389

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FROM: County Executive Office

SUBMITTAL DATE: September 22, 2009

SUBJECT: Eastvale Incorporation Revenue Neutrality Agreement

RECOMMENDED MOTION: That the Board of Supervisors approve, and direct the Executive Office to return October 6, 2009, with formalized mitigating terms and conditions based on, the tax sharing framework listed in Attachment A, deemed necessary to remediate the financial impact on the County that will result should LAFCO approve incorporation of community of Eastvale.

BACKGROUND: LAFCO is currently processing an application for incorporation of the community of Eastvale. State law prohibits LAFCO from approving incorporation if the base year net revenue impact on the county is negative, unless mitigating terms and conditions are negotiated with the county. The public review draft of the Eastvale Incorporation Study Comprehensive Fiscal Analysis dated July 8, 2009, (Eastvale CFA) calculates a net revenue loss to the County of $997,528 in the FY2008 base year.

The CFA does not address the effect of inflation on that amount over time. The terms proposed in Attachment A are intended to offset erosion of the present value of that base amount in order to sustain county services by splitting annual revenue growth with the proposed city 60/40 for a period of 30 years.

Denise C. Harden

Denise C. Harden, Principal Management Analyst

Departmental Concurrence

FINANCIAL DATA			
	Current F.Y. Total Cost:	$	In Current Year Budget:
	Current F.Y. Net County Cost:	$	Budget Adjustment:
	Annual Net County Cost:	$	For Fiscal Year:

SOURCE OF FUNDS: NA

Positions To Be Deleted Per A-30 ☐

Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION: APPROVE

BY: Jay E. Orr

County Executive Office Signature

☐ Consent ☒ Policy

☐ Consent ☒ Policy

Dep't Recomm.:

Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** 2nd | **Agenda Number:** 3.5

The Eastvale CFA calculates $5,030,186 in transferrable FY2008 base year revenue for boundary scenario #1, and $4,017,298 in transferrable net county cost for municipal-type services to be taken over by the new city. Of that $5 million in revenue, $2.44 million, nearly half, is from sales tax. This represents 6.2 percent of the $39.53 million in total sales tax received by the County in FY2008.

The difference of $997,528 between revenue and net cost transferred represents the balance of the county's non-transferrable net costs that remain the county's statutory responsibility in perpetuity. These include essential ongoing countywide responsibilities such as funding the district attorney, public defender, jails, court services, child and adult protective services, public and environmental health, and general government functions.

If revenue neutrality payments by the city to the county were to remain fixed over time at the net base year amount of $997,528, the buying power of that payment will erode over time due to inflation. The consequence will be an undercutting of the county's financial ability to sustain countywide services to that community as it matures, ultimately resulting either in other areas of the county subsidizing Eastvale, or reduction in services countywide.

To offset inflation, during revenue neutrality negotiations the Executive Office proposed to the Eastvale team a formula based on the base year calculation that escalates the base year net cost by an inflation factor of 3.5% and splits the growth in the county's deficit over that base year amount for a term of thirty years. This offsets the effect of inflation over time, but in a way that shares the economic risk by allowing a portion of the calculation to float. The county also offered to defer the first two years of payments to be paid back, with interest, in installments over a period of years.

The counter offer made by the Eastvale team split net revenue growth 50/50 for the first three years following incorporation, then dropped that split to the City's benefit to 40/60 in years 4 & 5, 30/70 in years 6 & 7, 20/80 in years 8 & 9, 10/90 in year 10, and zero thereafter. They propose deducting their 10 percent contingency reserve from revenue before calculating of the amount owed the County. Finally, their proposal makes only partial payments of the annual total owed the county, reserving a portion to be paid out to the county over years 11-19 following incorporation.

This essentially creates a ten-year term of accumulation payable over nineteen years. The proponents forthrightly admit their intent is to achieve a roundabout cash loan from the county to improve their appearance of viability while they get established.

The Executive Office is sympathetic, and supportive generally of self-determination. However, it is our understanding from the guidance provided by LAFCO that revenue neutrality negotiations are not to enhance an incorporation's viability, but to mitigate an incorporation's impact on the county in order to protect funding of ongoing county services. That is the approach the Executive Office is taking and recommends to the Board. The Eastvale proponents have taken a distinctly different view.

The recommendations presented today are particularly crucial because we are also in concurrent negotiations with the Jurupa incorporation team, and it will be important to be fair and even-handed to both of these adjoining communities. According to the administrative draft of the Jurupa Comprehensive Fiscal Analysis dated August 29, 2009, (Jurupa CFA), the FY2008 base year amount of sales tax listed in the Jurupa CFA for Boundary Alternative #2 is $6.65 million or 16.8 percent of the total received that year. Between these two incorporation proposals combined there is a total of $9.09 million, or 23 percent of the County's sales tax revenue at issue. This proposal recovers only a portion of that, but more than if the county receives only the base year amount.

The County's long-term financial forecasts place great hope on the eventual rebound of sales as well as property taxes to dig the County out of its current budget deficit. The revenue neutrality proposal the Executive Office offered the Eastvale proponents, and recommend offering in similar form to the Jurupa proponents, is as generous as the Executive Office believes prudent to keep the county's tax base diversified and protect the County's ability to sustain mission critical services.

Most counties, including the County of Riverside, have not taken such an approach with incorporations in the past. However, the current economic crisis has given us new perspective, and the Executive Office believes this approach is justified in that it recognizes and provides financially for the division of statutory responsibilities between both the city and the county.

LAFCO will be hearing this matter at their October 23 meeting. The Executive Office recommends the Board approve the attached framework on which to base a formal document to be submitted to LAFCO in advance of the October 23 Commission hearing.

Eastvale Incorporation

County Revenue Neutrality Offer

1. Establish the base year County deficit amount as whatever amount is established by LAFCO in their approved CFA.

2. Assume Net County Cost would escalate from the base year amount established by LAFCO at approximately 3.5% annually.

3. Calculate the County's annual deficit as the difference between the adjusted Net County Cost and amount of actual revenue for that year as reported by the City Treasurer in the City's year-end financial statements, adjusted as necessary on reconciliation with the City's audited annual financial report.

4. Calculate the annual neutrality payment from the City to the County as the sum of the County's base year deficit plus 40 percent of the net growth in the deficit over that base year amount for any given year, as follows:

   Annual Neutrality Payment = Base Year Deficit + ((Year X Deficit – Base Year Deficit) * 40%)

5. Deferral of neutrality payments for FY2011, FY2012 & FY2013.

6. Repayment of amount deferred in ten equal annual installments beginning in FY2014.

7. Accrual of interest on amounts owed at a rate of 3% compounded quarterly.

8. Payment of the estimated total annual amount owed, with interest, within 60 days following the end of the City's fiscal year.

9. Payment of reconciling adjustments within 60 days following completion of the City's audited annual financial report.

10. Term of agreement to extend through the end of the 30th year from date of incorporation.

3.13

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from the Executive Office regarding the Eastvale incorporation revenue neutrality agreement is continued to Tuesday, October 6, 2009 at 9:00 a.m.

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on September 29, 2009 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors
Dated: September 29, 2009
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
(seal) and for the County of Riverside, State of California.

By: __________ Deputy

AGENDA NO.
3.13

xc: E.O., COB

Bill Luna
County Executive Officer

Jay E. Orr
Assistant County Executive Officer

Executive Office, County of Riverside

October 5, 2009

Board of Supervisors
County of Riverside
Robert T. Anderson Administrative Center
4080 Lemon Street
Riverside, CA 92501

SUBJECT: Eastvale Incorporation Revenue Neutrality Agreement

Honorable Board Members:

On September 29, 2009, the Executive Office presented to you Agenda Item 3.13 recommending your approval of a conceptual framework on which to base a revenue neutrality agreement pertaining to the proposed incorporation of the community of Eastvale. The purpose of such an agreement is to mitigate the negative impact on the county that will result if the incorporation occurs.

Since initiating that item, the Executive Office has continued work on framing the structure of the agreement, which must be presented to the voters in Eastvale as part of the incorporation election. We continue to seek ways to simplify and streamline the terms and conditions so they are most easily understood by the electorate and more easily administered in the event incorporation occurs.

In doing so, we looked to the methods used by other counties since revenue neutrality requirements became law. It appears from CA LAFCO records there have been ten incorporations completed since the law took effect. Two of those were the Menifee and Wildomar incorporations in Riverside County, for which revenue neutrality agreements were not necessary since their incorporations saved the county money, rather than causing a net loss.

Attached is a report entitled "Overview of Terms & Conditions: Recent California Incorporations" obtained from the CA LAFCO website that compares information on seven of those ten incorporations (Attachment A). In this comparison, we see that Sacramento and Santa Barbara Counties took stances to mitigate the negative annual financial impact over the long term, as we recommend, while Orange County took the approach of accepting defined amounts over shorter periods. Sacramento's three incorporations have terms of 25, 25.5 and 31 years, while in Santa Barbara's one incorporation the county receives a portion of certain revenues for ten years and defined percentages property tax and sales tax in perpetuity.

We found Santa Barbara County's approach both to the terms of payment and relative simplicity of their agreement to be sound models for approaching revenue neutrality. We reassessed our analysis from this perspective and found that we could reach the same level of annual mitigation we originally proposed by receiving 24 percent of both property and sales tax annually.

We offer you this approach as "Alternative B" for your consideration, attached in mark-up form as Attachment B. This method yields projected payments to the County of Riverside that are within tens of thousands of dollars of the original projections, as seen in Attachment C, but in a way that will be easier for everyone involved to understand and administer.

We therefore recommend the Board of Supervisors substitute Alternative B in the original motion and direct the County Executive Office to return on October 20, 2009, with a revenue neutrality agreement based on this alternative framework. Time is of the essence. If the Board does not take action to approve a revenue neutrality agreement in some form prior to the LAFCO hearing on October 22, there is a very real risk LAFCO may impose conditions by default that might cause the county to lose an estimated $26 million over the proposed thirty year term, and that is a risk we want to avert.

Most respectfully,

Paul McDonnell
County Finance Director

Attachment A

Overview of Terms & Conditions: Recent California Incorporations

City	Wildomar	Rancho Cordova	Goleta	Aliso Viejo	Elk Grove	Rancho Santa Margarita	Citrus Heights
County	Riverside	Sacramento	Santa Barbara	Orange	Sacramento	Orange	Sacramento
Reorganization Type	Incorporation with detachment from street lighting CSAs	Incorporation	Incorporation with detachment from street lighting and library CSA	Incorporation with dissolution of park CSA	Incorporation	Incorporation	Incorporation
Environmental	Negative declaration	Mitigation measures included in terms and conditions.	Negative declaration	Negative declaration	Mitigation measures included in terms and conditions.	Negative declaration	Statement of over-riding consideration; mitigation measures included in terms and conditions.
Election Date	February 5, 2008	November 5, 2002	November 6, 2001	March 6, 2001	March 7, 2000	November 2, 1999	November 5, 1996
Effective Date	July 1, 2008	July 1, 2003	*February 1, 2002*	*July 1, 2001*	July 1, 2000	*January 1, 2000*	January 1, 1997
Transition Service							
Length of Period	Remainder of first fiscal year	Remainder of first fiscal year	*Remainder of first fiscal year*	*Remainder of first fiscal year*	Remainder of first fiscal year	*Remainder of first fiscal year, with an additional year for law enforcement services.*	Remainder of first fiscal year
Payment Amount	Net cost of service	Net cost of service	*Up to $4 million in costs waived*	*Specific amount*	Net cost of service	*Most costs waived*	Resolution: Net cost *Settlement: $4.5 million for remainder of first fiscal year.*
Reimbursement	Reimbursement for transition year costs to be repaid over 5-year period	Payment made directly from property taxes and first quarter sales tax retained by county. New city pre-pays $3.5 million in transition year, and repays remainder over a 5-year period with interest.	*Reimbursement for transition year costs waived up to maximum of $2.5 million for general costs and $1.5 million for road expenditures. $1.5 million interest-free loan for transition year to be repaid in 11th year.*	*Payment over 7-year period through sales tax increment over baseline or, if inadequate, direct payment.*	Payment made directly from property taxes and first quarter sales tax retained by county, with city owing any additional net cost to be repaid over a 5-year period with interest.	*County waived reimbursement for transition year service costs except road maintenance. Road maintenance reimbursement at end of first fiscal year.*	Resolution: Reimbursement over a 5-year period in quarterly installments, with interest. *Settlement: Reimbursement in quarterly installments beginning 2 years after incorporation.*
Start-Up Loan			*$100,000 start-up loan to be repaid during transition year with interest*				
Contractual coverage		Rancho Cordova should consider contracting with the County for animal control, law enforcement, planning, building inspection, street lighting, road maintenance services. City County Library JPA will provide library service.	*Transition period extension or service extension by mutually agreed contract for five-year term*		Elk Grove should consider contracting with the county for animal control, building inspection, street lighting, road maintenance services. City County Library JPA will provide library service.		Citrus Heights should consider contracting with the county for animal control, building inspection, street lighting, road maintenance services.

City	Wildomar	Rancho Cordova	Goleta	Aliso Viejo	Elk Grove	Rancho Santa Margarita	Citrus Heights
Transition Service, cont.							
Escape clause	New city may discontinue services prior to end of first fiscal year.	New city may discontinue services prior to end of first fiscal year.	*by agreement of parties*		New city may discontinue services prior to end of first fiscal year. Solid waste collection service may not end until termination of county agreements with private service providers.		
Service levels		at current levels of service	*at or above the current level of service*	*at current levels of service at no additional cost to City, and/or enhanced levels of service on terms mutually agreed*	at current levels of service	*law enforcement at current service levels*	at current levels of service
Mitigation payment							
Term	*10 years*	*31 years*	*10 years / Perpetuity*	*7 years*	*25 years*	*9 years*	*25.5 years*
Agreement form	County Board of Supervisors resolution	Separate Tax Sharing Agreement shall be executed by new city's mayor	Separate Revenue Neutrality Agreement	Separate Revenue Neutrality Agreement	Separate Revenue Neutrality Agreement	Separate Revenue Neutrality Agreement	Terms and conditions; settlement agreement following litigation
Limited	*County pays the new city the County's net savings from incorporation, i.e., on average $0.27 million annually for 10 years, including 3% annual inflation adjustment. If City sales tax revenues exceed CFA projections, the County payment is reduced dollar-for-dollar.*	*Property tax revenue share remitted to county starts at 97.5%, is reduced incrementally to 82.5% in year 10, 70% in year 20, 57.5% in year 30, and phased out in year 32.*	*Time-limited agreement for 40% of TOT, 50% of sales tax allocated to county for transition year and mitigation period. Ongoing agreement for 50% of property tax and 30% of sales tax to be allocated to county.*	*$1.2 million annually for mitigation period, with incentives structured for new city to annex adjacent areas.*	*Quarterly remittance of transient occupancy tax revenues, in addition to a declining share of property tax revenues. Property tax revenue share remitted to county starts at 90%, is reduced slightly through the first 18 years of the term and then phased out at the rate of 10% annually.*	*Lump sum of $12 million to be repaid from general revenues in first 2 years, and thereafter from a combination of general revenues and sales tax increments.*	Resolution: $5.6 million annually in quarterly installments with inflation adjustment. *Settlement: all property taxes (approx. $2.2 million annually)*
Default provisions		*If triggering factors occur, the tax sharing agreement may be reopened with dispute resolution procedures outlined by LAFCO.*	*In the event of default by the new city, the County Auditor may set up an escrow account to divert city property taxes to the county.*	*Resolution requires parties to effect a direct transfer from the Board of Equalization or the County Auditor. Prior to that, City Council appropriation required on annual basis. In the event of default by the new city, the County Auditor may set up an escrow account to divert city property taxes to the county.*	*If triggering factors occur, the tax sharing agreement may be reopened with dispute resolution procedures outlined by LAFCO.*	*Resolution requires parties to effect a direct transfer from the Board of Equalization or the County Auditor. Prior to that, City Council appropriation required on annual basis. In the event of default by the new city, the County Auditor may set up an escrow account to divert city property taxes to the county.*	

City	Wildomar	Rancho Cordova	Goleta	Aliso Viejo	Elk Grove	Rancho Santa Margarita	Citrus Heights
Assets							
Liquid assets		County transfers impact fees intended for use in new city	*County shall provide accounting for distribution of funds set aside for use in the area*		County transfers impact fees intended for use in new city	Local park trust funds transfer.	County transfers impact fees intended for use in new city
Local service-related	Local parks transfer		*All real property exc. Fire stations and flood control district property. Park property and equipment transfer.*	Local parks, street lights, storm drainage facilities, roads transfer. Conditions explicitly state that sheriff and library facilities do not transfer.		Local parks, street lights, storm drainage facilities, roads transfer. All county-owned real property except a regional park transfers.	
Data and Records				The parties shall expeditiously prepare and record evidence for real property transfers following incorporation.			
Easements						Transfer if related to an asset that transfers, as specified in Revenue Neutrality Agreement.	
Stormwater				Local storm drain facilities transfer		Local storm drain facilities transfer	
Wastewater							
Redevelopment		County retains control of Mather AFB project partly in new city	*Redevelopment assets and liabilities transfer*				
Liabilities	Taxes for bonded debt of County and other agencies left intact continue. Lighting maintenance assessments and responsibilities transfer.		*Redevelopment assets and liabilities transfer*	City assumes liabilities of county park CSA	County continues special tax levy for community facilities district consistent with bond covenants.		
Dispute Resolution		Mutual agreement or mediation required to amend tax sharing agreement.	*Mutual agreement required to amend revenue neutrality agreement, or legal action.*	*Mutual agreement required to amend revenue neutrality agreement, or legal action filed in Superior Court.*	Mutual agreement or mediation required to amend revenue neutrality agreement, or legal action filed in Superior Court.	*Mutual agreement required to amend revenue neutrality agreement, or legal action filed in Superior Court.*	
Employee Protection							
Revenues							
Grants			*City shall participate in county's CDBG program through completion of current contracts.*				

City	Wildomar	Rancho Cordova	Goleta	Aliso Viejo	Elk Grove	Rancho Santa Margarita	Citrus Heights
Expenditures							
Reorganization election					Election costs borne by the City.		Costs for Council election borne by the city
Incorporation study costs				Map and legal description production costs covered by applicant or new city.		The new city shall reimburse LAFCO for unbudgeted costs for consultants and counsel incurred in incorporation process, as well as map and legal description production costs.	
Accounting			*County collects and distributes TOT at no charge to city.*	Property tax revenue administration costs to be shared by the city and the county.	*Property tax revenue administration costs to be shared by the city and the county.*		
Standard provisions							
Governance	City governed by five-member council elected at large.	City governed by five-member council elected at large.	City governed by five-member council elected at large.	Ballot includes question on future council representation by district or at large (57101)	Terms of office for City Council (57377-57379). Initial district boundaries to be adopted by the first City Council.	Terms of office for City Council (57377-57378)	Terms of office for City Council (57377-57379)
Appointive positions	City Manager, City Clerk and Treasurer appointive rather than elective	City Manager, City Clerk and Treasurer appointive rather than elective	City Manager, City Clerk and Treasurer appointive rather than elective	City Manager, City Attorney, City Clerk and Treasurer appointive rather than elective	City Manager, City Clerk and Treasurer appointive rather than elective	City Manager, City Attorney, City Clerk and Treasurer appointive rather than elective	City Manager, City Clerk and Treasurer appointive rather than elective
Ordinances	Adopt applicable county ordinances	Adopt all county ordinances and general plan		Adopt applicable county ordinances	Adopt applicable county ordinances and general plan	Adopt applicable county ordinances	Adopt applicable county ordinances and general plan
Appropriations limit	$13,266,694	$34,250,000	$24,100,000	$9,700,000	$22,040,000	$10,000,000	$21,000,000
Property tax	Property tax transfer via formula	Property tax transfer with 4 separate options	*Property tax transfer with 2 separate options*	Property tax transfer via formula	Property tax transfer	Property tax transfer via formula	Property tax transfer
Tax continuation	Taxes and assessments continue in effect	General taxes continue in effect	Taxes and assessments continue in effect	Taxes and transportation fee programs continue	General taxes continue in effect	New city has authority to continue all taxes and assessments.	General taxes continue in effect
Streets	Transfer on effective date	Transfer on effective date		Transfer on effective date	Transfer on effective date	Transfer on effective date	Transfer on effective date
Development agreements		Development agreements made prior to effective date remain valid (§65865.3)		Development agreements made prior to effective date remain valid (65865.3)	Development agreements made prior to effective date remain valid (65865.3)	Development agreements made prior to effective date remain valid (65865.3)	Development agreements made prior to effective date remain valid (65865.3)

Sources: incorporation resolutions and agreements

Note: Italicized text indicates items included in written agreement between the parties and/or Board of Supervisors resolution.

Eastvale Incorporation

County Revenue Neutrality Offer

Alternative B

1. Establish the base year County deficit amount as whatever amount is established by LAFCO in their approved CFA.

~~2. Assume Net County Cost would escalate from the base year amount established by LAFCO at approximately 3.5% annually.~~

~~3. Calculate the County's annual deficit as the difference between the adjusted Net County Cost and amount of actual revenue for that year as reported by the City Treasurer in the City's year-end financial statements, adjusted as necessary on reconciliation with the City's audited annual financial report.~~

~~4. Calculate the annual neutrality payment from the City to the County as the sum of the County's base year deficit plus 40 percent of the net growth in the deficit over that base year amount for any given year, as follows:~~

~~Annual Neutrality Payment = Base Year Deficit + ((Year X Deficit – Base Year Deficit) * 40%)~~

2. Annual payment from the City to the County of 24 percent of the property tax received and 24 percent of the sales tax received in any given year during the term of the agreement.

~~5.~~ 3. Deferral of neutrality payments for FY2011, FY2012 & FY2013.

~~6.~~ 4. Repayment of amount deferred in ten equal annual installments beginning in FY2014.

~~7.~~ 5. Accrual of interest on the amounts ~~owed~~ deferred at a rate of 3% compounded quarterly.

~~8. Payment of the estimated total annual amount owed, with interest, within 60 days following the end of the City's fiscal year.~~

~~9.~~ 6. Payment of reconciling adjustments within 60 days following completion of the City's audited annual financial report.

~~10.~~ 7. Term of agreement to extend through the end of the 30th year from date of incorporation.

Attachment C

Revenue Neutrality Model Scenario 1 v3.2 Base + 40% Growth for 30 Years	Notes	Base Year FY2008	Year 1 FY2011 Adj	Year 2 FY2012	Year 3 FY2013	Year 4 FY2014	Year 5 FY2015	Year 6 FY2016	Year 7 FY2017	Year 8 FY2018	Year 9 FY2019	Year 10 FY2020	Total / Average
SCENARIO 1	(1)												
Assumptions													
Inflation Factor	(2)	0.0%	0.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Interest Rate	(3)		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	
Revenues Transferred													
Property Taxes	(4)	1,565,000	**1,303,000**	1,313,000	1,414,000	1,517,000	1,717,000	1,733,000	1,757,000	1,781,000	1,803,000	1,824,000	16,162,000
Sales Tax	(5)	2,439,500	**2,213,000**	2,599,000	2,688,000	2,881,000	3,072,000	3,249,000	3,472,000	3,695,000	3,879,000	4,040,000	31,788,000
Property Transfer Tax	(6)	271,000	**281,000**	285,000	313,000	337,000	391,000	396,000	403,000	410,000	415,000	422,000	3,653,000
Franchise Fees	(7)	502,686	**535,000**	549,000	568,000	585,000	625,000	629,000	633,000	637,000	641,000	644,000	6,046,000
Fines & Forfeitures	(7)	279,000	**271,000**	279,000	289,000	298,000	318,000	320,000	322,000	324,000	326,000	327,000	3,074,000
Total Revenues Transferred		5,057,186	**4,603,000**	5,025,000	5,272,000	5,618,000	6,123,000	6,327,000	6,587,000	6,847,000	7,064,000	7,257,000	60,723,000
Net County Cost	(8)	**4,095,394**	**4,095,394**	4,238,733	4,387,088	4,540,637	4,699,559	4,864,043	5,034,285	5,210,485	5,392,852	5,581,602	48,044,677
Additional Future Revenues	(9)	15,650	13,030	13,130	14,140	15,170	17,170	17,330	17,570	17,810	18,030	18,240	161,620
County Surplus / (Deficit)	(10)	**(946,142)**	**(494,576)**	**(773,137)**	**(870,772)**	**(1,062,193)**	**(1,406,271)**	**(1,445,627)**	**(1,535,145)**	**(1,618,705)**	**(1,653,118)**	**(1,657,158)**	(12,516,703)
Revenue Neutrality Payment - Alternative A													
Estimated County Deficit		946,142	494,576	773,137	870,772	1,062,193	1,406,271	1,445,627	1,535,145	1,618,705	1,653,118	1,657,158	12,516,703
Deferral			765,516	876,940	915,994								2,558,450
Cumulative Deferral			765,516	1,642,456	2,558,450								
Repayment of Deferral	(11)		-	-	-	255,845	255,845	255,845	255,845	255,845	255,845	255,845	1,790,915
Interest on Deferral	See below		-	-	-	218,825	90,172	83,087	76,755	70,333	63,174	55,559	657,904
Alternative A Annual Payment			-	-	-	**992,563**	**1,130,194**	**1,145,936**	**1,181,743**	**1,215,167**	**1,228,932**	**1,230,549**	**8,125,084**
Total Neutrality Payment - Alt. A			-	-	-	**1,467,233**	**1,476,211**	**1,484,868**	**1,514,343**	**1,541,345**	**1,547,951**	**1,541,952**	**10,573,902**
Alternative A Interest Calculation													
Interest on FY2011 Deferral	(12)		11,483	23,310	24,009								58,802
Interest on FY2012 Deferral	(13)			13,154	26,703								39,857
Interest on FY2013 Deferral	(14)				27,480								27,480
Cumulative	(15)					76,753	69,078	61,403	53,727	46,052	38,377	30,701	376,092
Annual	(16)					15,933	21,094	21,684	23,027	24,281	24,797	24,857	155,673
Total Interest			11,483	36,464	78,192	92,686	90,172	83,087	76,755	70,333	63,174	55,559	657,904
Revenue Neutrality Payment - Alternative B													
Percentage Property & Sales Taxes for 30 Years													
Deficit as percentage of Property & Sales Taxes		**24%**	14%	20%	21%	24%	29%	29%	29%	30%	29%	28%	27%
Percentage of Property Taxes	**24%**	369,762	307,859	310,222	334,085	358,421	405,675	409,455	415,126	420,796	425,994	430,956	3,818,591
Percentage of Sales Taxes	**24%**	576,380	522,865	614,065	635,093	680,693	725,821	767,640	820,328	873,017	916,490	954,530	7,510,541
Alternative B Annual Payment		**946,142**	**830,724**	**924,287**	**969,178**	**1,039,114**	**1,131,496**	**1,177,096**	**1,235,454**	**1,293,813**	**1,342,484**	**1,385,486**	**11,329,132**
Deferral			(830,724)	(924,287)	(969,178)	-	-	-	-	-	-	-	
Repayment of Deferral			-	-	-	272,419	272,419	272,419	272,419	272,419	272,419	272,419	1,906,933
Interest on Deferral			-	-	-	202,083	73,553	65,381	57,208	49,035	40,863	32,690	520,813
Total Neutrality Payment			-	-	-	**1,513,616**	**1,477,468**	**1,514,895**	**1,565,081**	**1,615,267**	**1,656,766**	**1,690,595**	**11,032,888**
Alternative B Interest Calculation													
Cumulative Balance Deferred			830,724	1,755,011	2,724,190	2,451,771	2,179,352	1,906,933	1,634,514	1,362,095	1,089,676	817,257	
Interest on FY2011 Deferral			12,461	25,296	26,054								
Interest on FY2012 Deferral				13,864	28,145								
Interest on FY2013 Deferral					14,538								
Interest on Cumulative Balance Deferred						81,726	73,553	65,381	57,208	49,035	40,863	32,690	400,456
Total Interest			**12,461**	**39,160**	**68,737**	**81,726**	**73,553**	**65,381**	**57,208**	**49,035**	**40,863**	**32,690**	**1,041,626**
Gain/(Loss) of Alternative B over Alternative A			**65,209**	**47,347**	**53,184**	**46,552**	**1,302**	**31,160**	**53,711**	**78,646**	**113,552**	**154,937**	**645,599**
Gain/(Loss) of Alternative B over Projected Deficit			336,148	151,150	98,407	(23,079)	(274,776)	(268,531)	(299,691)	(324,892)	(310,634)	(271,673)	(1,187,571)
Gain/(Loss) of Alternative A over Deficit			270,940	103,803	45,222	(69,631)	(276,078)	(299,691)	(353,402)	(403,538)	(424,186)	(426,610)	(1,833,170)