road miles within the incorporated City limits, which equates to 5.8 road miles per square mile of land area. A total of approximately .20 square miles are designated for conservation, of which approximately .14 square miles are designated for urban development. Using the average of 5.8 road miles per square mile of land area, the potentially developable area proposed for conservation in Indio is estimated to include 0.8 miles of paved roadways at buildout.

In Indio, an estimated annual expenditure of $598,947 is required to maintain the 150 existing miles of paved roadway.[77] This equates to an annual maintenance cost of approximately $3,993 per road mile. In Indio, the potential 3.2 road miles in the conservation area would require maintenance expenditures of approximately $8,063 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Indio for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table XI-13
City of Indio
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Cost of Roadway Maintenance at Phase Buildout	**$806**	**$2,419**	**$4,838**	**$8,063**

[77] Amir Modararessi, City of Indio, personal communication, August 14, 2003.

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Indio.

Table XI-14
City of Indio
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$79,838	$159,675	$239,513	$319,350
Restricted Funds:				
Public Safety Costs	$116,237	$232,474	$348,711	$464,948
Roadway Maintenance Costs	$806	$2,419	$4,838	$8,063
TUMF Allocation to CVAG	$139,996	$139,996	$139,996	$139,996
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$79,838	$159,675	$239,513	$319,350
Total Annual Restricted Fund Costs	$117,043	$374,889	$493,545	$613,007
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	$196,881	$534,564	$733,057	$932,357

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 89± acres of potentially developable lands within Indio are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table XI-15
City of Indio
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$67,860	$135,721	$203,581	$271,442
Property Transfer Tax	$18,624	$24,840	$31,821	$38,888
Local Sales Tax	$18,600	$37,200	$55,800	$74,400
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Utility Users Tax	$29,136	$58,271	$87,407	$116,542
Motor Vehicle In-Lieu Revenue	$28,808	$57,616	$86,424	$115,232
Restricted Funds:				
TUMF Fees	$139,996	$139,996	$139,996	$139,996
Highway Users Gas Tax	$10,932	$21,863	$32,795	$43,726
Measure A	$88	$177	$265	$354
ANNUAL COSTS				
General Fund:				
General Government Costs	$79,838	$159,675	$239,513	$319,350
Restricted Funds:				
Public Safety Costs	$116,237	$232,474	$348,711	$464,948
Roadway Maintenance Costs	$806	$2,419	$4,838	$8,063
TUMF Allocation to CVAG		$139,996	$139,996	$139,996
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$163,028	$313,648	$465,033	$616,505
Total Annual Restricted Fund Revenues	$151,016	$162,036	$173,056	$184,077
Revenue Subtotal	$314,044	$475,684	$638,089	$800,581
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$21,449	$32,489	$43,581	$54,680
Total Annual Revenues at Phase Buildout	$335,493	$508,174	$681,671	$855,261
Costs:				
Total Annual General Fund Costs	$79,838	$159,675	$239,513	$319,350
Total Annual Restricted Fund Costs	$117,043	$374,889	$493,545	$613,007
Total Annual Costs at Phase Buildout	$196,881	$534,564	$733,057	$932,357
Annual Cashflow at Phase Buildout	**$138,612**	**-$26,390**	**-$51,387**	**-$77,096**

D. Conclusion

The Cost/Revenue Summary table for Indio shows that development of the 89± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow beginning with the near term and continuing through all phases of buildout. Residential development does not generate sufficient municipal revenues to cover associated costs, particularly in areas such as Indio, where housing is affordable. Commercial development may generally be expected to compensate for this shortfall. However, in the City of Indio there are no lands with potential for commercial development in the proposed conservation area to off-set the costs associated with residential development. Therefore, in Indio, conservation of the potentially developable lands under the proposed MSHCP will benefit the City in both the near and long term.

XII. CITY OF LA QUINTA

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of La Quinta would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. There are a total of 2,614± acres within the proposed conservation area in La Quinta with potential for urban development. Of these, 2,188± acres are designated as Golf Course Open Space, Open Space, Park Facilities, or Watercourse/Flood Control. This analysis assumes that lands designated for all the Open Space uses in La Quinta would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, those lands designated as are not analyzed in this fiscal analysis.

The remaining 426± acres are designated for low-density residential use in the City's General Plan, as shown in Table XII-1. These 426± acres are the subject of the cost/revenue analyses that follow.

Table XII-1
City of La Quinta
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
R-L	Low Density Residential (0-4 du/ac)	426.33	DU	1,280

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space uses.
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density

As shown in the table, development of lands designated for residential uses would result in construction of 1,280 single-family dwelling units at buildout. As previously stated, this analysis assumes that 100% of these units would be occupied. According to the 2000 U.S. Census, the average household size in La Quinta is 2.8 persons.[78] Therefore, the buildout population of the subject lands would be 3,584. This figure is applied throughout this analysis.

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A. Potential Revenues to the City of La Quinta

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

[78] Census 2000, U.S. Census Bureau.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. Based on a value of new single-family residential units as shown in the "Inland Empire Quarterly Economic Report." Based on those values, the median new home value for La Quinta is $350,000.

La Quinta receives 5.0 percent of the 1 percent allocation collected by the County.[79] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within La Quinta. Of the 1 percent allocation collected by the County, 25.5 percent goes to the Riverside County General Fund, and 69.5 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in La Quinta are discussed in Chapter VI.

Under the proposed MSHCP, approximately 426 acres that are currently undeveloped and are designated for urban uses are proposed for conservation in La Quinta. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development

As shown in Table XII-1, there are 426± developable acres within La Quinta designated for single-family residential use, with a maximum allowable density of 4 dwelling units per acre. Based on a median home price of $350,000 for single-family homes in La Quinta potential annual property tax revenues to the City from single-family residential development would be $224,000.

Summary

Table XII-2, below, summarizes potential annual property tax revenues for residential development in La Quinta for each of the four buildout phases. These revenues would be lost if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

Table XII-2
City of La Quinta
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from all development	**$56,000**	**$112,000**	**$168,000**	**$224,000**

[79] Data provided by City of La Quinta Finance Department or FY 2000-2001 budget.

2. Property Transfer Tax Revenue

As previously discussed, Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[80] The Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[81] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

Potential Revenues from Residential Property Transfer Tax
Potential annual property transfer tax revenues have been calculated for the approximately 426 acres of lands in La Quinta with potential for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 1,280 new single-family residential units would be constructed. Single-family residential development on these lands would generate $135,462 annually in property transfer tax to the City at buildout.

Summary
Table XII-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table XII-3
City of La Quinta
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property transfer tax revenue from all development	**$64,526**	**$86,240**	**$110,822**	**$135,462**

3. Sales and Use Tax Revenue

As previously stated, the State retains a portion (6.00 percent) of the 7.75 percent sales tax it collects in Riverside County. Each local jurisdiction, including the City of La Quinta, receives 1 percent of the sales tax for sales that occur within that jurisdiction. The remaining 0.75 percent is allocated towards county transportation funds (0.25 percent) and Measure A funds (0.50). La Quinta does not receive Measure A funds; further discussion is provided below.

Assumptions for determining discretionary income of future residents, including monthly single-family housing costs, are discussed in Chapter IV. For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income

[80] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[81] Ibid.

of future residents. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development
Approximately 426 acres of developable lands in La Quinta are designated for single-family residential development. Based on the assumptions previously stated for discretionary spending, and a median housing value of $350,000 in La Quinta, potential single-family residential development in La Quinta would yield annual sales tax revenues to the City of $257,866 at buildout.

Summary
The following table summarizes potential annual sales tax revenues for residential development in La Quinta, which would be lost if the potentially developable lands are placed in conservation.

Table XII-4
City of La Quinta
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from all development	**$64,467**	**$128,933**	**$193,400**	**$257,866**

4. Motor Vehicle In-Lieu Revenue

The State of California collects Motor Vehicle In-Lieu Fees from motorists in-lieu of a local property tax. On a monthly basis, a portion of the total revenue is allocated to each local jurisdiction. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[82]

In La Quinta, under the proposed MSHCP, approximately 426 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 1,280 new single-family residential units would be constructed. Based on 2000 U.S. Census data, the average household size in La Quinta is 2.8 persons. [83] It is estimated that at Phase IV buildout, these 1,280 new residential units would result in a total of 3,584 new residents. Therefore, La Quinta would receive annual motor vehicle in-lieu revenues of $177,659 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to La Quinta for all four buildout phases. These revenues would be lost should lands with potential for residential development be converted to conservation.

[82] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.
[83] Census 2000, U.S. Census Bureau.

Table XII-5
City of La Quinta
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Motor Vehicle In-Lieu Revenue from all development	**$44,415**	**$88,829**	**$133,244**	**$177,659**

5. TUMF Fees

Most cities in the MSCHP planning area participate in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits. The City of La Quinta does not participate in the TUMF program, and therefore does not receive TUMF fees.

6. Highway User Gas Tax Revenue

Each county and city throughout the State of California is allocated a portion of the per-gallon tax levied by the state on all gasoline purchases. Based on State of California Shared Revenue Estimates for fiscal year 2000-2001, the projected per capita apportionment factor for fiscal year 2000-2001 for La Quinta was $19.02.[84] This figure is used to estimate potential gas tax revenues for La Quinta in this analysis.

Based on a total potential population of 3,584, the per capita apportionment figure of $19.02, total annual gas tax revenue from all development in La Quinta would be $68,168 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for La Quinta.

Table XII-6
City of La Quinta
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$17,042**	**$34,084**	**$51,126**	**$68,168**

[84] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

7. County Service Area (CSA) 152 Revenue

As discussed in Chapter IV, La Quinta is one of four Coachella Valley cities that participate in CSA 152, along with Desert Hot Springs, Palm Springs and Rancho Mirage.[85] Each participating city collects an assessment, through County Service Area 152, which supports the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990.

Riverside County collects, manages, and reimburses to the participating cities 100 percent of the CSA 152 assessments collected. Under CSA 152, an annual assessment is levied on both developed and undeveloped lands based on a system of Benefit Assessment Units (BAUs), discussed in Chapter IV. BAUs for specific land use categories are shown in Section IV.

Each city has established its own BAU dollar value. La Quinta's BAU dollar rate is $9.99.[86] The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property. CSA 152 revenue assessments are discussed for residential development in La Quinta, below.

Potential CSA 152 Revenue from Residential Development
In La Quinta, there are approximately 426 acres in the conservation area with potential for residential development. If allowed to develop under their current designations, these 426 acres would result in construction of 1,280 single-family dwellings at buildout.

Based on the per parcel BAU dollar value in La Quinta of $9.99, and the County CSA BAU Factor of 1 BAU per single-family residence, 1,280 single-family dwellings would yield $12,787 in potential annual CSA 152 revenues at Phase IV buildout.

Summary
The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in La Quinta. These revenues would be lost if these lands were conserved as proposed under the MSHCP.

Table XII-7
City of La Quinta
CSA 152 Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total CSA 152 Revenue from all Development	**$3,197**	**$6,394`**	**$9,590**	**$12,787**

[85] Debbie Cox, CSA Administrator, Riverside County Executive Office, personal communication, January 10, 2001.

8. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for residential development is shown in the La Quinta Cost/Revenue Summary table at the end of this chapter.

9. Special Revenue Sources

La Quinta City-wide Lighting and Landscaping District (LLD)
The La Quinta City-wide Lighting and Landscaping District (LLD) is a city-wide district which funds public improvements, including the construction, operation, maintenance, and servicing of street lights, traffic signals, landscaping, and parks and recreation facilities. Annual assessments are based on the type of development, and are levied at a rate of $35.60 per "equivalent dwelling unit" (EDU). The City's fee schedule, shown below, describes how many EDUs each type of development is worth. This fee schedule is used in the MSCHP fiscal model.

- Single-Family Residential = 1 EDU/dwelling unit
- Non-Residential and Residential greater than 1 acre (with more than 1 dwelling unit) = 5 EDU/acre
- Rural/Estate Residential (greater than 1 acre with only 1 dwelling unit) = 1 EDU for the first acre and 0.33 EDU for each additional acre

The fiscal model projects the amount of development likely to occur on proposed conservation lands, and applies the above rates to this level of development to estimate potential revenue losses associated with MSHCP implementation.

Potential LLD Revenues from Residential Development
The 426± acres of vacant lands designated for single-family residential development in La Quinta would, if developed at 75 percent of maximum allowable densities, would result in construction of 1,280 residential units at project buildout. Applying the City's $35.60 assessment and the single-family EDU rate per dwelling unit (1) would yield annual LLD revenues to the City of $45,568 at Phase IV buildout.

Summary
The following table summarizes LLD assessment revenues for lands with potential for urban development in La Quinta. LLD revenues would be lost if these lands are placed in conservation.

Table XII-8
City of La Quinta
Lighting & Landscaping District Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Annual LLD Revenue from all development	**$11,392**	**$22,784**	**$34,176**	**$45,568**

10. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in La Quinta with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table XII-9
City of La Quinta
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$56,000	$112,000	$168,000	$224,000
Property Transfer Tax	$64,526	$86,240	$110,822	$135,462
Local Sales Tax	$64,467	$128,933	$193,400	$257,866
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$44,415	$88,829	$133,244	$177,659
Restricted Funds:				
TUMF Fees	N/A	N/A	N/A	N/A
Highway Users Gas Tax	$17,042	$34,084	$51,126	$68,168
Measure A	N/A	N/A	N/A	N/A
CSA 152 (NPDES)	$3,197	$6,394	$9,590	$12,787
Municipal Lighting & Landscaping District	$11,392	$22,784	$34,176	$45,568
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$229,408	$416,002	$605,466	$794,987
Total Annual Restricted Fund Revenues	$11,392	$22,784	$34,176	$45,568
Revenue Subtotal	$240,800	$438,786	$639,642	$840,555
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$16,447	$29,969	$43,688	$57,410
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$257,247**	**$468,755**	**$683,330**	**$897,965**

B. Potential Costs to the City of La Quinta

Should lands proposed for conservation instead be allowed to develop in the future, they will not only generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As previously discussed, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs,

contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in La Quinta were $11,667,550.[87] According to the 2000 U.S. Census,[88] La Quinta had a population of 23,694. Based on these data, the annual per capita cost of providing general government services is $492.43 per capita.

In La Quinta, development of the approximately 426 acres of vacant lands designated for residential uses would result in a total 1,280 new single-family residential units, which would increase La Quinta' population by 3,584 persons at buildout. Based on the per capita figure cited above ($492.43), annual cost for the provision of general government services to the buildout population of potentially developable lands in La Quinta would be $1,764,856. Annual general government costs for each buildout phase are summarized in the following table.

Table XII-10
La Quinta
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$441,214**	**$882,428**	**$1,323,642**	**$1,764,856**

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of La Quinta, public safety expenditures for fiscal year 2000-2001 were $3,700,526, or $156.18 per capita. As previously stated, a buildout population of 3,584 would result from development of 426 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $559,749. Annual public safety costs for each buildout phase are summarized in Table XII-11, below.

[87] City of La Quinta Budget, Fiscal Year 2000-2001.
[88] Census 2000, U.S. Census Bureau.

Table XII-11
City of La Quinta
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Costs of Public Safety for all development	**$139,937**	**$279,874**	**$419,812**	**$559,749**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In La Quinta, there are approximately 35 square miles of land and 95 paved road miles within the incorporated City limits. This equates to 2.7 road miles per square mile of land area. A total of approximately 4.09 square miles are designated for conservation, of which approximately 0.7 square miles are designated for urban development. Using the average of 2.7 road miles per square mile of land area, the potentially developable area proposed for conservation in La Quinta are estimated to include 1.9 miles of paved roadways at buildout.

In La Quinta, an estimated annual expenditure of $595,624 is required to maintain the 95 existing miles of paved roadway.[89] This equates to an annual maintenance cost of approximately $6,270 per road mile. In La Quinta, the potential 1.9 road miles in the conservation area would require maintenance expenditures of approximately $11,818 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for La Quinta for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table XII-12
La Quinta
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Cost of Roadway Maintenance at Phase Buildout	**$2,954**	**$5,909**	**$8,863**	**$11,818**

[89] City of La Quinta Budget, Fiscal Year 2000-2001.

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in La Quinta.

Table XII-13
City of La Quinta
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$441,214	$882,428	$1,323,642	$1,764,856
Restricted Funds:				
Public Safety Costs	$139,937	$279,874	$419,812	$559,749
Roadway Maintenance Costs	$2,954	$5,909	$8,863	$11,818
TUMF Allocation to CVAG	N/A	N/A	N/A	N/A
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$441,214	$882,428	$1,323,642	$1,764,856
Total Annual Restricted Fund Costs	$142,891	$285,783	$428,675	$571,567
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$584,105**	**$1,168,211**	**$1,752,317**	**$2,336,423**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 426± acres of potentially developable lands within La Quinta are allowed to develop at maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table XII-14
City of La Quinta
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$56,000	$112,000	$168,000	$224,000
Property Transfer Tax	$64,526	$86,240	$110,822	$135,462
Local Sales Tax	$64,467	$128,933	$193,400	$257,866
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$44,415	$88,829	$133,244	$177,659
Restricted Funds:				
Highway Users Gas Tax	$17,042	$34,084	$51,126	$68,168
CSA 152	$3,197	$6,394	$9,590	$12,787
City-wide Landscaping & Lighting District	$11,392	$22,784	$34,176	$45,568
ANNUAL COSTS				
General Fund:				
General Government Costs	$441,214	$882,428	$1,323,642	$1,764,856
Restricted Funds:				
Public Safety Costs	$139,937	$279,874	$419,812	$559,749
Roadway Maintenance Costs	$2,954	$5,909	$8,863	$11,818
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$229,408	$416,002	$605,466	$794,987
Total Annual Restricted Fund Revenues	$11,392	$22,784	$34,176	$45,568
Revenue Subtotal	$240,800	$438,786	$639,642	$840,555
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$16,447	$29,969	$43,688	$57,410
Total Annual Revenues at Phase Buildout	$257,246	$468,756	$683,330	$897,965
Costs:				
Total Annual General Fund Costs	$441,214	$882,428	$1,323,642	$1,764,856
Total Annual Restricted Fund Costs	$142,892	$285,783	$428,675	$571,567
Total Annual Costs at Phase Buildout	$584,106	$1,168,211	$1,752,317	$2,336,423
Annual Cashflow at Phase Buildout	**-$326,859**	**-$699,456**	**-$1,068,987**	**-$1,438,458**

D. Conclusion

The Cost/Revenue Summary table for La Quinta shows that development of the 426± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow to the City beginning in Phase I and continuing over the long term. While commercial development may generally be expected to compensate for this shortfall, in La Quinta, no lands are available for commercial development in the proposed conservation area. Based on FY 2000-01 expenditures for costs of provision of general government and public safety services, per capita costs would exceed potential revenues that would be realized from residential development on proposed conservation lands. Therefore, conservation of these potentially developable lands under the proposed MSHCP will benefit La Quinta over the near and long term.

XIII. CITY OF PALM DESERT

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Palm Desert would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Palm Desert, a total of 625± acres are currently vacant and undeveloped in the proposed conservation areas. Of these, 486± acres are designated as Open Space. This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis. Another 5± acres are designated as "Street." This constitutes an existing public use that runs through the proposed conservation area, and as such is not included in this analysis.

The remaining 134± acres are designated for residential and commercial use in the City's General Plan, as shown in Table XIII-1, and are the subject of the cost/revenue analyses that follow.

Table XIII-1
City of Palm Desert
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
HPR	Hillside Planned Residential (0-2 du/ac)	96.23	DU	144
R-L	Low Density Residential (3-5 du/ac)	13.11	DU	52
R-M	Medium Density Residential (5-7 du/ac)	24.29	DU	128
	SINGLE-FAMILY RESIDENTIAL SUBTOTALS	**133.63**	**DU**	**324**
RC	Regional Commercial	.57	SF	5,368
	COMMERCIAL SUBTOTALS	**.57**	**SF**	**5,368**
	TOTAL	**134.20**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
For commercial development, assumes 22 percent lot coverage at buildout

As shown in the table, development of lands designated for residential uses would result in construction of 324 single-family dwelling units at buildout. In Palm Desert, the average household size is 2.13 persons, as described by the 2000 U.S. Census.[90] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 690. This figure is applied throughout this analysis.

[90] Census 2000, U.S. Census Bureau.

A. Potential Revenues to City of Palm Desert

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Palm Desert is $323,400. The value of new commercial development is assumed to be $95 per square foot, which represents standard commercial development in the Coachella Valley.

Palm Desert receives 7.1 percent of the 1 percent allocation collected by the County.[91] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Palm Desert. Of the 1 percent allocation collected by the County, 25.5 percent goes to the Riverside County General Fund, and 71.8 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Palm Desert are discussed in Chapter VI.

Under the proposed MSHCP, 133.63± vacant acres currently designated for urban uses are proposed for conservation in Palm Desert. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table XIII-1, 133.63± developable acres within Palm Desert are designated for residential uses. Densities range from 2 dwelling units to 7 dwelling units per acre.

Based on a median home price of $323,400 for single-family homes in Palm Desert, potential annual property tax revenues to the City from single-family residential development would be $221,671. Table XIII-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

[91] Data provided by City Finance Department or City of Palm Desert FY 2000-2001 Budget.

Potential Property Tax Revenues from Commercial Development
Within Palm Desert, there are approximately .57 acres with potential for development for Regional Commercial uses. Potential annual property tax revenues to the City on developable lands designated Regional Commercial in Palm Desert total $1,081 at buildout. Potential annual property tax revenues from commercial lands in Palm Desert are summarized for all four buildout phases in Table XIII-2.

Summary
Potential annual residential and commercial property tax revenues from vacant developable lands in Palm Desert are summarized in the following table:

Table XIII-2
City of Palm Desert
Property Tax Revenue Summary Table

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$55,418	$110,836	$166,253	$221,671
Total property tax revenue from commercial development	$270	$541	$811	$1,081
Total property tax revenue from all development	**$55,688**	**$111,376**	**$167,064**	**$222,752**

As Table XIII-2 shows, it is estimated that Palm Desert would lose a total of $222,752 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[92] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[93] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Palm Desert, potential annual property transfer tax revenues have been calculated for approximately 134 acres of lands with potential for urban development. These include residential and commercial uses, discussed categorically below.

92 Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
93 Ibid.

Potential Revenues from Residential Property Transfer Tax
In Palm Desert, 133.6± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 324 new single-family residential units would be constructed. Single-family residential development on these lands would generate $31,910 annually in property transfer tax to the City at buildout.

Potential Revenues from Commercial Property Transfer Tax
There are approximately .57 acres of vacant lands in the conservation area in Palm Desert with potential for commercial development. Based on the transfer rate assumptions, as previously discussed, annual property transfer tax revenues generated at buildout for the lands with commercial development potential in Palm Desert would be $79.

Summary
Table XIII-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table XIII-3
City of Palm Desert
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$15,062	$21,095	$26,218	$31,910
Total tax revenue from commercial development	$71	$73	$76	$79
Total property transfer tax revenue from all development	**$15,133**	**$21,168**	**$26,294**	**$31,989**

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the City of Palm Desert, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section I of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands. It then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that

some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

The fiscal impact model also projects potential sales tax revenue generated on vacant commercial lands proposed for conservation under the MSHCP. Assumptions regarding buildout of commercial lands, percentage of net floor space that will be dedicated to the sale of taxable goods, and average annual sales estimators, are also discussed in Chapter IV. This analysis also applies data from the Urban Land Institute's (ULI) 1997 "Dollars and Cents of Shopping Centers," for "neighborhood commercial" scale and "community commercial" scale development." Neighborhood commercial" development generates an annual average of $220.69 per square foot in taxable sales.[94] "Community Commercial" development generates an annual average of $224.99 per square foot in taxable sales.[95]

Potential Sales Tax Revenues from Residential Development
As shown in Table XIII-1, approximately 134 acres of developable lands in Palm Desert are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $323,400, potential single-family residential development in Palm Desert would yield annual sales tax revenues to the City of $60,312 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table XIII-4, below.

Sales Tax Revenue Potential from Commercial Development
This analysis assumes the .57± acres with commercial development potential in Palm Desert would buildout for commercial retail. Based on previously stated assumptions for discretionary spending, development of .57± acres of the subject lands for commercial retail development would yield $10,870 in annual retail sales tax to the City. Potential revenues from retail sales tax for commercial development are shown in Table XIII-4, for all four phases of buildout.

This analysis previously discussed potential annual sales tax revenues that would result from the development of proposed conservation lands designated for residential development in Palm Desert. This analysis assumes that the commercial development discussed herein would be utilized not only by residential development on the proposed conservation lands, but also by residents living outside those areas. Therefore, potential annual sales tax revenues for both

[94] Table 6-15, "Dollars and Cents of Shopping Centers," Urban Land Institute, 1997.
[95] Table 5-15, Ibid.

commercial and residential development on lands proposed for conservation are included in the total revenue calculations for Palm Desert.

Summary

The following table summarizes potential annual sales tax revenues for residential and commercial development, which would be lost if the potentially developable lands are placed in conservation.

Table XIII-4
City of Palm Desert
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	$15,078	$30,156	$45,234	$60,312
Total sales tax revenue from commercial development	$2,717	$5,435	$8,152	$10,870
Total sales tax revenue from all development	**$17,795**	**$35,591**	**$53,386**	**$71,182**

4. Transient Occupancy Tax (TOT) Revenue

As previously stated, a Transient Occupancy Tax (TOT) is imposed on individuals for occupying a hotel or motel room. Potential TOT revenues are based on the number of hotel/motel rooms that could be constructed on proposed conservation lands, the average nightly room rate charged, and the average occupancy rate.

Within the City of Palm Desert, 0.57± acres of vacant lands are designated Regional Commercial. This analysis assumes that all of the 0.57± acres would buildout for retail commercial uses, and no hotel/motel rooms would be constructed on these lands over project buildout. Therefore, no TOT revenues have been calculated for this analysis.

5. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[96]

In Palm Desert, under the proposed MSHCP, approximately 134 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were

[96] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

allowed to develop as currently designated, approximately 324 new single-family residential units would be constructed. Based on an average household size of 2.13 persons.[97] It is estimated that at Phase IV buildout, these new residential units would result in a total of 690 new residents. Palm Desert would annually receive motor vehicle in-lieu revenues of $34,209 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Palm Desert for all four buildout phases. These revenues would be lost if lands with potential for urban development are placed in conservation under the proposed MSHCP.

Table XIII-5
City of Palm Desert
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$8,552**	**$17,105**	**$25,657**	**$34,209**

6. TUMF Fees

As previously discussed, Palm Desert, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Palm Desert will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Palm Desert.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Palm Desert, the 133.63± acres with residential development potential would result in construction of 324 single-family residences. Based on these data, CVAG would collect a total of $67,902 in TUMF fees for single-family residential development

[97] Census 2000, U.S. Census Bureau.

during each phase of buildout of residential development in Palm Desert. This is not an annual revenue however, but a one-time revenue that would occur at the time each unit is built.

TUMF Fee Potential from Commercial Development
TUMF fees are collected at a rate of $2,137 per 1,000 square feet of commercial development. In the City of Palm Desert, .57± acres of vacant lands with potential for commercial development would result in approximately 5,368 square feet of commercial space at Phase IV buildout. Based on the assumption that this development would buildout out evenly over the four five-year buildout phases, approximately 1,342 square feet would be constructed during each phase. As a result of this development, CVAG would collect $2,867 in TUMF fees per buildout phase. This is not an annual revenue however, but a one-time revenue that would occur at the time each building is built.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Palm Desert were placed in conservation.

Table XIII-6
City of Palm Desert
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$67,902	$67,902	$67,902	$67,902
Total TUMF revenue from commercial development	$2,867	$2,867	$2,867	$2,867
Total TUMF revenue from all development	**$70,769**	**$70,769**	**$70,769**	**$70,769**

7. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Palm Desert, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $18.87 was projected.[98] This figure is used to estimate potential gas tax revenues for Palm Desert in this analysis.

Based on a total potential population of 690, the per capita apportionment figure of $18.87, total annual gas tax revenue from all development in Palm Desert would be $13,023 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues which would be lost should the vacant lands with potential for urban development in Palm Desert be placed in conservation.

[98] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Table XIII-7
City of Palm Desert
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$3,256**	**$6,511**	**$9,767**	**$13,023**

8. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Palm Desert receives a 23.7 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[99] This allocation is based on the City's population and total taxable sales.

Potential Measure A Revenues from Residential Development
Based on construction of 324 single-family residential dwellings in Palm Desert, and assumptions previously stated regarding discretionary income spending, potential single-family residential development in Palm Desert would yield annual sales tax revenues to the City of $60,312 at buildout. The City would receive $673 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Potential Measure A Revenues from Commercial Development
As previously discussed, this analysis assumes that 0.57± acres in the proposed conservation area with potential for commercial development would be developed for retail commercial uses. These 0.57± acres would yield $10,870 in sales tax revenues to the City at buildout. Total annual Measure A revenue from commercial retail development in Palm Desert would be $121.

As was the case with potential sales tax revenues, Measure A revenues from commercial development in the proposed conservation area in Palm Desert, are included in the total revenues for this analysis, along with potential Measure A revenues from residential development. This analysis assumes that commercial development within the conservation area would be utilized by residents from outside the area, as well as by those within it. Therefore, inclusion of these revenues for both commercial and residential development does not represent double-counting of

[99] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

these revenues, but instead provides a conservative estimate of revenues that would be lost to conservation.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Palm Desert be converted to conservation.

Table XIII-8
City of Palm Desert
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	$168	$336	$505	$673
Total Measure A revenue from commercial development	$30	$61	$91	$121
Total Measure A revenue from all development	**$198**	**$397**	**$596**	**$794**

9. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Palm Desert Cost/Revenue Summary table at the end of this chapter.

10. Special Revenue Sources

Palm Desert Proposition A Fire Tax
Revenues generated by the Palm Desert Proposition A Fire Tax are restricted for upgrading city-wide fire protection and prevention services. The tax is collected annually based on the type of development. The tax rates used in the MSHCP fiscal model are based on the City's tax rate schedule and include $48.00/year/single-family dwelling unit.

The City's tax rates for commercial development are based on site-specific development criteria, including building square footage, type of building materials, and the presence or absence of a sprinkler system. The MSHCP fiscal model makes assumptions about future development that has not yet been proposed, since it is impossible to determine these site-specific characteristics at this time. To provide a conservative analysis, the fiscal model assumes the worst-case scenario, and assumes that commercial development will consist of wood-frame structures with no sprinkler systems. It also assumes that commercial development will result in 9,583 square feet of building space per acre (22% lot coverage). Based on these assumptions and the City's tax rate schedule, commercial development would be charged $106/acre. The fiscal model applies these tax rates to projected levels of development to estimate potential revenue losses to the City.

Potential Proposition A Fire Tax revenues to the City from lands with potential for urban development in the conservation area are discussed categorically below.

Potential Proposition A Fire Tax Revenues from Residential Development
Should the approximately 133.63± acres of vacant lands in the conservation area in Palm Desert be allowed to develop at maximum allowable densities, 324 single-family residential dwelling units would be constructed at buildout. Applying the City's per single-family dwelling unit assessment of $48 yields $15,552 in annual Proposition A Fire Tax revenues to the City at buildout. Potential Fire Tax revenues for all four buildout phases are shown in Table XIII-9, below.

Potential Proposition A Fire Tax Revenues from Commercial Development
There are approximately 0.57 acres of lands in Palm Desert in the conservation area with commercial development potential. Applying the per acre Proposition A Fire Tax assessment rate for commercial development ($106) yields $59 in annual fire tax revenues to the City at buildout.

Summary
The following table shows potential Proposition A Fire tax revenues from residential and commercial development that the City would realize in each buildout phase. These revenues would be lost should lands in Palm Desert with potential for urban development be converted to conservation.

Table XIII-9
City of Palm Desert
Proposition A Fire Tax Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Prop. A Fire Tax revenue from single-family resid. development	**$3,888**	**$7,776**	**$11,664**	**$15,552**
Total Prop. A Fire Tax revenue from commercial development	**$15**	**$30**	**$45**	**$59**
Total Utility Tax Revenue from all development	**$3,903**	**$7,806**	**$11,709**	**$15,611**

11. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Palm Desert with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table XIII-10
City of Palm Desert
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$18,690	$37,378	$56,068	$74,757
Property Transfer Tax	$15,133	$21,168	$26,294	$31,989
Local Sales Tax	$17,795	$35,591	$53,386	$71,182
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$8,552	$17,105	$25,657	$34,209
Restricted Funds:				
TUMF Fees	$70,769	$70,769	$70,769	$70,769
Highway Users Gas Tax	$3,256	$6,511	$9,767	$13,023
Measure A	$198	$397	$596	$794
Proposition A Fire Tax	$3,903	$7,806	$11,709	$15,611
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$60,170	$111,242	$161,405	$212,137
Total Annual Restricted Fund Revenues	$78,126	$85,483	$92,841	$100,197
Revenue Subtotal	$138,296	$196,725	$254,246	$312,334
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$9,446	$13,436	$17,365	$21,332
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$147,742**	**$210,161**	**$271,611**	**$333,666**

B. Potential Costs to the City of Palm Desert

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning

of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Palm Desert were $17,841,742.[100] According to the 2000 U.S. Census, Palm Desert had a population of 41,155. Based on these data, the annual per capita cost of providing general government services is $433.53 per capita.

In Palm Desert, development of the approximately 134 acres of vacant lands designated for residential uses would result in a total 324 new single-family residential units, which would increase Palm Desert' population by 690 persons at buildout. Based on the per capita figure cited above ($433.53), annual cost for the provision of general government services to the buildout population of potentially developable lands in Palm Desert would be $299,185. Annual general government costs for each buildout phase are summarized in the following table.

Table XIII-11
City of Palm Desert
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$74,796**	**$149,592**	**$224,388**	**$299,185**

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Palm Desert, public safety expenditures for fiscal year 2000-2001 were $11,325,495 or $275.19 per capita. As previously stated, a buildout population of 690 would result from development of 324 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $189,915. Annual public safety costs for each buildout phase are summarized in Table XIII-12, below.

[100] City of Palm Desert Budget, Fiscal Year 2000-2001.

Table XIII-12
City of Palm Desert
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Costs of Public Safety for all development	**$47,479**	**$94,957**	**$142,436**	**$189,915**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Palm Desert, there are approximately 25 square miles of land and 173 paved road miles within the incorporated City limits, which equates to 6.9 road miles per square mile of land area. A total of approximately 1 square mile is designated for conservation, of which approximately 0.20 square miles are designated for urban development. Using the average of 6.9 road miles per square mile of land area, the potentially developable area proposed for conservation in Palm Desert are estimated to include 1.5 miles of paved roadways at buildout.

In Palm Desert, an estimated annual expenditure of $1,624,492 is required to maintain the 173 existing miles of paved roadway.[101] This equates to an annual maintenance cost of approximately $9,390 per road mile. In Palm Desert, the potential 1.5 road miles in the conservation area would require maintenance expenditures of approximately $14,222 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Palm Desert for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table XIII-13
City of Palm Desert
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Cost of Roadway Maintenance at Phase Buildout	**$3,555**	**$7,111**	**$10,666**	**$14,222**

[101] Ibid.

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Palm Desert.

Table XIII-14
City of Palm Desert
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$74,796	$149,592	$224,388	$299,185
Restricted Funds:				
Public Safety Costs	$47,479	$94,957	$142,436	$189,915
Roadway Maintenance Costs	$3,555	$7,111	$10,666	$14,222
TUMF Allocation to CVAG	$70,769	$70,769	$70,769	$70,769
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$74,796	$149,592	$224,388	$299,185
Total Annual Restricted Fund Costs	$121,803	$172,837	$223,871	$274,906
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$196,599**	**$322,429**	**$448,259**	**$574,091**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 134± acres of potentially developable lands within Palm Desert are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table XIII-15
City of Palm Desert
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$18,690	$37,378	$56,068	$74,757
Property Transfer Tax	$15,133	$21,168	$26,294	$31,989
Local Sales Tax	$17,795	$35,591	$53,386	$71,182
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$8,552	$17,105	$25,657	$34,209
Restricted Funds:				
TUMF Fees	$70,769	$70,769	$70,769	$70,769
Highway Users Gas Tax	$3,256	$6,511	$9,767	$13,023
Measure A	$198	$397	$596	$794
Prop. A Fire Tax	$3,903	$7,806	$11,709	$15,611
ANNUAL COSTS				
General Fund:				
General Government Costs	$74,796	$149,592	$224,388	$299,185
Restricted Funds:				
Public Safety Costs	$47,479	$94,957	$142,436	$189,915
Roadway Maintenance Costs	$3,555	$7,111	$10,666	$14,222
TUMF Allocation to CVAG	$70,769	$70,769	$70,769	$70,769
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$60,170	$111,242	$161,405	$212,137
Total Annual Restricted Fund Revenues	$78,125	$85,483	$92,840	$100,197
Revenue Subtotal	$138,296	$196,725	$254,245	$312,334
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$9,446	$13,436	$17,365	$21,332
Total Annual Revenues at Phase Buildout	$147,741	$210,161	$271,610	$333,666
Costs:				
Total Annual General Fund Costs	$74,796	$149,592	$224,388	$299,185
Total Annual Restricted Fund Costs	$121,803	$172,837	$223,871	$274,906
Total Annual Costs at Phase Buildout	$196,599	$322,430	$448,260	$574,090
Annual Cashflow at Phase Buildout	**-$48,858**	**-$112,268**	**-$176,649**	**-$240,424**

D. Conclusion

The Cost/Revenue Summary table for Palm Desert shows that development of the 134± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow to the City, beginning in Phase I and continuing over the long term. This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs. In general, commercial development may be expected to compensate for this shortfall. However, in Palm Desert, less than 1 acre of land is available for commercial development in the proposed conservation area. Potential revenues from commercial development on the subject lands would not be adequate to cover the costs associated with development of 133.63± acres for residential uses. Therefore, conservation of these potentially developable lands under the proposed MSHCP will benefit Palm Desert beginning in buildout Phase I and continuing over the long term.

XIV. CITY OF PALM SPRINGS

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Palm Springs would be expected to receive if currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Palm Springs, a total of 16,139± acres are currently vacant and undeveloped in the proposed conservation areas. 15,151± acres are designated for Open Space uses, which include Conservation (see discussion below), Parks and Recreation, and Watercourse. This analysis assumes that the majority of the Open Space lands listed above would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, those lands are not analyzed in this fiscal analysis.

Within the proposed MSHCP conservation area in Palm Springs, there are approximately 10,101 acres designated for Conservation. These include lands within the Palm Hills Specific Plan area (Palm Hills SP). The approved Palm Hills SP provides for development of 1,200± acres located on the valley floor (Phase 1 planning area), which are not a part of the conservation area. Lands in the conservation area within the Palm Hills Specific Plan area are comprised of 4,208± acres, and include lands designated by the City General Plan as the Palm Hills Phase 2A, 2B and 3 planning areas. These planning areas are located in the foothills and lower reaches of the San Jacinto and Santa Rosa Mountains on lands designated as Critical Habitat for the Peninsular Bighorn Sheep. Because of the environmental resources and constraints present in Palm Hills Phases 2A, 2B and 3 that occur in the conservation area, this analysis assumes these lands will remain undeveloped. They are therefore included in the total 10,101± acres designated for Conservation in the MSHCP planning area. The City is currently in the process of updating its General Plan and will be evaluating and considering changes to current land use designations in its planning area, including the Palm Hills SP area.

Based on their location outside Critical Habitat for Peninsular Bighorn Sheep, and City General Plan designation, approximately 2,399 acres of lands designated for Conservation in Palm Springs have potential for residential development. The City General Plan provides for development of those lands at a density of one dwelling unit per 20 acres. These lands are therefore included in this analysis, and are discussed further below.

Another 3,083± acres in the conservation area in Palm Springs are designated for residential and industrial use in the City's General Plan. Of these, approximately 2,096 acres are designated as Desert, with allowable densities of between 1 dwelling unit per 5 acres and 3.5 dwelling units per acre. Under the General Plan, the Desert land use designation is designed to limit development in sensitive desert areas. Therefore, this analysis uses the minimum allowable density of 1 dwelling unit per 5 acres to estimate potential buildout revenues on those lands. All other lands with potential for residential development are assumed to build out at maximum allowable densities.

Lands with developable potential that are the subject of the cost/revenue analyses total 5,483± acres, as shown in Table XIV-1.

Table XIV-1
City of Palm Springs
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
C	Conservation[3] (1 du/20 ac)	2,399.1	DU	88
D	Desert[4] (1/5 – 3.5 du/ac)	2,096.44	DU	316
L1	Very Low Density Residential (0-1 du/10ac)	843.79	DU	632
L2	Very Low Density Residential (0-2 du/ac)	33.81	DU	52
L4	Low Density Residential (0-4 du)	1.13	DU	4
	Single-Family Residential Subtotals	**5,374.27**	**DU**	**1,092**
B/I	Business/Industrial	108.79	SF	1,611,372
	INDUSTRIAL SUBTOTALS	**108.79**	**SF**	**1,611,372**
	TOTAL	**5,483.06**		

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space, except for lands designated for Conservation, as noted.
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
For industrial development, assumes 34 percent lot coverage at buildout.
[3] Includes Conservation lands outside Peninsular Bighorn Sheep Critical Habitat.
[4]This analysis applies the minimum allowable density (1 du/5 ac) for lands designated as Desert.

As shown in the table, development of lands designated for residential uses would result in construction of 1,092 single-family dwelling units at buildout. In Palm Springs, the average household size is 2.05 persons, as described by the 2000 U.S. Census.[102] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 2,239. This figure is applied throughout this analysis.

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A. Potential Revenues to the City of Palm Springs

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Palm Springs is $346,800. The value of new industrial development is assumed to be $65 per square foot, which represents standard industrial development in the Coachella Valley.

[102] Census 2000, U.S. Census Bureau.

Palm Springs, receives 27.5 percent of the 1 percent allocation collected by the County.[103] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Palm Springs. Of the 1 percent allocation collected by the County, 25.0 percent goes to the Riverside County General Fund, and 47.5 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Palm Springs are discussed in Chapter VI.

Under the proposed MSHCP, approximately 5,483 vacant acres currently designated for urban uses are proposed for conservation in Palm Springs. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development
As shown in Table XIV-1, there are 5,374± developable acres within Palm Springs designated for single-family residential uses. Densities range from 1 dwelling unit per 20 acres to 4 dwelling units per acre.

Based on a median home price of $346,800 for single-family homes in Palm Springs potential annual property tax revenues to the City from single-family residential development would be $1,041,440 at buildout. Potential annual property tax revenues for residential development for each of the four buildout phases are summarized in Table XIV-2, below.

Potential Property Tax Revenues from Industrial Development
In Palm Springs, there are approximately 109± acres with developable potential for Business/Industrial uses. Potential property tax revenues to the City from developable industrial lands in Palm Springs total $288,033 annually. Potential annual property tax revenues for all four buildout phases from potentially-developable industrial lands in Palm Springs are summarized in Table XIV-2.

Summary
Potential annual residential and industrial property tax revenues from vacant developable lands in Palm Springs are summarized in the following table.

[103] Data provided by City of Palm Springs Finance Department or FY 2000-01 Budget.

Table XIV-2
City of Palm Springs
Property Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$260,360	$520,720	$781,080	$1,041,440
Total property tax revenue from industrial development	$72,008	$144,016	$216,025	$288,033
Total property tax revenue from all development	**$332,368**	**$664,736**	**$997,105**	**$1,329,473**

As Table XIV-2 shows, it is estimated that at buildout, Palm Springs would lose a total of $1,329,473 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

As discussed in Chapter IV, the Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[104] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[105] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document.

In Palm Springs, potential annual property transfer tax revenues have been calculated for approximately 5,483 acres of lands with potential for urban development. These include residential and industrial uses, discussed categorically below.

Potential Revenues from Residential Property Transfer Tax
In Palm Springs, 5,374± acres of developable land are designated for single-family residential development. Based on buildout of these lands at 75 percent at densities shown in Table XIV-1, 1,092 new single-family residential units would be constructed. Single-family residential development on these lands would generate $115,741 annually in property transfer tax to the City at buildout.

Potential Revenues from Industrial Property Transfer Tax
Based on the previously stated transfer rate assumptions, development of the 109± acres with potential for industrial development in Palm Springs would result in annual property transfer tax revenues of $16,130 at buildout.

[104] Sherri Williams, Riverside County Clerk and Recorder's Office, personal communication, July 10, 2001.
[105] Ibid.

Summary
Table XIV-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table XIV-3
City of Palm Springs
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$54,513	$73,893	$94,226`	$115,741
Total tax revenue from industrial development	$14,471	$14,978	$15,554	$16,130
Total property transfer tax revenue from all development	**$68,984**	**$88,871**	**$109,780**	**$131,871**

3. Sales and Use Tax Revenue

As previously discussed, sales tax in Riverside County is collected at a rate of 7.75 percent by the State of California. Of that 7.75 percent, the State retains 6.00 percent. Local jurisdictions, including the City of Palm Springs, receive 1 percent of the sales tax for sales that occur within that jurisdiction. 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds. Measure A fund revenues are discussed in Section H of this chapter.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. The model projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development, since taxable sales from industrial development in the Coachella Valley are generally very limited. Therefore, the fiscal model assumes that no taxable sales are generated by industrial development. It also assumes that no taxable sales will result from development of lands designated for public/institutional uses or open space. It is possible that some of these lands could generate limited sales tax revenue, which is not quantified by the model.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed in Chapter IV. This analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development
As shown in Table XIV-1, approximately 5,374 acres of developable lands in Palm Springs are designated for single-family residential development. As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents,

as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $346,800, potential single-family residential development in Palm Springs would yield annual sales tax revenues to the City of $217,981 at buildout. Estimates of potential annual sales tax revenues to the City from single-family residential development for all four buildout phases are summarized in Table XIV-4, below.

Summary
The following table summarizes potential annual sales tax revenues for residential development in Palm Springs, which would be lost if potentially developable lands are placed in conservation.

Table XIV-4
City of Palm Springs
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	**$54,495**	**$108,990**	**$163,486**	**$217,981**

4. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[106]

In Palm Springs, under the proposed MSHCP, approximately 5,374 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 1,092 new single-family residential units would be constructed. Based on an average household size of 2.05 persons, as described by the 2000 U.S. Census,[107] it is estimated that at Phase IV buildout, these new residential units would result in a total of 2,239 new residents. Palm Springs would annually receive motor vehicle in-lieu revenues of $110,967 at Phase IV buildout.

The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Palm Springs for all four buildout phases.

[106] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.
[107] Census 2000, U.S. Census Bureau.

Table XIV-5
City of Palm Springs
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$27,742**	**$55,484**	**$83,226**	**$110,967**

5. TUMF Fees

As previously discussed, Palm Springs, along with most other cities in the MSCHP planning area, participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Palm Springs will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Palm Springs.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Palm Springs, the 5,374± acres with residential development potential would result in construction of 1,092 single-family residences at buildout. Based on these data, CVAG would collect a total of $228,856 in TUMF fees for single-family residential development during each phase of buildout of residential development in Palm Springs. This is not an annual revenue however, but a one-time revenue that would occur at the time each unit is built.

Industrial Development TUMF Fee Potential
For industrial development, TUMF fees are collected at a rate of $460 per 1,000 square feet. There are approximately 109 acres of vacant lands with potential for industrial development in Palm Springs. Assuming an even distribution of industrial buildout over each of the four five-year buildout phases, 402,843± square feet of industrial space would be constructed per buildout phase. CVAG would collect $185,316 in TUMF fees per buildout phase. This is not an annual revenue however, but a one-time revenue that would occur at the time each building is built.

Summary

The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Palm Springs were placed in conservation.

Table XIV-6
City of Palm Springs
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$228,856	$228,856	$228,856	$228,856
Total TUMF revenue from industrial development	$185,316	$185,316	$185,316	$185,316
Total TUMF revenue from all development	**$414,172**	**$414,172**	**$414,172**	**$414,172**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Palm Springs, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $18.82 was projected.[108] This figure is used to estimate potential gas tax revenues for Palm Springs in this analysis.

Based on a total potential population of 2,239, the per capita apportionment figure of $18.82, total annual gas tax revenue from all development in Palm Springs would be $42,130 at Phase IV buildout.

The following table summarizes potential annual Highway User Gas Tax revenues for Palm Springs.

[108] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Table XIV-7
Palm Springs
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$10,533**	**$21,065**	**$31,598**	**$42,130**

7. Measure A Revenue

Of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 26.9 percent is allocated to the Coachella Valley region. Of that 26.9 percent, Palm Springs receives a 16.7 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[109] This allocation is based on the City's population and total taxable sales.

As previously discussed, this analysis projects sales tax revenues for proposed conservation lands that are currently designated for residential and commercial development. Since taxable sales from industrial development in the Coachella Valley are generally very limited, the fiscal model assumes that no taxable sales, or resulting Measure A revenues, are generated by industrial development.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Palm Springs would result in approximately 1,092 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Palm Springs would yield annual sales tax revenues to the City of $217,981 at buildout. The City would receive $1,714 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Palm Springs be converted to conservation.

[109] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

Table XIV-8
Palm Springs
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family resid. development	**$428**	**$857**	**$1,285**	**$1,714**

8. County Service Area (CSA) 152 Revenue

As discussed in Chapter IV, Palm Springs is one of four Coachella Valley cities that participate in CSA 152, along with Desert Hot Springs, Rancho Mirage and La Quinta.[110] These cities collect an assessment, through County Service Area 152, to support the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990.

Riverside County collects, manages, and reimburses to the participating cities 100 percent of the CSA 152 assessments collected. Under CSA 152, an annual assessment is levied on both developed and undeveloped lands based on a system of Benefit Assessment Units (BAUs). These are discussed in Chapter IV. BAUs for specific land use categories are shown in Section IV of this document.

Each city has established its own BAU dollar value. Palm Springs' BAU dollar rate is $9.50.[111] The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property. The same formula is used to determine the assessment for commercial and industrial lands, with the exception that the assessment is based on the number of developed acres on a parcel instead of dwelling units per parcel. CSA 152 revenue assessments are discussed for residential, commercial and industrial development, below.

Potential CSA 152 Revenue from Residential Development
In Palm Springs, there are 5,374± vacant acres in conservation areas with potential for residential development. If allowed to develop under their current designations, these 5,374± acres would result in construction of 1,092 single-family dwellings. Based on the per parcel BAU dollar value in Palm Springs of $9.50, and the County CSA BAU Factor of 1 BAU per single-family residence, 1,092 single-family dwellings would yield $10,374 in potential annual CSA 152 revenues at Phase IV buildout.

Potential CSA 152 Revenue from Industrial Development
In Palm Springs, there are a total of 109± undeveloped acres with potential for industrial development. Industrial development would result in industrial buildings, parking lots, and other paved surfaces. Therefore, for CSA 152 revenues, this analysis also bases the number of acres

[110] Debbie Cox, CSA Administrator, Riverside County Executive Office, personal communication, January 10, 2001.

that would be developed for industrial uses on 80 percent lot coverage. Based on that assumption, 87± acres would be developed at buildout. Those 87± acres of developed industrial lands would yield $9,923 in annual CSA 152 revenues at buildout.

Summary
The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Palm Springs. These revenues would be lost if these lands are placed in conservation.

Table XIV-9
Palm Springs
CSA 152 Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total CSA 152 Revenue from Residential Development	$2,594	$5,187	$7,781	$10,374
Total CSA 152 Revenue from Industrial Development	$2,481	$4,961	$7,442	$9,923
Total CSA 152 Revenue from all Development	**$5,074**	**$10,148**	**$15,222**	**$20,297**

9. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential investment earnings on new revenues are projected using the historical average interest rate of the 90-Day Treasury Bill. During the 25-year period from 1976 through 2000, the average interest earned on the 90-Day Treasury Bill was 6.83 percent.[112] Potential annual investment income for each land use is shown in the Palm Springs Cost/Revenue Summary table at the end of this chapter.

10. Special Revenue Sources

Palm Springs Utility Users Tax
The Palm Springs Utility Users Tax is a 5% tax applied to electric, natural gas, and telephone bills (long distance calls within California only) for all customers within the City limits.[113] Utility Users Tax revenues are deposited into the City's General Fund, but approximately 0.5% of the 5% tax is earmarked for parks, recreation, library and other community projects. The tax has no "sunset" date, and for the purposes of this analysis, it is assumed that it will be collected throughout the life of the proposed MSHCP.

Utility Users Tax revenues for Fiscal Year 2000-2001 were $4,854,177.[114] With approximately 20,516 occupied dwelling units in the City, the average annual Utility Users Tax is approximately $237 per dwelling unit. To determine how much revenue could be lost to

[112] Average historical interest rate determined using data from Table B.3, "Riverside County Guide to Preparing Fiscal Impact Reports," January 1995 and "3-Month Treasury Constant Maturity Rates," from the Federal Reserve Board of Governors, as provided by The Financial Forecast Center.
[113] Tom Kanarr, Director of Finance and Treasurer, City of Palm Springs, personal communication, April 4, 2001.
[114] Ibid, August 22, 2003.

conservation, the fiscal model multiplies the annual per dwelling unit factor ($237) by the number of dwelling units that could be constructed on proposed conservation lands. Potential utility tax revenues generated by future industrial development are not calculated because the per dwelling unit factor shown above ($237) accounts for all utility users in the City, including commercial and industrial development.

Potential Utility Tax Revenue from Residential Development

In Palm Springs, development of the approximately 5,374 acres of lands designated for residential use in the conservation area would result in the construction of 1,092 single-family dwellings. Applying the City's per dwelling unit factor for utility users, those 1,092 residences would yield $258,372 in annual Utility Tax revenues to the City at buildout. Projected Utility Tax revenues for all four buildout phases are summarized in Table XIV-10, below.

Table XIV-10
City of Palm Springs
Utility Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Utility Tax Revenue from all development	**$64,593**	**$129,186**	**$193,779**	**$258,372**

Palm Springs New Development Tax

The City of Palm Springs levies a tax on new development at a rate of $0.40 per square foot of roofed area. The tax is applied to all types of development, including residential, commercial, and industrial structures. It is a one-time tax, paid by the developer at the time building permits are pulled. The funds are not developer impact fees, but are placed into the General Fund and are unrestricted as to their use.[115]

The fiscal model assumes that the average new dwelling unit will include approximately 2,500 square feet, [116] and new industrial development will include approximately 14,810 square feet of building space per acre (34% lot coverage). The model applies the new development tax rate to proposed conservation lands at these buildout levels.

Potential New Development Tax Revenues from Residential Development

In Palm Springs, development of the approximately 5,374 acres of lands designated for residential use in the proposed conservation area would result in construction of 1,092 single-family dwelling units at buildout. Applying the City's new development tax rate of $0.40 per square foot, and based on a per dwelling unit size of 2,500 square feet, the City would realize approximately $273,000 in New Development tax revenues from residential development at each buildout phase. As previously stated, this is not an annual revenue, but a one-time revenue that would occur at the time each unit is built.

[115] Angela LaFrance, Building Department, City of Palm Springs, personal communication, August 23, 2001.
[116] Jing Yeo, City of Palm Springs Planning Department, personal communication, July 30, 2003.

Potential New Development Tax Revenues from Industrial Development

The approximately 109 acres of lands with potential for industrial development in the conservation area in Palm Springs would, at buildout, result in 1,611,372 square feet of industrial space. Assuming an even distribution of industrial buildout over each of the four five-year buildout phases, 402,843 square feet of industrial space would be constructed per buildout phase. Applying the City's per square foot tax rate ($0.40) would result in $161,137 in New Development Tax revenues to the City at each buildout phase. This is not an annual revenue, but a one-time revenue, which would occur at the time each unit, is built.

Summary

The following table summarizes New Development Tax Revenues that would result from buildout of residential and industrial development in the proposed conservation area in Palm Springs. These revenues would be lost should these lands be conserved.

Table XIV-11
City of Palm Springs
New Development Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total New Dev. Tax Revenue from Residential Development	$273,000	$273,000	$273,000	$273,000
Total New Dev. Tax Revenue from Commercial Development	N/A	N/A	N/A	N/A
Total New Dev. Tax Revenue from Industrial Development	$161,137	$161,137	$161,137	$161,137
Total New Dev. Tax Revenue from all Development	**$434,137**	**$434,137**	**$434,137**	**$434,137**

11. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Palm Springs with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table XIV-12
City of Palm Springs
Total Potential Revenues Associated with
Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$332,368	$664,736	$997,105	$1,329,473
Property Transfer Tax	$68,984	$88,871	$109,780	$131,871
Local Sales Tax	$54,495	$108,990	$163,486	$217,981
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Utility Tax	$64,593	$129,186	$193,779	$258,372
Motor Vehicle In-Lieu Revenue	$27,742	$55,484	$83,226	$110,967
New Development Tax	$434,137	$434,137	$434,137	$434,137
Restricted Funds:				
TUMF Fees	$414,172	$414,172	$414,172	$414,172
Highway Users Gas Tax	$10,533	$21,065	$31,598	$42,130
Measure A	$428	$857	$1,285	$1,714
CSA 152 (NPDES)	$5,074	$10,148	$15,222	$20,297
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$982,320	$1,481,404	$1,981,512	$2,482,802
Total Annual Restricted Fund Revenues	$430,206	$446,242	$462,277	$478,313
Revenue Subtotal	$1,412,526	$1,927,646	$2,443,789	$2,961,114
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$96,476	$131,658	$166,911	$202,244
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$1,509,001**	**$2,059,304**	**$2,610,700**	**$3,163,358**

B. Potential Costs to the City of Palm Springs

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Palm Springs were $20,018,819.[117] According to the 2000 U.S. Census, Palm Springs had a population of 42,807. Based on these data, the annual per capita cost of providing general government services is $467.65 per capita.

In Palm Springs, development of the approximately 5,374 acres of vacant lands designated for residential uses would result in a total 1,092 new single-family residential units, which would increase Palm Springs' population by 2,239 persons at buildout. Based on the per capita figure of $467.65 cited above, the annual cost for the provision of general government services to the buildout population of potentially developable lands in Palm Springs would be $1,046,886. Annual general government costs for each buildout phase are summarized in the following table.

Table XIV-13
Palm Springs
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$261,721**	**$523,443**	**$785,164**	**$1,046,886**

[117] City of Palm Springs Budget, Fiscal Year 2000-2001.

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Palm Springs, public safety expenditures for fiscal year 2000-2001 were $17,923,964, or $418.72 per capita. As previously stated, a buildout population of 2,239 would result from development of 1,092 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Based on these data, annual costs for provision of public safety services to the buildout population would be $937,337. Annual public safety costs for each buildout phase are summarized in Table XIV-14, below.

Table XIV-14
Palm Springs
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$234,334**	**$468,669**	**$703,003**	**$937,337**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Palm Springs, there are approximately 94 square miles of land and 256 paved road miles within the incorporated City limits, which equates to 2.7 road miles per square mile of land area. A total of approximately 23.69 square miles are designated for conservation, of which approximately 8.5 square miles are designated for urban development. Using the average of 2.7 road miles per square mile of land area, the potentially developable area proposed for conservation in Palm Springs are estimated to include 23.1 miles of paved roadways at buildout.

In Palm Springs, an estimated annual expenditure of $644,484 is required to maintain the 256 existing miles of paved roadway.[118] This equates to an annual maintenance cost of approximately $2,518 per road mile. In Palm Springs, the potential 23.1 road miles in the conservation area would require maintenance expenditures of approximately $58,278 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Palm Springs for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

[118] Ibid.

Table XIV-15
Palm Springs
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$14,569**	**$29,139**	**$43,708**	**$58,278**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Palm Springs.

Table XIV-16
City of Palm Springs
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$261,721	$523,443	$785,164	$1,046,886
Restricted Funds:				
Public Safety Costs	$234,334	$468,669	$703,003	$937,337
Roadway Maintenance Costs	$14,569	$29,139	$43,708	$58,278
TUMF Allocation to CVAG	$414,172	$414,172	$414,172	$414,172
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$261,721	$523,443	$785,164	$1,046,886
Total Annual Restricted Fund Costs	$663,075	$911,979	$1,160,883	$1,409,787
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$924,797**	**$1,435,422**	**$1,946,047**	**$2,456,672**

C. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 5,483± acres of potentially developable lands within Palm Springs are allowed to develop to as shown in Table XIV-1. The table also summarizes costs that will be expended if these lands are developed.

Table XIV-17
City of Palm Springs
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$332,368	$664,736	$997,105	$1,329,473
Property Transfer Tax	$68,984	$88,871	$109,780	$131,871
Local Sales Tax	$54,495	$108,990	$163,486	$217,981
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Utility Users Tax	$64,593	$129,186	$193,779	$258,372
Motor Vehicle In-Lieu Revenue	$27,742	$55,484	$83,226	$110,967
New Development Tax	$434,137	$434,137	$434,137	$434,137
Restricted Funds:				
TUMF Fees	$414,172	$414,172	$414,172	$414,172
Highway Users Gas Tax	$10,533	$21,065	$31,598	$42,130
Measure A	$428	$857	$1,285	$1,714
CSA 152 (NPDES)	$5,074	$10,148	$15,222	$20,297
ANNUAL COSTS				
General Fund:				
General Government Costs	$261,721	$523,443	$785,164	$1,046,886
Restricted Funds:				
Public Safety Costs	$234,334	$468,669	$703,003	$937,337
Roadway Maintenance Costs	$14,569	$29,139	$43,708	$58,278
TUMF Allocation to CVAG	$414,172	$414,172	$414,172	$414,172
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$982,320	$1,481,404	$1,981,512	$2,482,802
Total Annual Restricted Fund Revenues	$430,206	$446,242	$462,277	$478,313
Revenue Subtotal	$1,412,526	$1,927,646	$2,443,789	$2,961,114
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$96,476	$131,658	$166,911	$202,244
Total Annual Revenues at Phase Buildout	$1,509,001	$2,059,304	$2,610,700	$3,163,358
Costs:				
Total Annual General Fund Costs	$261,721	$523,443	$785,164	$1,046,886
Total Annual Restricted Fund Costs	$663,075	$911,979	$1,160,883	$1,409,787
Total Annual Costs at Phase Buildout	$924,797	$1,435,422	$1,946,047	$2,456,672
Annual Cashflow at Phase Buildout	**$584,205**	**$623,882**	**$664,653**	**$706,686**

D. Conclusion

The Cost/Revenue Summary table for Palm Springs shows that development of the 5,483± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a positive cash flow in the beginning in Phase I and continuing over the long term.

This is primarily attributable to the revenues generated by the new development tax levied by Palm Springs. These revenues account for approximately 14.7% of the total projected revenues the City would receive if lands proposed for conservation were instead allowed to develop. These revenues are one-time revenues, and occur only until buildout. Once buildout is complete, annual cashflow to the City would decrease to $272,549.

In Palm Springs, approximately 109 acres are designated for industrial uses, which generate unrestricted revenues in the form of property tax, property transfer tax, and the new development tax.

Lands in the conservation area that are designated for residential development have either very low or low allowable densities, ranging from one dwelling unit per 20 acres to four dwelling units per acre. The resulting population increase is relatively small, approximately 5.2 percent. Therefore, potential revenues from new residential and industrial development exceed increased costs for provision of services to the buildout population.

In the overall, therefore, conservation of lands in Palm Springs with developable potential would result in a loss of revenues to the City.

XV. CITY OF RANCHO MIRAGE

Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Rancho Mirage would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. A total of 1644± acres in Rancho Mirage are currently vacant and undeveloped in the proposed conservation areas. Of these, 1,279± acres are designated as Open Space, including Private Open Space, Mountain Reserve, and Floodways and Drainage Channels. This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis.

The remaining 364± acres are designated for residential, commercial and industrial use in the City's General Plan, as shown in Table XV-1, and are the subject of the cost/revenue analyses that follow.

Table XV-1
City of Rancho Mirage
Summary of Potentially Developable Vacant Lands[1]

Land Use	Description	Acreage	Units	Potential Total Units at Buildout[2]
R-HR	Hillside Reserve (0-1 du/640 ac)	337.91	DU	1
R-L	Low Density Residential (0-1 du/ac)	26.29	DU	40
	TOTAL	**364.20**		**41**

Source: Coachella Valley Association of Governments, August 2003.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density

As shown in Table XV-1, development of lands designated for residential uses would result in construction of 41 single-family dwelling units at buildout. The household size in Rancho Mirage is 1.92 persons, as described by the 2000 U.S. Census. Based on these data and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 79. This figure is applied throughout this analysis.

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A. Potential Revenues to the City of Rancho Mirage

1. Property Tax Revenue

As discussed in Chapter IV, the County of Riverside collects property taxes annually at a rate of 1 percent of assessed valuation. Property tax revenues are allocated between Riverside County, the city in which the land is located (if any), and a variety of other public agencies.

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate

is 100 percent. The value of new single-family residential units is based on the 1st quarter, year 2001 median new home price provided for each jurisdiction in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Rancho Mirage is $376,800.

Rancho Mirage receives 7.5 percent of the 1 percent allocation collected by the County.[119] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Rancho Mirage. 23.6 percent of the 1 percent allocation goes to the Riverside County General Fund, and 70.0 percent goes to other agencies. Potential property tax revenues to Riverside County for property located in Rancho Mirage are discussed in Chapter VI.

Under the proposed MSHCP, approximately 364 vacant acres currently designated for urban uses are proposed for conservation in Rancho Mirage. To provide the most conservative analysis, the fiscal model assumes that implementation of the MSHCP will prohibit any development from occurring on these lands. Therefore, the development potential of these lands and any property tax revenue increases generated by future development will be "lost."

Based on the development assumptions previously discussed, projected City property tax revenues have been estimated for the 20-year project buildout period.

Potential Property Tax Revenues from Residential Development

As shown in Table XV-1, there are 364± developable acres within Rancho Mirage designated for residential uses. Of these, 338± acres are designated as Hillside Reserve, which provides for limited single-family development on privately owned property within hillside areas. The Hillside Reserve designation allows a density of 1 dwelling unit per 640 acres. Although less than 640 acres of Hillside Reserve lands occur in the conservation area, this analysis assumes that at least one dwelling unit would be constructed on those lands by Phase IV buildout.

Assuming that 75% of the allowable units would be built, development the approximately 346 acres in the conservation area would result in construction of up 41 dwelling units at buildout. Based on a median home price of $376,800 for single-family homes in Rancho Mirage. Potential annual property tax revenues to the City from single-family residential development would be $11,587 at buildout.

Summary

Table XV-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

[119] Data provided by City Finance Department or City FY 2000-2001 budget.

Table XV-2
City o f Rancho Mirage
Property Tax Revenue Summary Table

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total property tax revenue from all development	**$2,826**	**$5,652**	**$8,478**	**$11,587**

As Table XV-2 shows, it is estimated that Rancho Mirage would lose a total of $11,304 annually in property tax revenues if the vacant lands currently designated for urban uses are placed into conservation under the proposed MSHCP.

2. Property Transfer Tax Revenue

Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." These are discussed in Chapter IV of this document. In Rancho Mirage, potential annual property transfer tax revenues have been calculated for the approximately 364 acres of lands with potential for residential development.

Potential Revenues from Residential Property Transfer Tax
In Rancho Mirage, 364± acres of developable land are designated for single-family residential development. Based on buildout of those 364± acres at 75 percent of maximum allowable densities, 40 new single-family residential units would be constructed. Single-family residential development on these lands would generate $4,767 annually in property transfer tax to the City at buildout.

Summary
Table XV-3, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table XV-3
City of Rancho Mirage
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total property transfer tax revenue from all development	**$2,072**	**$3,565**	**$3,751**	**$4,767**

3. Sales and Use Tax Revenue

As previously discussed, local jurisdictions, including Rancho Mirage receive 1 percent of the 7.75 percent sales tax collected by the State of California in Riverside County for sales that occur in Rancho Mirage. The State retains 6.00 percent of the total collected within Riverside County. Another 0.25 percent is allocated towards County transportation funds, and the remaining 0.50 percent is allocated to the County for Measure A funds.

This analysis estimates total taxable sales that could be generated if development were to be permitted on proposed conservation lands, then extracts 1 percent of taxable sales to determine how much local sales tax revenue could be generated. For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Chapter IV discusses assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs. As previously discussed, this analysis also assumes a 30 percent "retail leakage" wherein residents spend 70 percent of their expendable income in their home city, and 30 percent elsewhere.

Potential Sales Tax Revenues from Residential Development

As shown in Table XV-1, approximately 364 acres of developable lands in Rancho Mirage are designated for single-family residential development. Of these, only 26± acres that are designated for low-density residential development are expected to result in buildout of residential development.

As previously stated, this analysis bases estimates of potential residential sales tax revenues on discretionary income of future residents, as derived from median housing values. Based on the assumptions previously stated for discretionary spending, and a median housing value of $376,800 potential single-family residential development in Rancho Mirage would yield annual sales tax revenues to the City of $8,892 at buildout.

Summary

The following table summarizes potential annual sales tax revenues for residential and commercial development, which would be lost if the potentially developable lands are placed in conservation.

Table XV-4
City of Rancho Mirage
Sales Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from all development	**$2,169**	**$4,338**	**$6,507**	**$8,892**

4. Motor Vehicle In-Lieu Revenue

The State of California collects Motor Vehicle In-Lieu Fees from motorists in-lieu of a local property tax. A portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2000-2001, each city was expected to receive $49.57 per capita, and Riverside County was expected to receive $54.04 per capita.[120]

In Rancho Mirage, under the proposed MSHCP, approximately 364 acres of vacant land currently designated for residential development will be converted to conservation. If these lands were allowed to develop as currently designated, approximately 41 new single-family residential units would be constructed. Based on an average household size of 1.92 persons, as described by the 2000 U.S. Census,[121] it is estimated that at Phase IV buildout, these new residential units would result in a total of 79 new residents. Rancho Mirage would annually receive motor vehicle in-lieu revenues of $3,902 at Phase IV buildout.

Summary
The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Rancho Mirage for all four buildout phases. These revenues would be lost if lands in Rancho Mirage with potential for residential development were placed in conservation.

Table XV-5
City of Rancho Mirage
Motor Vehicle In-Lieu Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Motor Vehicle In-Lieu Revenue from all development	**$952**	**$1,903**	**$2,855**	**$3,902**

5. TUMF Fees

As previously discussed, Rancho Mirage participates in the Transportation Uniform Mitigation Fee (TUMF) program, as do most other cities in the MSCHP planning area. TUMF fees fund regional transportation improvement projects in the Coachella Valley, and are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Rancho Mirage will therefore be zero. However, potential impacts to the regional TUMF program itself could be considerable. Each jurisdiction may experience indirect impacts, such as limitations on regional transportation improvements. Therefore, this analysis includes a discussion of potential TUMF fees that would be collected by Rancho Mirage.

[120] "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.
[121] Census 2000, U.S. Census Bureau.

As discussed in Chapter IV, fee amounts are based on an equation involving the number of average weekday trips generated by the new development project. Trip generation estimates are based on the type of land use, gross square footage of the new building, number of development units, number of rooms, or number of parking spaces.

TUMF Fee Potential from Residential Development
TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $838 per unit. In Rancho Mirage, the approximately 364 acres with residential development potential would result in the construction of 41 single-family residences. Of these, approximately 338 acres are designated Hillside Reserve, with a density allowance of one dwelling unit per 640 acres. As has been stated, this analysis assumes that development on the Hillside Reserve lands would result in construction of one residential unit by Phase IV.

Based on these data, CVAG would collect a total of $8,383 in TUMF fees for single-family residential development during the first three phases of buildout of residential development in Rancho Mirage, and $9,221 during the fourth phase of buildout. These are not annual revenues, but one-time revenues that would occur at the time each unit is built.

Summary
The following table summarizes TUMF fees that would be lost if all vacant lands with developable potential in Rancho Mirage were placed in conservation.

Table XV-6
City of Rancho Mirage
TUMF Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from all development	**$8,383**	**$8,383**	**$8,383**	**$9,221**

6. Highway User Gas Tax Revenue

Portions of the per-gallon tax levied by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. For Rancho Mirage, based on State of California Shared Revenue Estimates for fiscal year 2000-2001, a per capita apportionment factor for fiscal year 2000-2001 of $19.26 was projected.[122] This figure is used to estimate potential gas tax revenues for Rancho Mirage in this analysis.

Based on the per capita apportionment figure of $19.26 and a total potential population of 79, the total annual gas tax revenue from all development in Rancho Mirage would be $1,516 at Phase IV buildout.

[122] Source: "State of California Shared Revenue Estimates, Fiscal Year 2000-2001," prepared by State Controller's Office.

Summary
The following table summarizes potential annual Highway User Gas Tax revenues for Rancho Mirage.

Table XV-7
City of Rancho Mirage.
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	**$370**	**$740**	**$1,109**	**$1,516**

7. Measure A Revenue

As discussed in Section D, of the 7.75 percent sales tax collected in Riverside County, 0.50 percent (or $.005 cent on the dollar) is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65 percent is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. The remaining 35 percent allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, of which 26.9 percent is allocated to the Coachella Valley region. Rancho Mirage receives a 7.3 percent Streets/Roads allocation of program funds from Measure A funds collected by Riverside County.[123] This allocation is based on the City's population and total taxable sales.

Potential Measure A Revenues from Residential Development
This analysis projects that potential single-family development in Rancho Mirage would result in approximately 79 single-family residential dwellings. Based on assumptions previously stated regarding discretionary income spending, potential single-family residential development in Rancho Mirage would yield annual sales tax revenues to the City of $8,892 at buildout. The City would receive $31 in annual Measure A Revenues collected by Riverside County at Phase IV buildout.

Summary
The following table summarizes potential annual Measure A Revenues that would be lost should potentially developable vacant lands in Rancho Mirage be converted to conservation.

[123] Source: "Data Apportionment to Areas" spreadsheet, provided by Riverside County Transportation Commission, March 14, 2001. Percentages are based on the jurisdiction's population and taxable sales. Those shown reflect conditions in February 2001.

Table XV-8
City of Rancho Mirage
Measure A Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from all development	**$7**	**$15**	**$22**	**$31**

8. County Service Area (CSA) 152 Revenue

As discussed in Chapter IV, Rancho Mirage is one of four Coachella Valley cities that participate in CSA 152, along with Desert Hot Springs, Palm Springs, and La Quinta.[124] Through County Service Area 152, these cities collect an assessment to support the National Pollution Discharge Elimination System (NPDES).

Riverside County collects, manages, and reimburses to the participating cities 100 percent of the CSA 152 assessments collected. Under CSA 152, an annual assessment is levied on both developed and undeveloped lands based on a system of Benefit Assessment Units (BAUs). These are discussed in Chapter IV. BAUs for specific land use categories are shown in Section IV.

Each city has established its own BAU dollar value. Rancho Mirage' BAU dollar rate is $4.68.[125] The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property. CSA 152 revenue assessments are discussed for residential development, below.

Potential CSA 152 Revenue from Residential Development
In Rancho Mirage, there are approximately 364 vacant acres in conservation areas with potential for residential development, which would result in construction of 79 single-family residential dwellings. Based on the per parcel BAU dollar value in Rancho Mirage of $4.68, and the County CSA BAU Factor of 1 BAU per single-family residence, 79 single-family dwellings would yield $192 in potential annual CSA 152 revenues at Phase IV buildout.

Summary
The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Rancho Mirage.

[124] Debbie Cox, CSA Administrator, Riverside County Executive Office, personal communication, January 10, 2001.

Table XV-9
City of Rancho Mirage
CSA 152 Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total CSA 152 Revenue from all Development	**$47**	**$94**	**$140**	**$192**

9. Investment Income

As discussed in Chapter IV, revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential annual investment income for each land use is shown in the Rancho Mirage Cost/Revenue Summary table at the end of this chapter.

10. Special Revenue Sources

Rancho Mirage Community Facilities District #1
The Rancho Mirage Community Facilities District (CFD) #1 is a city-wide district, which includes subdivisions larger than four (4) residential units and commercial and industrial development. The CFD was created to recapture the costs associated with the provision of public services rendered to new development, particularly police and fire services.[126] Current annual tax rates are $143.20 per dwelling unit for residential development, and $0.12 per square foot of developed area for commercial and industrial development. The taxes are collected annually.

In Rancho Mirage, approximately 364 acres of lands proposed for conservation are designated for residential development. Of these, approximately 338 acres are designated for Hillside Residential use, and would result in a subdivision of fewer than 4 dwelling units. The remaining 26 acres are designated for low-density residential development. Should these lands be allowed to develop at maximum allowable densities, 40 new single-family residential dwelling units would be constructed. Applying the CFD #1 per unit assessment rate of $143.20, it is estimated the City would receive $5,728 in CFD #1 revenues at buildout.

Summary
The following table summarizes CDF #1 Assessment revenues for each buildout phase. Should lands in Rancho Mirage with potential for residential development be placed in conservation, these revenues would be lost.

[126] Staff Report from Patrick Pratt, Rancho Mirage City Manager, to City Council, November 16, 2000.

Table XV-10
City of Rancho Mirage
CFD #1 Assessment Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Annual Tax Revenue from all development	**$1,432**	**$2,864**	**$4,296**	**$5,728**

Rancho Mirage Fire (and Fire Excise) Tax
The Rancho Mirage Fire Tax is a restricted revenue source, which funds fire and paramedic services. Fire Tax rates are frozen at the rates shown in Table XV-10, below and cannot be increased per Proposition 218.[127] The Fire Excise Tax began in 1990 as a CPI adjustment to the Fire Tax, and is levied at a rate of 22.7% of the Fire Tax. The Fire Tax and Fire Excise Tax are collected concurrently, on an annual, city-wide basis.

Table XV-11
City of Rancho Mirage
Fire Tax and Fire Excise Tax Rates (2001)

Type of Development	Fire Tax	Fire Excise Tax
Residential	$60/unit	$13.66
Mobile home	$40/unit	$9.10
Commercial	$0.03/sq. ft.*	$0.00681*
Industrial	$0.03/sq.ft.*	$0.00681*
* Commercial and industrial tax rates shown are approximations provided by MuniFinance on February 15, 2001. Actual rates are based on site-specific development criteria, such as building type, materials, and site orientation, which cannot be determined at this time and are beyond the scope of this analysis.		

The fiscal model projects the amount of residential development likely to occur on proposed conservation lands at a rate of 75% of the maximum density permitted.

Development of approximately 364 acres of lands in the conservation area for low-density residential use would result in construction of 41 dwelling units. Applying the residential fire tax rate of $60 unit, and the fire excise tax rate of $13.66 per unit results in annual revenues to the City of $3,020 at buildout.

Summary
The following table summarizes annual fire and fire excise tax revenues from potential residential development in Rancho Mirage, for each buildout phase. These revenues would be lost if these lands were placed in conservation.

[127] Cathy Mitton, City of Rancho Mirage, personal communication, February 14, 2001.

Table XV-12
City of Rancho Mirage
Fire Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Fire Tax Revenue from all development	**$737**	**$1,473**	**$2,210**	**$3,020**

Rancho Mirage City-wide Landscaping and Lighting District (LLD)
The Rancho Mirage Landscaping and Lighting District (LLD) is a city-wide district which funds the maintenance of roadway median islands. LLD assessments are levied annually on residential development at a rate of $26.42 per dwelling unit. Commercial and industrial parcels are charged on an "equivalent dwelling unit" (EDU) basis, which is based on the parcel acreage and the number of dwelling units that could be "built" on the parcel.

The fiscal model projects the amount of development likely to occur on proposed conservation lands, assuming that residential development will occur at 75% of the maximum density permitted. It then applies the annual LLD assessment rates to potential future development to estimate losses to the City.

Approximately 364 acres are designated for single-family residential use in Rancho Mirage and are proposed for conservation under the MSHCP. Development of these lands at maximum allowable densities would result in construction of 41 single-family residential dwellings. Applying the residential LLD assessment rate of $26.42 per dwelling unit yields $1,083 in annual LLD assessment revenues to the City at buildout.

Summary
The following table summarizes estimated annual LLD assessment revenues from potential development in Rancho Mirage over the four buildout phases. These revenues would be lost should potentially developable lands instead be placed in conservation.

Table XV-13
City of Rancho Mirage
Lighting & Landscaping District Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual LLD Revenue from all development	**$264**	**$528**	**$793**	**$1,083**

Rancho Mirage Park Maintenance Tax
The City of Rancho Mirage levies an annual Park Maintenance Tax at a rate of $18.96 per residential dwelling unit. The rate for commercial and industrial development is based on an "equivalent dwelling unit" (EDU) basis, like that described in the LLD discussion above.

The MSHCP fiscal model estimates the amount of development likely to occur on proposed conservation lands using the assumption that residential development is expected to occur at a rate of 75% of the maximum density permitted. The model applies the annual Park Maintenance Tax rates to these buildout development levels to estimate potential losses to the City.

Should the approximately 364 acres of lands with potential for single-family residential development in Rancho Mirage be allowed to buildout at maximum allowable densities, 41 single-family dwelling units would be constructed at buildout. At a rate of $18.96 per residential dwelling, the City would receive annual Park Maintenance tax revenues of $777 at buildout.

Summary

The following table summarizes annual Park Maintenance tax revenues for each buildout phase. These revenues would be lost should the 364 acres of lands with residential development potential in Rancho Mirage be placed in conservation.

Table XV-14
City of Rancho Mirage
Park Maintenance Tax Revenues Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Annual Tax Revenue from all development	$190	$379	$569	$777

11. Summary of Revenues

The following table summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Rancho Mirage with developable potential were placed in conservation under the proposed MSHCP. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table XV-15
City of Rancho Mirage
Total Potential Revenues Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$2,826	$5,652	$8,478	$11,587
Property Transfer Tax	$2,072	$3,565	$3,751	$4,767
Local Sales Tax	$2,169	$4,338	$6,507	$8,892
Transient Occupancy Tax	N/A	N/A	N/A	N/A
Motor Vehicle In-Lieu Revenue	$952	$1,903	$2,855	$3,902
Restricted Funds:				
TUMF Fees	$8,383	$8,383	$8,383	$9,221
Highway Users Gas Tax	$370	$740	$1,109	$1,516
Measure A	$7	$15	$22	$31
CSA 152 (NPDES)	$47	$94	$140	$192
City-wide Lighting & Landscaping District	$264	$528	$793	$1,083
Fire Tax	$737	$1,473	$2,210	$3,020
Park Maintenance Tax	$190	$379	$569	$777
CFD #1	$1,432	$2,864	$4,296	$5,728
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$8,019	$15,458	$21,591	$29,148
Total Annual Restricted Fund Revenues	$1,432	$2,864	$4,296	$5,728
Revenue Subtotal	$9,541	$18,322	$25,887	$34,876
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$646	$1,251	$1,768	$2,382
TOTAL ANNUAL REVENUES AT PHASE BUILDOUT	**$10,097**	**$19,573**	**$27,655**	**$37,258**

B. Potential Costs to the City of Rancho Mirage

If lands being proposed for conservation are instead allowed to develop in the future, not only will they generate additional revenue, but they will also generate additional municipal costs. Additional expenditures will be required for general government services and the expansion and/or extension of infrastructure, utilities, roads and other public services. The fiscal model projects the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed MSHCP. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

1. Costs of General Government

As discussed in Chapter IV, general government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the jurisdiction's General Fund. The fiscal model translates total General Fund expenditures into a per capita factor, and applies that amount to the anticipated buildout population. The result is the estimated cost of providing general government services to future residents. Expenditures for public safety and roadway maintenance are subtracted from general government costs. These expenditures are calculated separately and discussed below.

For fiscal year 2000-2001, General Fund Expenditures in Rancho Mirage were $2,604,969.[128] According to the 2000 U.S. Census, Rancho Mirage had a population of 13,249. Based on these data, the annual per capita cost of providing general government services is $558.19 per capita.

In Rancho Mirage, development of the approximately 364 acres of vacant lands designated for residential uses would result in a total 41 new single-family residential units, which would increase Rancho Mirage' population by 79 persons at buildout. Based on the per capita figure cited above ($558.19), annual cost for the provision of general government services to the buildout population of potentially developable lands in Rancho Mirage would be $43,940. Annual general government costs for each buildout phase are summarized in the following table.

Table XV-16
City of Rancho Mirage
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$10,717**	**$21,434**	**$32,152**	**$43,940**

[128] City of Rancho Mirage Budget, Fiscal Year 2000-2001.

2. Costs of Public Safety Services

The costs of providing public safety services to future residents are calculated in the same manner as general government costs. Public safety expenditures include uniforms, volunteer rescue services, departmental supplies, salaries and benefits, equipment maintenance and repair, and other items for police and fire departments, as well as code compliance and animal control departments in some jurisdictions. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

In the City of Rancho Mirage, public safety expenditures for fiscal year 2000-2001 were $3,037,594 or $229.27 per capita. As previously stated, a buildout population of 13,249 would result from development of 79 new single-family residential dwellings on the vacant lands designated for residential uses in the city. Therefore, annual costs for provision of public safety services to the buildout population would be $3,037,594. Annual public safety costs for each buildout phase are summarized in Table XV-17, below.

Table XV-17
City of Rancho Mirage
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$4,042**	**$8,804**	**$13,206**	**$18,048**

3. Costs of Roadway Maintenance

As discussed in Chapter IV, a per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Rancho Mirage, there are approximately 25 square miles of land and 71 paved road miles within the incorporated City limits, which equates to 2.9 road miles per square mile of land area. A total of approximately 2.57 square miles are designated for conservation, of which approximately 0.60 square miles are designated for urban development. Using the average of 2.9 road miles per square mile of land area, the potentially developable area proposed for conservation in Rancho Mirage are estimated to include 1.6 miles of paved roadways at buildout.

In Rancho Mirage, an estimated annual expenditure of $803,028 is required to maintain the 71 existing miles of paved roadway.[129] This equates to an annual maintenance cost of approximately $11,310 per road mile. In Rancho Mirage, the potential 1.6 road miles in the conservation area would require maintenance expenditures of approximately $18,584 per year at project buildout. The following table summarizes projected annual roadway maintenance costs for Rancho Mirage for each buildout phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

[129] Ibid.

Table XV-18
City of Rancho Mirage
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Buildout	**$4,646**	**$9,292**	**$13,938**	**$18,584**

4. Summary of Costs

The following table summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed MSHCP conservation area in Rancho Mirage.

Table XV-19
City of Rancho Mirage
Total Potential Costs Associated with Development of Conservation Lands Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$10,717	$21,434	$32,152	$43,940
Restricted Funds:				
Public Safety Costs	$4,402	$8,804	$13,206	$18,048
Roadway Maintenance Costs	$4,646	$9,292	$13,938	$18,584
TUMF Allocation to CVAG	$8,383	$8,383	$8,383	$9,221
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$10,717	$21,434	$32,152	$43,940
Total Annual Restricted Fund Costs	$17,431	$26,479	$35,527	$45,853
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$28,148**	**$47,913**	**$67,679**	**$89,794**

D. Cost/Revenue Summary

The following table summarizes all potential revenues the City will realize if all of the 364± acres of potentially developable lands within Rancho Mirage are allowed to develop to maximum allowable densities. The table also summarizes costs that will be expended if these lands are developed.

Table XV-20
City of Rancho Mirage
Total Potential Costs/Revenues Associated with Development of Conservation Lands

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$2,826	$5,652	$8,478	$11,587
Property Transfer Tax	$2,072	$3,565	$3,751	$4,767
Local Sales Tax	$2,169	$4,338	$6,507	$8,892
Motor Vehicle In-Lieu Revenue	$952	$1,903	$2,855	$3,902
Restricted Funds:				
TUMF Fees	$8,383	$8,383	$8,383	$9,221
Highway Users Gas Tax	$370	$740	$1,109	$1,516
Measure A	$7	$15	$22	$31
CSA 152	$47	$94	$140	$192
City-wide Landscaping & Lighting District	$264	$528	$793	$1,083
Fire Tax	$737	$1,473	$2,210	$3,020
Park Maintenance Tax	$190	$379	$569	$777
CFD #1	$1,432	$2,864	$4,296	$5,728
ANNUAL COSTS				
General Fund:				
General Government Costs	$10,717	$21,434	$32,152	$43,940
Restricted Funds:				
Public Safety Costs	$4,402	$8,804	$13,206	$18,048
Roadway Maintenance Costs	$4,646	$9,292	$13,938	$18,584
TUMF Allocation to CVAG	$8,383	$8,383	$8,383	$9,221
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$8,019	$15,458	$21,591	$29,148
Total Annual Restricted Fund Revenues	$1,432	$2,864	$4,296	$5,728
Revenue Subtotal	$9,451	$18,322	$25,887	$34,876
Historic Average Interest Rate on 90-Day Treasury Bills	6.83%	6.83%	6.83%	6.83%
Anticipated Interest Earned on Revenues	$646	$1,251	$1,768	$2,382
Total Annual Revenues at Phase Buildout	$10,097	$19,573	$27,655	$37,258
Costs:				
Total Annual General Fund Costs	$10,717	$21,434	$32,152	$43,940
Total Annual Restricted Fund Costs	$17,431	$26,479	$35,527	$45,853
Total Annual Costs at Phase Buildout	$28,148	$47,913	$67,679	$89,794
Annual Cashflow at Phase Buildout	**-$18,052**	**-$28,340**	**-$40,023**	**-$52,536**

D. Conclusion

The Cost/Revenue Summary table for Rancho Mirage shows that development of the 364± acres of lands in the City that have been identified for conservation under the proposed MSHCP will result in a negative cash flow to the City over both the near and long term.

This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs. In general, commercial development may be expected to compensate for this shortfall. However, in Rancho Mirage, no lands are available for commercial development in the proposed conservation area.

This analysis calculates costs for provision of general government and public safety services on a per capita basis. In Rancho Mirage, where these costs are distributed over a relatively small total population, and levels of expected service are high, the per capita costs are correspondingly high. While in many cities these costs would not be fiscally possible, the City realizes significant revenues from sources such as property and transient occupancy taxes, and is therefore able to provide these services. These trends extend to buildout of the lands in the conservation area with developable potential in Rancho Mirage, where the resulting buildout population would be only 79 persons. Costs associated with provision of municipal services to residential development would exceed revenues. Therefore, conservation of these potentially developable lands under the proposed MSHCP will benefit Rancho Mirage.

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