Annexation Fiscal Analysis: Temescal Valley & Corona Sphere

July 23, 2013

Report to the Riverside County Executive Office

Burr Consulting

TABLE OF CONTENTS

PREFACE ..... **IV**

1. EXECUTIVE SUMMARY **1**

2. ANNEXATION **3**

LAFCO OVERVIEW 3
ANNEXATION PROCESS 4

3. STUDY AREAS **9**

OVERVIEW 9
DEMOGRAPHICS & GROWTH 16

4. METHODS AND ASSUMPTIONS **21**

FISCAL ESTIMATES 21

5. MUNICIPAL REVENUES **23**

OVERVIEW 23
TAXES 24
SUBVENTIONS 28
OTHER REVENUES 31

6. MUNICIPAL SERVICES **32**

SERVICE PROVIDER OVERVIEW 32
LAW ENFORCEMENT 35
FIRE & EMERGENCY MEDICAL SERVICES 37
COMMUNITY DEVELOPMENT 42
LIBRARY 44
PARKS AND RECREATION 44
PUBLIC WORKS 46
REDEVELOPMENT 54
FISCAL IMPACT ON COUNTY 55
FISCAL IMPACT ON CITY 58

7. SOURCES **60**

DATA SOURCES 60
INTERVIEWS AND CORRESPONDENCE 62

8. SUPPLEMENTAL TABLES **63**

LIST OF TABLES

TABLE 2-1: COMMISSION MEMBERS, 2013 4
TABLE 3-1: ACREAGE BY LAND USE TYPE AND AREA, 2013 9
TABLE 3-6: SINGLE-FAMILY HOUSING CHARACTERISTICS BY AREA 17
TABLE 3-8: SIGNIFICANT TEMESCAL VALLEY EMPLOYERS, 2013 18
TABLE 3-11: 24-HOUR POPULATION ESTIMATES, 2013 20
TABLE 5-1: ANNEXATION IMPACTS ON COUNTY REVENUES, FY 11-12 23
TABLE 5-6: ESTIMATED SALES AND USE TAX, FY 11-12 26
TABLE 5-8: DOCUMENTARY TRANSFER TAX CITY SHARE, FY 11-12 28
TABLE 5-9: GAS TAX REVENUE ESTIMATES, FY 12 - 13 29
TABLE 5-10: MEASURE A LOCAL STREETS AND ROADS REVENUE ESTIMATES, FY 12 -FY 13 30
TABLE 5-11: FRANCHISE FEE ESTIMATES, FY 12 -FY 14 31
TABLE 6-1: TEMESCAL VALLEY SERVICE PROVIDERS 33
TABLE 6-8: RCFD COSTS PER STATION, FY 12 – FY 13 39
TABLE 6-9: MUNICIPAL LIBRARIES NEAR THE CORONA SOI 44
TABLE 6-10: COUNTY-MAINTAINED PUBLIC PARKS IN STUDY AREAS 45
TABLE 6-12: STREET SERVICE LEVELS 48
TABLE 6-14: COUNTY-DEPENDENT DISTRICTS SERVING ANNEXATION AREAS 50
TABLE 6-15: SOLID WASTE SERVICE COMPARISON 53
TABLE 6-16: REDEVELOPMENT DEBT ASSOCIATED WITH ANNEXATION AREAS 54
TABLE 6-17: ANNEXATION IMPACTS ON COUNTY COSTS, FY 11-12 55
TABLE 6-18: COMPARISON OF ESTIMATES OF FISCAL IMPACT ON COUNTY 55
TABLE 6-19: NET FISCAL IMPACT ON COUNTY BY ANNEXATION AREA, FY 11-12 57
TABLE 6-20: FISCAL IMPACT ON CITY GENERAL FUND BEFORE FISCAL MITIGATION, FY 12-13 58
TABLE 6-21: FISCAL IMPACT ON CORONA ROAD FUNDS 59
TABLE 8-1: POPULATION AND JOB PROJECTIONS BY AREA, 2010-2023 64
TABLE 8-2: PROPERTY TAX ALLOCATION BY AREA, FY 11-12 65
TABLE 8-3: COUNTY FISCAL IMPACT ESTIMATES, FY 11-12 THROUGH FY 13-14 66

LIST OF FIGURES

FIGURE 3-2: TEMESCAL VALLEY 12
FIGURE 3-3: SHUTTERED COUNTRY CLUB, CORONITA 13
FIGURE 3-4: EL CERRITO RESIDENCE 14
FIGURE 3-5: RESIDENT POPULATION BY AREA, 2010-2023 16
FIGURE 3-7: PROJECTED ANNUAL HOUSING GROWTH RATES, 2010-2025 17
FIGURE 3-9: JOBS BY AREA, 2010-2023 19
FIGURE 3-10: PROJECTED ANNUAL JOB GROWTH RATES, 2010-2023 20
FIGURE 5-2: TRANSPORTATION FUND REVENUE IMPACTS, FY 11-12 24
FIGURE 5-3: TEMESCAL VALLEY AREA PROPERTY TAX SHARES, FY 11-12 24
FIGURE 5-4: PROPERTY TAX GROWTH, FY 02-03 THROUGH FY 12-13 25
FIGURE 5-5: ESTIMATED PROPERTY TAX TRANSFERS, FY 11-12 26
FIGURE 5-7: SALES & USE TAX PER RESIDENT, FY 11-12 27
FIGURE 6-2: LAW ENFORCEMENT SERVICE CALLS PER CAPITA, FY 11-12 35
FIGURE 6-3: PART I CRIMES PER CAPITA, FY 11-12 35
FIGURE 6-4: RESPONSE TIMES, FY 11-12 36
FIGURE 6-5: LAW ENFORCEMENT COSTS PER CAPITA, FY 11-12 36
FIGURE 6-6: RCFD STATION NO. 64 37
FIGURE 6-7: FIRE & EMS INCIDENTS PER CAPITA, 2011 37
FIGURE 6-11: ROAD AREA BY CONDITION, 2013 48
FIGURE 6-13: STREET SPENDING PER ROAD MILE, FY 11-12 49

List of Maps

Map 3-1: Annexation Study Areas 10
Map 3-2: Temescal Valley Annexation Area 11
Map 6-1: Fire and EMS Stations and Primary Service Areas, 2013 38
Map 6-2: Public Roads in Temescal Valley Study Area 47
Map 6-3: County Service Areas in Corona SOI 52

Acronyms

AFA:	Annexation fiscal analysis
AMR:	American Medical Response
BOE:	California Board of Equalization
BOS:	Riverside County Board of Supervisors
CEO:	Chief Executive Office (Riverside County)
CEQA:	California Environmental Quality Act
CFA:	Comprehensive fiscal analysis (of incorporation)
CFD:	Community Facilities District
City:	City of Corona
CKH Act:	Cortese-Knox Hertzberg Act
CPI:	Consumer Price Index (CPI-U all items, all cities)
County:	Riverside County
CSA:	County Service Area
CY:	Calendar year
DOF:	California Department of Finance
DTT:	Documentary transfer tax
EMS:	Emergency Medical Services
ERAF:	Educational Revenue Augmentation Fund
FS:	Fire station
FY:	Fiscal year
GIS:	Geographic Information Systems
JPA:	Joint Powers Authority
LAFCO:	Local Agency Formation Commission
LLMD:	Landscape and Lighting Maintenance District
MSR:	Municipal Service Review
NA:	Not applicable
NP:	Not provided
RCFD:	Riverside County Fire Department
RCLS:	Riverside County Library System
RCTC:	Riverside County Transportation Commission
SCAG:	Southern California Association of Governments
SOI:	Sphere of influence
TLMA:	Transportation and Land Management Agency (Riverside County)
WRCOG:	Western Riverside Council of Governments

PREFACE

This report is an annexation fiscal analysis prepared for the County of Riverside Chief Executive Office.

CAVEATS

This report includes analyses of municipal service delivery and policy options for the County, the City and LAFCO to consider as they makes decisions regarding the terms and conditions for proposed annexation of Temescal Valley to the City of Corona.

The author exercised professional judgment in selecting the most reliable and recent available data sources and gathering comparable data from the various providers.

This report was prepared in 2013 based on information and knowledge available at that time. This draft report has not yet been reviewed by the City or LAFCO, and is potentially subject to revision. Comments and suggested revisions may be submitted to the Riverside County CEO.

CREDITS

The author extends appreciation to those individuals at Riverside County, the City of Corona and the affected communities who provided interviews, planning and financial information, and documents used in this report. The contributors are listed at the end of this report.

1. EXECUTIVE SUMMARY

This report is an annexation fiscal analysis (AFA) on the potential annexation of the unincorporated community of Temescal Valley to the City of Corona. This study is not mandated by law, and has been prepared at the request of Riverside County for purposes of evaluating terms and conditions for the proposed annexation.

ASSUMPTIONS

Annexation is the transfer of governance and municipal service responsibilities from a county to a city. In this report, annexation is assumed to include detachment of affected territory from County Service Area (CSA) No. 134, the Riverside County Waste Resources Management District, and the Lighting and Landscape Maintenance District No. 89-1, and transfer of associated revenues and responsibilities from Riverside County to the City of Corona. It is also assumed that taxes and fees levied in the City would be imposed in the annexation study areas, and that existing taxes and assessments would transfer from the County to the City. Although the report focuses on four annexation study areas, the boundaries of those areas are for analysis purposes and could evolve during the course of the annexation process. Finally, this report presents both static and dynamic fiscal estimates. Static estimates are based on actual revenues and expenditures in Fiscal Year 2011-12 whereas dynamic estimates account for projected growth and inflation.

Annexation would involve a change in the existing service providers for law enforcement, fire protection, local governance, street maintenance, landscape maintenance, stormwater and drainage, land use planning, code enforcement, library, parks, and recreation.

ANNEXATION PROCESS

The Riverside Local Agency Formation Commission (LAFCO) has jurisdiction over decisions about annexation. The City of Corona formally applied to LAFCO in April 2013 for annexation of Temescal Valley. The City has pre-zoned the proposed annexation area, and has submitted a plan for services, a fiscal impact study, and environmental findings to LAFCO.

The next step in the annexation process involves negotiation of fiscal mitigation terms and conditions by the City and Riverside County. When an annexation proposal will potentially cause a significant negative fiscal impact upon the County, the annexing agency is required to discuss fiscal mitigation with the County. This report found that the proposed annexation would have a significant negative impact on the County's General Fund, Fire Department, and Library.

After fiscal terms are resolved, LAFCO reviews the application and decides whether to approve the annexation and under what conditions. If approved by LAFCO, registered voters in the subject area will have an opportunity to voice their opinions at a protest hearing. Depending on the outcome of the protest hearing, annexation might be approved, terminated, or forwarded to the voters to decide the matter at the ballot.

STUDY AREAS

LAFCO has designated lands for probable future annexation to the City of Corona through the City's LAFCO-adopted Sphere of Influence (SOI). Unincorporated areas within the City's SOI include Temescal Valley as well as the unincorporated islands of Coronita, El Cerrito, and Home Gardens. This study focuses primarily on Temescal Valley, but also includes information on the impacts of annexation on the other unincorporated areas in the City's SOI.

Temescal Valley and the other areas within the City's SOI differ in housing values and commercial growth potential. Temescal Valley is a relatively affluent area where home values are higher than in the City limits, and many residents live in new, gated communities. By contrast, homes in Coronita, El Cerrito, and Home Gardens are older and values are lower than in the City limits. Another difference is the availability of vacant commercially-zoned land. Temescal Valley has capacity for 8 million additional square feet of commercial development. Vacant lands are extensive in El Cerrito, substantially less in Home Gardens, and inconsequential in Coronita.

FISCAL IMPACTS ON COUNTY

While annexing Temescal Valley to the City would have a negative $2.6 million financial impact on the County General, Fire and Library funds combined, annexation of all of the Corona sphere areas combined would have a positive $2.2 million financial impact on the County.

Annexation of Temescal Valley to the City of Corona would have a negative fiscal impact of approximately $2.3 million on the County's General Fund. The primary General Fund expense in Temescal Valley is law enforcement. Due to relatively low crime rates and service calls for law enforcement as well as extensive private roads in gated communities where patrol is rarely needed, the County's existing law enforcement costs for serving Temescal Valley is relatively low compared with other unincorporated communities with higher crime rates and more extensive patrolled areas. The net budget impact for Sheriff's patrol services is $1.6 million.

Temescal Valley annexation would also have a negative impact on the Riverside County Fire Department (RCFD) operations and costs. This impact on RCFD adds to the General Fund impact since RCFD budget shortfalls are financed by the General Fund. The actual impact depends on the approach taken to serve Temescal Valley and adjacent Horsethief Canyon, both of which are presently served by RCFD Fire Station No. 64. The scenarios are: 1) RCFD facing a $1.4 million annexation-related loss in revenue while continuing to fund the $1.6 million cost of operating FS No. 64 for service to Horsethief Canyon, 2) RCFD relocation of FS No. 64 to Horsethief Canyon with an ongoing negative impact of $1.4 million annually in addition to capital costs of a new fire station, and 3) RCFD FS No. 64 continues to serve Temescal Valley as a contract service to the City.

By comparison, the City's Fiscal Impact Analysis estimated that annexation would have a $0.5 million positive fiscal impact on the County General Fund. The City assumed that after annexation the County Sheriff would reduce its budget by $1.8 million more than the County estimated, that County Library's budget would decline by $0.4 million more than the County estimated, and the City did not estimate the net fiscal impact on the Riverside County Fire Department (which the County's analysis estimated at $1.1 million).

The $2.6 million negative fiscal impact on the County was estimated based on FY 11-12 actuals. Fiscal impacts tend to be understated in recessionary years due to relatively low revenues. By FY 13-14, the estimated negative impact on the County is expected to grow to $2.9 million.

In the long-term, substantial growth is projected in the Temescal Valley annexation area. The County-approved Serrano specific plan has capacity for 6.8 million square feet of commercial development. The Toscana specific plan has capacity for 1,364 housing units; residential growth is also expected in Sycamore Creek. This report estimates that annexation of such growth areas would have a negative impact of at least $2.9 million (in addition to the impact discussed above).

In order to effectuate annexation, the City and County must agree on a property tax transfer and a fiscal mitigation arrangement.

2. ANNEXATION

This chapter provides an overview of the Local Agency Formation Commission, and the annexation process.

LAFCO OVERVIEW

The Local Agency Formation Commission has jurisdiction over decisions about annexation and incorporation. This section provides an overview of LAFCO's history, powers and responsibilities.

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures in a given region, and existing agencies often competed for expansion areas. The lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service boundaries, and the premature conversion of California's agricultural and open-space lands.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963, resulting in the creation of a Local Agency Formation Commission, or LAFCO, in each county.

The Riverside LAFCO was formed as a countywide agency to discourage urban sprawl and encourage the orderly formation and development of local government agencies. LAFCO is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure.

LAFCO regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, formation of a new district or districts, and any reorganization including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected voters, landowners, cities or districts.

Riverside LAFCO consists of seven regular members: two members from the Riverside County Board of Supervisors (BOS), two city council members, two independent special district members, and one public member who is appointed by the other members of the Commission. There is an alternate in each category. All Commissioners are appointed to four-year terms. The Commission members are shown in Table 2-1.

Table 2-1: Commission Members, 2013

Appointing Agency	Members	Alternate Members
Two members from the Board of Supervisors appointed by the Board of Supervisors	Kevin Jeffries Jeff Stone	John Benoit
Two members representing the cities in the County. Must by a city officer and appointed by the City Selection Committee.	Terry Henderson, *City of La Quinta* Eugene Montanez, *City of Corona*	Yvonne Parks, *City of Desert Hot Springs*
Two members representing the independent special districts in the County. Must be a district governing body member and appointed by the independent special district selection committee.	Phil Williams, *Elsinore Valley Municipal Water District* Nancy Wright, *Mission Springs Water District*	James Cioffi, *Desert Water Agency*
One member from the general public appointed by the other six Commissioners	Stephen Tomanelli	Jim Love

ANNEXATION PROCESS

PRECONDITIONS

There are several preconditions to annexation: territory must be contiguous to the annexing city,[1] territory must lie within the sphere of influence of the annexing city,[2] and the annexing agency must pre-zone the affected area.

Sphere of Influence

A pre-condition for annexation is that the proposed annexation area must lie within the City's sphere of influence (SOI). An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

The Cortese-Knox-Hertzberg Act requires LAFCO to develop and determine the SOI of each local governmental agency within the county and to review and update the SOI every five years. LAFCOs are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment. The City or any interested party may apply to LAFCO for an amendment to the City's SOI. LAFCO must notify affected agencies 21 days before holding a public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCO Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

[1] Government Code §56744.

[2] Government Code §56375.5.

For the most part, the annexation study areas are within the existing SOI, although a small portion of the Temescal Valley study area lies outside the City's existing SOI. The City's SOI was most recently amended in 2006 to include 63 acres in the Toscana Specific Plan area that had previously been in the City of Lake Elsinore's SOI.

The City has filed an application in 2013 for an SOI amendment to expand its SOI to include 106 acres composing nine parcels in the Toscana Specific Plan that are presently in the City of Lake Elsinore's SOI, and seven acres in the Trilogy community that appear to have been inadvertently excluded from the City's SOI. That application had not yet been processed when this report was written and no LAFCO hearing date had yet been set. The proposed SOI expansion area composes a portion of the Temescal Valley annexation study area.

Pre-Zoning

A pre-condition for annexation is that the City must pre-zone the proposed annexation areas.

Existing zoning in the annexation areas is established by the County. Existing County zoning is composed of land uses adopted by the Riverside County's General Plan (last updated comprehensively in 2003) in addition to specific plans. In the Temescal Valley annexation area, about 45 percent of the land is entitled under one of six specific plans adopted by Riverside County in the area: The Retreat, Mountain Springs (also known as Trilogy), Wildrose, Sycamore Creek, Toscana, and Serrano.

The City is required to pre-zone the annexation study areas prior to initiating annexation. The City would be precluded from changing these land use designations for a two-year period following annexation.[3] In 2013, the City amended its 2004 General Plan land uses for the Temescal Valley area for consistency with the six County-adopted specific plans, to accommodate existing land uses already established or entitled by Riverside County's General Plan. Some of the affected properties also include an additional overlay zone to accommodate animal keeping and agricultural operation; these allow nonconforming uses so that the Temescal Valley annexation area maintains the current animal keeping provision for a maximum of four dogs and nine cats.

PROCESS

Prefiling

Annexation was initiated by the governing body of the annexing agency in February 2013. The City formally applied to LAFCO in April 2013 for annexation of Temescal Valley.

When initiated by the annexing agency, that agency must also prepare a service plan delineating which services will be extended to the territory, along with information on service levels, infrastructure requirements and service financing. The City has prepared a service plan and an initial CEQA study.

LAFCO has 30 days in which to review an annexation application and determine that it is complete for processing.

[3] Government Code §56375(e).

Fiscal Mitigation

Another step in the annexation process is fiscal mitigation negotiations. The LAFCO executive officer is prohibited from issuing a certificate of filing if an agreement has not been reached, which is a precondition to LAFCO's hearing on an application for annexation.[4]

When an annexation proposal will potentially cause a significant negative fiscal impact upon another jurisdiction, Riverside LAFCO Policy 3.1.3 requires the annexing agency to discuss fiscal mitigation prior to submittal of the application.[5] In this case, the City has not yet initiated fiscal mitigation discussions. The City's fiscal analysis estimated that the proposed annexation would have a positive impact of $0.4 million annually on the County's General Fund, and modest negative impacts on the County Library District and County transportation funds; the study did not estimate the impact on the County Fire Department.[6] This report found that annexation would cause negative fiscal impacts on the County that would need to be mitigated. As a result, the County and the City will hold negotiations regarding fiscal mitigation terms and conditions.

Before the LAFCO executive officer issues a certificate of filing, the involved city and county are required to negotiate the allocation of property tax revenues during a 60-day mandatory negotiation period.[7] In this case, fiscal terms relating to property tax transfers are contained in a 1981 agreement between the City and the County.[8] The property tax agreement predates the 1986 adoption of the City's SOI to include Temescal Valley. Moreover, the 1981 property tax agreement pre-dates a dramatic shift in municipal finance that resulted from Propositions 13 and 98. Municipal finance has evolved since that time such that local government increasingly relies on revenue sources other than property taxes. As a result, the tax sharing agreement does not address fiscal mitigation in the modern world of municipal finance.

- The property tax rate was capped at one percent (excluding tax overrides for repayment of voter-approved bonds) by Proposition 13 in 1978. The property tax was allocated among local agencies serving an area based on their respective shares of property tax revenue at that time. As the County provides both countywide (e.g., courts) and municipal (e.g., law enforcement and road maintenance) services, it receives a higher share of property taxes in unincorporated areas than in areas located within the bounds of a city.
- Proposition 98, which California voters approved in 1988, requires the State to maintain a minimum level of school funding. In 1992 and 1993, the Legislature began shifting billions of local property taxes to schools in response to State budget deficits. Local property taxes were diverted from local governments into the Educational Revenue Augmentation Fund (ERAF) and transferred to school districts and community college

[4] Greenwood Addition Homeowners Association v. City of San Marino (1993) 14 Cal.App.4th 1360.

[5] Riverside Local Agency Formation Commission, *LAFCO Policies and Procedures*, Aug. 26, 2004.

[6] Stanley R. Hoffman Associates, *Temescal Canyon Annexation Area Fiscal Impact Analysis, City of Corona and County of Riverside*, Jan. 10, 2013.

[7] The negotiation period may be extended to 90 days (Revenue & Tax Code Section 99 B(4)). The California Attorney General has opined that if the parties fail to reach an agreement the annexation is terminated and no LAFCO hearing shall be held (71 Ops. Cal. Atty. Gen. 344 (1988)).

[8] County of Riverside Board of Supervisors, *Resolution No. 81-83: Master Property Tax Transfer Agreement between the City of Corona and County of Riverside Relating to Annexations to the City of Corona*, 1981.

districts to reduce the amount paid by the State general fund. Local agencies throughout the State lost significant property tax revenue due to this shift.

LAFCO Consideration

Once the application has been accepted as complete, LAFCO staff will analyze the proposed annexation in light of the commission's state mandated evaluation criteria and responsibilities and its own adopted policies. The annexation proposal is reviewed by LAFCO staff. LAFCO staff prepares a report with analysis and recommendations; the report is published at least five days (but typically seven days) prior to the LAFCO hearing.

LAFCO reviews the application, and may choose to approve or terminate the proposal at a public hearing. LAFCO publishes notice of the hearing date online and in the *Press Enterprise* (notices section) at least 21 days before the hearing. LAFCO decides not only whether to approve the annexation but also any terms and conditions for its approval. In making these decisions, LAFCO considers factors including the City's ability to provide and finance services in the annexation area, anticipated growth, land use, service needs, service adequacy, regional housing needs, effects on adjacent areas, and the comments of affected agencies and landowners.[9] LAFCO is authorized to establish annexation conditions, such as the effective date, annexation area boundaries, extension or continuation of taxes by the City or the County, levying of special taxes, new bonded indebtedness for the annexation area and improvement district changes.[10] Existing taxes, such as business license taxes, and assessments in the annexing city would be imposed on the annexation area at the same rates as are imposed in the City of Corona.[11] Typically, the annexed areas are detached from County-dependent road, street lighting and landscape districts.

Within 30 days of the LAFCO decision, an affected agency or any other person may request reconsideration of the LAFCO decision based on new or different facts.[12] Reconsideration is conducted at the requesting party's cost. When LAFCO receives a timely request for reconsideration, the matter is placed on the agenda of the next LAFCO meeting.

Public Approval Process

LAFCO holds a protest hearing on the matter following the LAFCO decision, and publishes notice online and in the *Press Enterprise* at least 21 days before the hearing. The number of protests received from registered voters between the date of publication of notice and the end of the protest hearing determines the outcome. The annexation proposal may be approved by LAFCO without an election if less than 25 percent of the voters in the affected area file a written protest.[13] If 25 to 50 percent file written protest, LAFCO submits the annexation question to the voters, and a majority

[9] Government Code §56668.

[10] Government Code §56886. LAFCO terms and conditions may not directly regulate land use, property development or subdivision requirements.

[11] The LAFCO resolution typically authorizes such changes in taxes and assessments to the extent allowed by law. The annexing city bears responsibility for whether or not the City must comply with Prop. 218 in regard to any increases in taxes and assessments associated with annexation. The State Attorney General has opined that the LAFCO process satisfies Prop 218 requirements. Although it is common practice for annexing cities in California to rely on the State Attorney General opinion, it should be noted that the State Legislative Counsel has opined that the LAFCO process does not satisfy Prop 218 requirements.

[12] Government Code §56895.

[13] Government Code §57075.

of voters decide the matter. LAFCO terminates annexation proceedings if a majority of voters file a written protest.

Upon annexation, residents of the annexed area have the same rights and duties as if the territory had been a part of the city upon its original incorporation. Upon annexation, the City assumes responsibility for providing and/or financing municipal services, such as law enforcement, road maintenance and public landscaping

3. STUDY AREAS

OVERVIEW

This section describes the City's existing boundary area, as well as the three annexation study areas analyzed in this report.

EXISTING CITY OF CORONA

The City is located south of the City of Norco, southwest of the City of Riverside, and north of the Cleveland National Forest. Unincorporated Riverside County borders the City along the majority of its eastern and southern extents.

The City of Corona originally incorporated in 1896. The City has grown over the years, perhaps most dramatically between 1990 and 2000. Now, the third-largest of the County's 28 cities, the City's population reached 156,823 in 2013, according to the California Department of Finance.

Corona is a highly urbanized area with limited vacant parcels available for further development of land. Within the city limits, there is capacity for 3,478 additional housing units.[14] This does not include vacancies and foreclosures for existing housing units. Non-residential sites that could be rezoned to residential use are largely found along N. Main Street, north of "the circle" (center city area) and west of Interstate 15 (I-15), with a few other sites located in other sections of the City. There are large, underutilized residential parcels at Parkridge Avenue east of I-15, E. Ontario Avenue at Fullerton, Santana Way at Kellogg Avenue, E. Foothill Parkway at Tamarisk Lane, and the intersection of Border Avenue and Oak Avenue. Smaller, vacant residential parcels are located east, south, and west of the circle area.

The boundary area is now 38.5 square miles, with an additional 34.0 square miles of territory outside the city limits that is within the City's LAFCO-adopted sphere of influence. LAFCO considered a SOI reduction in its most recent report on Corona.[15] The unincorporated communities of Temescal Canyon, Coronita, El Cerrito and Home Gardens are within the City's SOI.

There are 21,031 acres within the existing city limits. Land use is varied with 32 percent of total acreage undeveloped. Temescal Valley is the largest area within the SOI; 55 percent of the land is undeveloped. El Cerrito also contains significant undeveloped acreage.

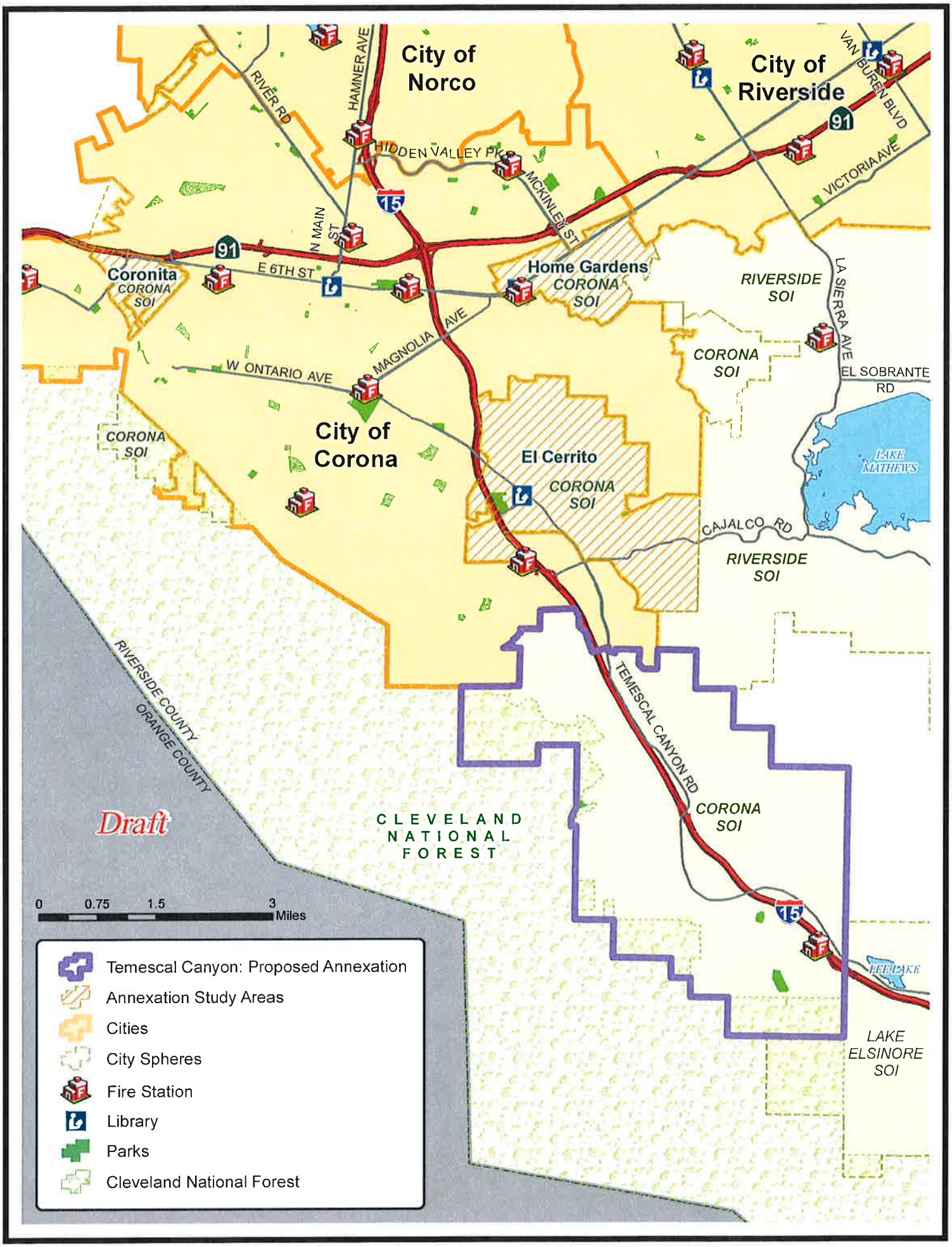
Table 3-1: Acreage by Land Use Type and Area, 2013

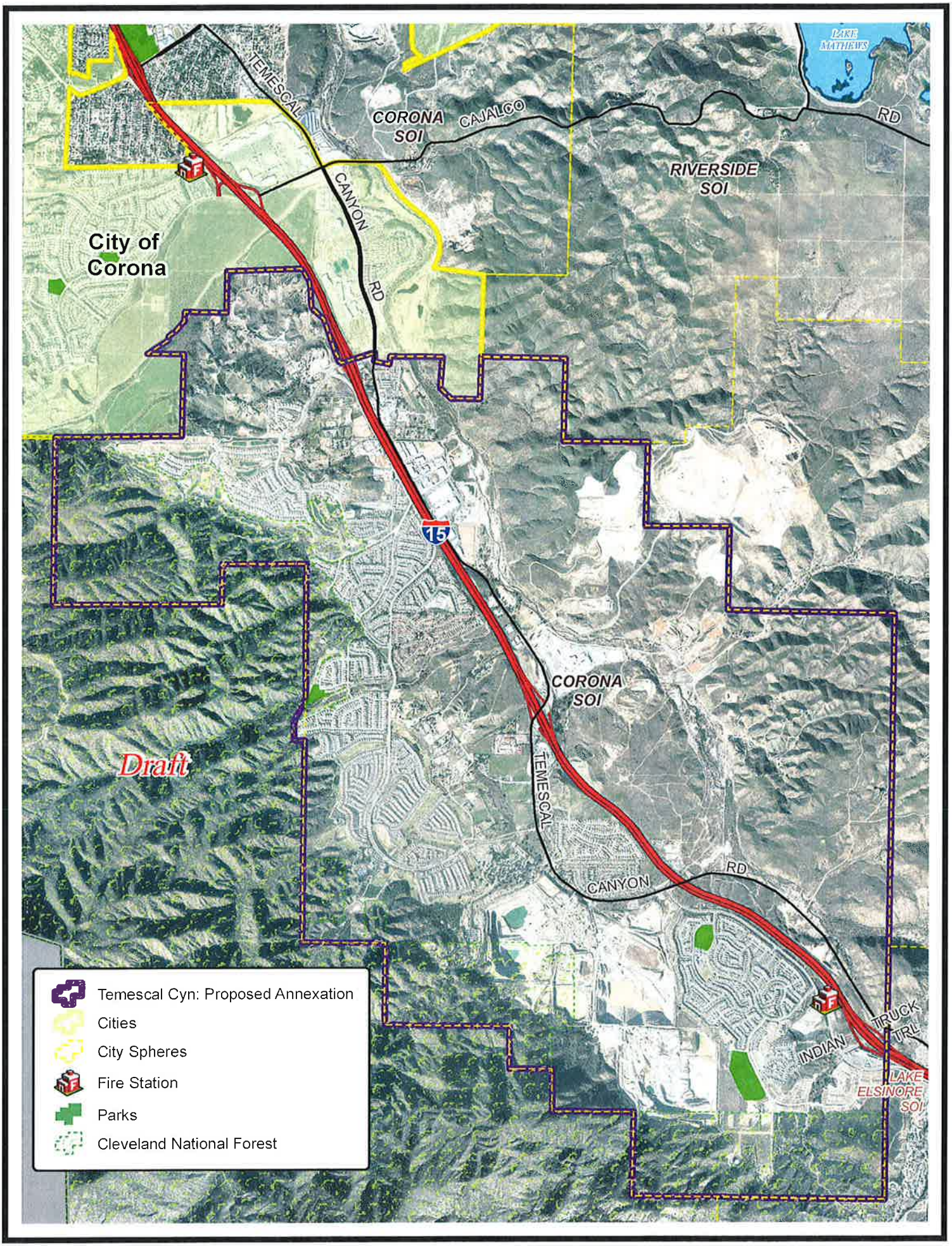
Land Use Type	City of Corona	Temescal Valley	Coronita	El Cerrito	Home Gardens
Residential	7,102	1,555	195	681	378
Commercial	5,364	2,420	94	765	130
Agriculture	1,491	74	-	2	-
Vacant	5,281	4,960	8	1,756	123
Unknown	1,792	87	-	22	184
Total	21,031	9,095	297	3,227	816

Sources: Riverside Assessor-Clerk-Recorder (secured basic file abstract), Riverside County IT (GIS analysis)

[14] EDAW, Inc. and Veronica Tam and Associates, *City of Corona Final Housing Element: 2008-2014*, August 2009.

[15] LSA Associates, Inc., *Final Draft Municipal Service Review for the Western Riverside County: Report to Riverside County LAFCO*, May 2005, pp. 3-8 and 3-9.


City of Norco
City of Riverside
City of Corona
Coronita
CORONA SOI
Home Gardens
CORONA SOI
El Cerrito
CORONA SOI
RIVERSIDE SOI
CORONA SOI
RIVERSIDE SOI
CORONA SOI
CORONA SOI
LAKE ELSINORE SOI
CLEVELAND NATIONAL FOREST
RIVERSIDE COUNTY
ORANGE COUNTY
Draft
RIVER RD
HAMNER AVE
HIDDEN VALLEY PK
MCKINLEY ST
VAN BUREN BLVD
VICTORIA AVE
N MAIN ST
E 6TH ST
MAGNOLIA AVE
W ONTARIO AVE
LA SIERRA AVE
EL SOBRANTE RD
CAJALCO RD
TEMESCAL CANYON RD
LAKE MATHEWS
LEE LAKE
15
91
0 0.75 1.5 3 Miles
Temescal Canyon: Proposed Annexation
Annexation Study Areas
Cities
City Spheres
Fire Station
Library
Parks
Cleveland National Forest


LAKE MATHEWS
TEMESCAL
CORONA SOI
CAJALCO
RD
RIVERSIDE SOI
CANYON
RD
City of Corona
15
CORONA SOI
Draft
TEMESCAL
CANYON
RD
TRUCK TRL
INDIAN
LAKE ELSINORE SOI
Temescal Cyn: Proposed Annexation
Cities
City Spheres
Fire Station
Parks
Cleveland National Forest

STUDY AREA 1: TEMESCAL VALLEY

Temescal Valley is an area within the City of Corona's SOI that the City has proposed to annex. The area contains master planned residential communities, open space, business parks, retail and mining operations. The proposed annexation area is depicted in Map 3-2.[16]

Figure 3-2: Temescal Valley

In the Temescal Valley annexation area, most of the development (and about 45 percent of the land) is entitled under one of six specific plans adopted by Riverside County in the area: The Retreat, Wildrose, Mountain Springs (also known as Trilogy), Sycamore Creek, Toscana, and Serrano. The Serrano Specific Plan allows for a mix of industrial and business park uses and general commercial.

The study area includes several communities. The 2010 population was 15,586 in 5,446 housing units.[17]

The Retreat is a master-planned community located in the northwest portion of the annexation study area. This is a gated community with high-end homes, a golf course, parks, and open space. The County approved up to 545 dwelling units in this subdivision.[18]

Wild Rose is a master-planned community located just south of The Retreat in the northwest portion of the annexation study area. The County approved up to 1,162 dwelling units in this subdivision. The Specific Plan calls for residential uses, parks, open space, commercial (74 acres), industrial (45 acres), an elementary school and a wastewater plant. Commercial uses include the Wild Rose Business Park.

Trilogy is a master-planned community located south of Wild Rose in the central portion of the annexation study area next to Glen Ivy Hot Springs Spa. This is a gated retirement community (age 55 and over) with a golf course, clubhouse, fitness center, parks, pools and open space. The community was developed between 2001 and 2009 and contains condominiums and detached homes; approximately 1,317 homes were built to date. The County approved up to 1,571 dwelling units in this subdivision.

Just south of Trilogy is a cluster of sand and gravel mining and concrete operations.

Sycamore Creek is a master-planned community in the southern portion of the annexation area. The community is comprised of single family and multi-family homes, an aquatic center, parks, an elementary school, walking trails and a retail commercial center. The County approved up to 1,765 dwelling units in this subdivision.

Toscana is a planned community in the northeast portion of the study area where 1,364 future homes are targeted. The County approved a Specific Plan with homes, trails, open space, parks, and

[16] The proposed annexation area includes nine parcels owned by Waste Management Inc. (WMI) that contain landfill access roads and landfill-related habitat conservation. WMI and Riverside County Waste Management Department have recommended the exclusion of these parcels from the annexation area.

[17] The population estimate for the Temescal Valley study area was developed based on the census blocks that Riverside County GIS staff determined to be within the annexation area, and includes a portion of the Temescal Valley County Designated Place (CDP).

[18] Riverside County, *The Retreat: Specific Plan No. 317 Land Use Map*, June 25, 2002.

4.4 acres of commercial retail space. The land was re-sold in 2013 to a new developer who reportedly intends to finalize the development plans.

Serrano is a planned business community in the study area, which is located east of I-15 in the central portion of the annexation area. The County approved a Specific Plan with 372 acres of light industrial and 17 acres of commercial uses, in addition to open space. Serrano is intended as a job center, including a business park and light industrial employment uses as well as supporting office and retail service. There is capacity for 6.8 million square feet of commercial development, of which 6.6 million square feet represents light industrial capacity and 0.2 million square feet represents retail uses.[19] The County has not received proposals yet for actual building within this area.

Included within the proposed annexation area are approximately 490 acres of property owned by USA Waste of California, Inc. in the vicinity of the El Sobrante Landfill. Of these, 196 acres of property includes landfill access roads and landfill-related habitat conservation that USA Waste reported to be critical to operation of the landfill.[20] The remainder of the waste-related land is used for managing soil excavation from the landfill. In the annexation process, LAFCO may determine that some or all of these lands be excluded from the annexation area.

STUDY AREA 2: CORONITA

The unincorporated community of Coronita is an older, residential community completely surrounded by the City of Corona. Nestled in the foothills of the Santa Ana Mountains, Coronita is a small enclave—approximately 389 acres—containing about 750 ranch-style homes and an 18-hole golf course. This area is composed of approximately 389 acres. Built primarily in the 1950s and 1960s, the neighborhood is largely built-out.

There were 736 homes in the area in 2010, with an estimated population of 2,608, according to the 2010 Census. The family-owned Mountain View Country Club closed in 2009 as a result of dwindling revenues and high operating costs. Since the closure, there have been reports of increased crime in the area.

Figure 3-3: Shuttered Country Club, Coronita

Coronita has rebuffed several annexation attempts over the years. The rift between Corona and Coronita dates back to the middle 1960s, when Corona took control of Coronita's water company. Several years later, Corona levied a 50 percent surcharge on each Coronita resident's water bill, charging more than the rates paid by those in the Corona city limits. Another point of contention for Coronita residents was the 1985 annexation of land to Corona that was subsequently developed into Sierra del Oro with smaller lot sizes than elsewhere in Coronita.

In 1985, a County commission required the City of Corona to initiate annexation of Coronita as a condition of annexing a larger, adjacent area of land where more than 3,000 homes were then

[19] Riverside County, *Serrano Commerce Center: Resolution No. 2010-130 Final Conditions of Approval for Specific Plan No. 353,* adopted Sept. 28, 2019.

[20] Correspondence from USA Waste of California, Inc. Director of Landfill Operations to Riverside LAFCO, June 28, 2013.

scheduled to be built. The City initiated annexation in 1985; however, a majority of registered voters protested in 1986 and the proposal was terminated.

In 1990, Corona attempted to annex a 50-acre parcel of Coronita, part of which was slated for development by the Newport Beach-based Ross Development Co. The proposal was terminated by LAFCO due to concerns about dividing the community. In 2009, the City held a neighborhood meeting in Coronita to discuss possible annexation to the City.

Although unincorporated, Coronita receives law enforcement, fire protection, water and street lighting services from the City of Corona.

STUDY AREA 3: EL CERRITO

El Cerrito is a large, unincorporated community almost surrounded by the City of Corona. El Cerrito has been nearly encircled through a series of annexations occurring between 1990 and 2001, including Eagle Valley, Eagle Glen, Dos Lagos, and Murdock/Corona Crossings. The El Cerrito region is located north of Cajalco Road. Residential uses make up the largest percentage of existing development in the area.

There were 1,464 housing units in this area in 2010, with an estimated population of 5,151.[21]

At the turn of the century, El Cerrito began to grow as a small enclave of citrus ranches and then avocado groves. The area attracted a few families to a limited number of small homes and farms, including that of author Sinclair Lewis. But it was not until 1945, when Francis A. Stearns bought the El Cerrito Ranch and drilled water wells, that the area became more populated. While to the casual observer it still has a rural, ranch-like quality, the community now includes a variety of lot sizes and housing types, with parcels varying from one-quarter acre to several acres or more. A number of residents keep horses and animals.

The area relies mostly on septic systems, rather than municipal wastewater operations, for sewage treatment and disposal.

Figure 3-4: El Cerrito Residence

Water rates have been a sticking point between Corona and some El Cerrito residents since the late 1960s. At that time, Corona took control of the local water company, which also served surrounding unincorporated areas, and added extra fees. El Cerrito residents pay a 50 percent surcharge on their water bills, which are higher than water bills paid by City residents.

A majority of El Cerrito residents protested a 1990 annexation attempt, terminating the proposal.

Several proposals were made in 2008 to annex territory west of I-15 and north of Foothill Parkway to the City of Corona, including 31 acres of commercially zoned undeveloped land, and 53 acres of residential properties.[22] Affected residents

[21] The population estimate for the El Cerrito study area was developed based on the census blocks that were determined to be within the annexation area based on analysis of Census Bureau block maps.

had the option to finance hook-up to the City's sewer system through an assessment. Although LAFCO approved the proposals, local residents defeated the proposal through a majority protest.

El Cerrito is not yet built out. The eastern portion of the area is designated for general industrial and agricultural uses. Building constraints include aged infrastructure and costly grading.

STUDY AREA 4: HOME GARDENS

Home Gardens is an unincorporated community in the City of Corona's SOI.

This small enclave contains a mix of residential, commercial, service, and industrial uses within a tight gridwork of streets. To the southeast, the Greenway Farms Specific Plan includes a variety of residential housing types as well as natural open space on the adjacent hillside.

There were 2,865 housing units in the Home Gardens CDP in 2010 with an estimated population of 11,570.

There is little vacant land available in this area for development. That said, there is infill development potential related to the underdeveloped nature of the community. Development constraints involve parcel size.

OTHER AREAS

To the south of the Temescal Valley annexation area are two communities within the SOI of the adjacent City of Lake Elsinore. This area is included in analysis of public safety services due to its inclusion in the service area of facilities and personnel serving the Temescal Valley annexation area. These communities are also within the Temescal Valley CDP as defined by the Census Bureau. There are a total of 2,194 housing units in the area with a population of 6,983 based on analysis of 2010 Census Bureau maps and data.

Horsethief Canyon Ranch is a master planned community with 1,962 single-family homes. The community was developed between 1989 and 2002. Recreational amenities include a clubhouse, pools, and parks. The Glen Eden Nudist Resort is a 150-acre private resort with rental cabins, camping sites, and social and recreational amenities. While there are about 200 permanent sites in the resort, about 100 of the sites are in use by long-term residents.

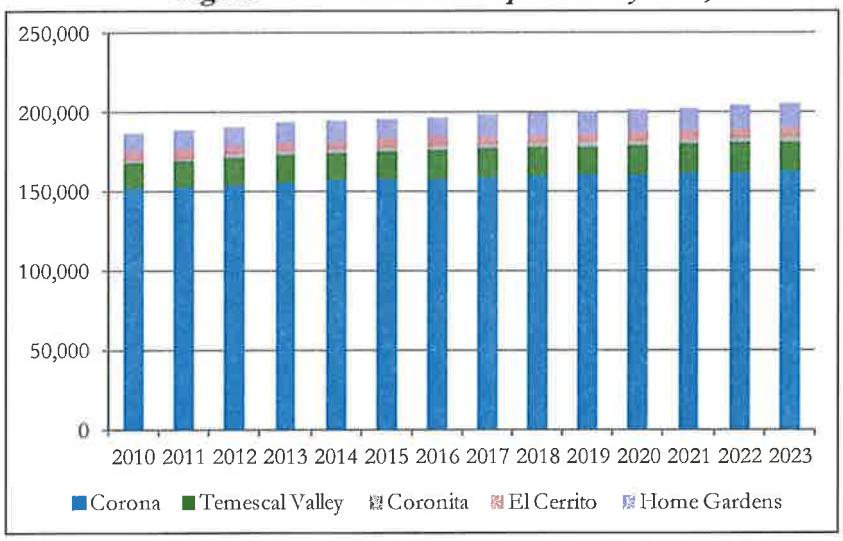
[22] George Spiliotis, *LAFCO 2007-77-2-Reorganization to Include Annexation 108 to the City of Corona and concurrent Detachment from the Riverside County Water Resources Management District*, April 24, 2008. Adriana Romo, *LAFCO 2008-07-2-Reorganization to Include Annexation 108A to the City of Corona and concurrent Detachment from the Riverside County Water Resources Management District and County Service Area 135*, Oct. 23, 2008.

DEMOGRAPHICS & GROWTH

This section provides baseline estimates of residential and economic activity in the study areas and the existing city limits, as well as projected growth in those areas.

RESIDENTS

Figure 3-5: Resident Population by Area, 2010-2023



The residential population in the annexation study areas was approximately 34,915 in 2010. By comparison, there are approximately 156,823 residents in the existing city limits, and 358,827 in the unincorporated areas as a whole. Annexation of all areas would increase the City's population by about 23 percent; whereas Annexation of the Temescal Valley area would increase the City's population by about 10 percent, and would reduce the unincorporated population by about four percent.

The resident population in the Temescal Valley study area is approximately 15,586, compared to 2,608 in Coronita, 5,151 in El Cerrito, and 11,570 in Home Gardens. Population estimates for the annexation study areas were calculated based on Census 2010 data.[23] Population estimates for the existing city limits and for the unincorporated areas as a whole were provided by the California Department of Finance for 2010-13.

[23] For the Temescal Valley annexation area, population and housing unit counts are based on GIS analysis that identified which census blocks are within the bounds of the annexation area as proposed by the City of Corona. Population and housing unit counts for Coronita and Home Gardens annexation areas reflect the respective County Designated Places (CDPs). The estimate for El Cerrito includes the El Cerrito CDP as well as the blocks (identified based on Census maps) within the annexation study area.

HOUSING

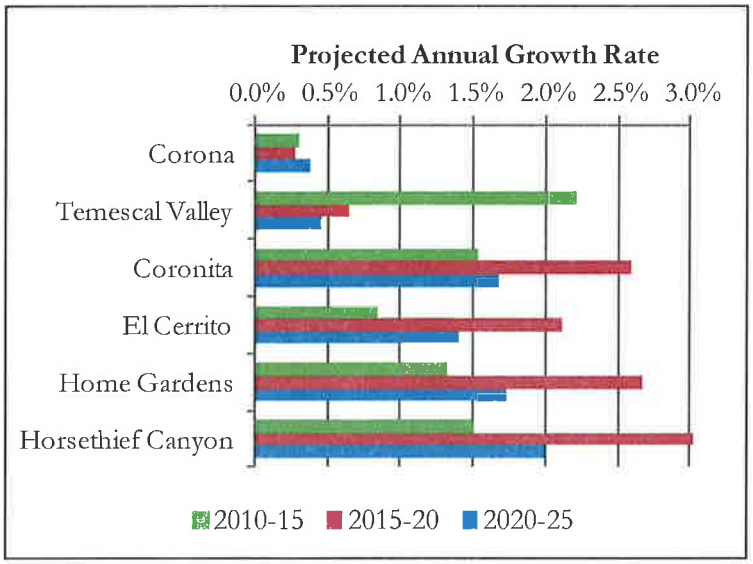
Table 3-6: Single-Family Housing Characteristics by Area

Area	Recently Sold Homes	% Recently Sold	Average Acreage	Average Square Footage	Average Value
City of Corona	6,480	23%	0.22	2,269	$346,540
Temescal Valley	1,772	36%	0.23	2,857	$368,885
Coronita	156	22%	0.24	1,765	$265,452
El Cerrito	256	19%	0.48	1,952	$273,729
Home Gardens	472	24%	0.17	1,497	$208,594

Sources: Riverside Assessor-Clerk-Recorder (sales report extract, secured basic file abstract), Riverside County IT (GIS analysis)

Single-family housing characteristics vary amongst the areas. By focusing on recent sales, house values can be compared across the areas. Home values within the existing city limits averaged $347,000 for recent sales between 2009 and 2012. By comparison, home values in Temescal Valley are six percent higher; homes in Temescal Valley are 26 percent larger on average than in the city limits. Average home values in Coronita and El Cerrito are respectively 23 percent and 21 percent lower than values in the city limits; El Cerrito homes are on larger parcels than the average home in Corona. The average home value in Home Gardens was 40 percent lower than values in the city limits.

Figure 3-7: Projected Annual Housing Growth Rates, 2010-2025



Future residential growth is projected at 0.4 to 3.1 percent annually between 2010 and 2025.

For purposes of this study, projected residential growth in the existing city limits is 0.3 percent annually from 2013-2020, matching the most recent household growth rate projected by the Southern California Association of Governments (SCAG).[24] This study projects that 1,484 new units will be developed in the city limits between 2013 and 2023.

SCAG's 2008 housing growth projections were used for the annexation study areas because SCAG's 2012 projections were not available by census tract.

In the Temescal Valley study area, the projections imply that 913 additional units will be added between 2010 and 2023.[25] By comparison, the Census enumerated 5,446 housing units in 2010 in the area, and there is capacity for a total of 7,954 units based on existing zoning.[26] In the other

[24] Southern California Association of Governments, *Integrated Growth Forecast*, 2012.

[25] Southern California Association of Governments, *Integrated Growth Forecast*, 2008.

[26] Stanley R. Hoffman Associates, *Temescal Canyon Annexation Area Fiscal Impact Analysis: City of Corona and County of Riverside*, Jan. 10, 2013., Table 1.

annexation study areas, an additional 303 units are projected in El Cerrito, and 810 units in Home Gardens. SCAG's Coronita projection appears unlikely due to the lack of vacant land there.

JOBS

Temescal Valley

There were approximately 2,500 jobs in the Temescal Valley annexation area in 2013.

Dun & Bradstreet data indicate there are approximately 2,510 employees at businesses located in the Temescal Valley area in 2013; about 613 of these employees were at businesses that had started since 2005.[27] SCAG data indicate that there were approximately 1,796 jobs in the Temescal Valley area in 2005, with projected growth to 2,516 by 2010.[28] By comparison, the City's consultant estimated there were 1,680 jobs in the annexation area based on SCAG data.

Table 3-8: Significant Temescal Valley Employers, 2013

Rank	Name	Industry	Jobs	Rank	Name	Industry	Jobs
1	Corona Clipper	Tool manufacturing	150	11	Spectra Color, Inc.	Pigment manufacturing	42
2	Prentiss Crowther Corp.	Plaster/drywall contractors	100	12	Tom's Farms	Grocery store	30
3	Temescal Valley Elem. School	School	100	13	Gail Materials	Sand and gravel mining	30
4	Todd Elementary School	School	76	14	Drill Tech Drilling & Shoring	Specialty contractors	30
5	Vons	Grocery store	74	15	W.D. Schock Corp.	Sailboat manufacturing	30
6	Polara Engineering	Electronic component manuf.	65	16	Cemex Materials	Concrete manufacturing	27
7	FST Sand & Gravel, Inc.	Wholesale building materials	50	17	Plastic Industries, Inc.	Plastic bottle manufacturing	25
8	Hydro Conduit of Texas	Concrete manufacturing	50	18	Tru-Power Inc.	Wholesale farm equipment	25
9	Navcom Defense Electronics	Navigation equipment manuf.	45	19	Cooley Equipment	Wholesale industrial equipment	25
10	Superior Ready Mix Concrete	Concrete manufacturing	45	20	Waste Management of Calif.	Solid waste services	25

Source: Dun & Bradstreet's Hoovers database, 2013.

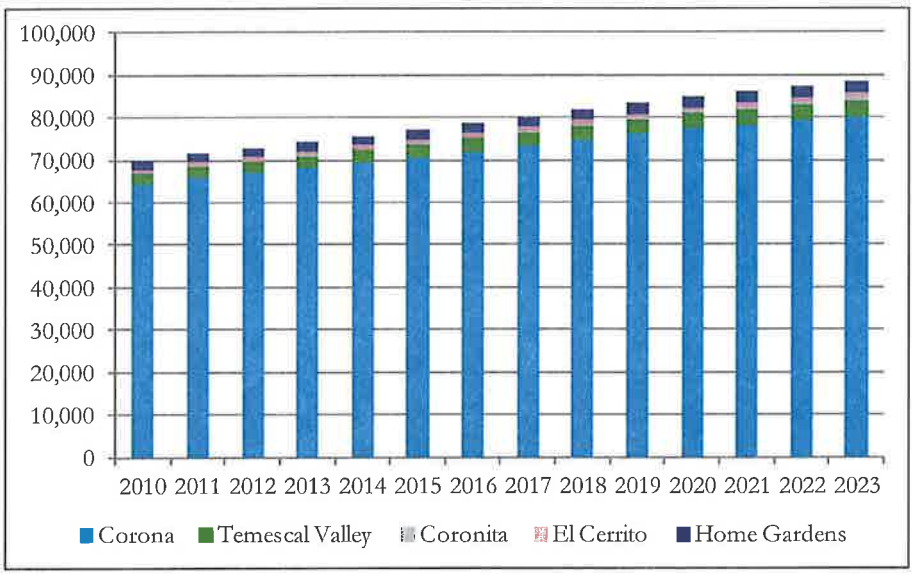
Wildrose Business Park is the largest employment center in Temescal Valley; most tenants are in the manufacturing and wholesale industries, although there are several furniture stores in the complex. Significant employers there include Corona Clipper, Polara Engineering, NavCom Defense Electronics, Spectra Color, and Plastic Industries. In the center of the annexation area is a cluster of sand and gravel mining operations; significant employers there include Cemex, Chandler Aggregates, Hydro Conduit, and Standard Concrete Products. Tom's Farms is a retail cluster in the annexation area where there are shops, restaurants and family-oriented attractions. The Shops at Sycamore Creek is a retail development in the southern part of the annexation area; a grocery store, two banks, and several restaurants and retail operations are located there. Employers located in and adjacent to residential areas include Temescal Valley Elementary School, Todd Elementary School, Trilogy Golf Club, Champion Golf Club, Glen Ivy Hot Springs Spa, Wedgewood Wedding and Banquet Center, and Riverside County Fire Department.

[27] The source for this job estimate is a 2013 extract from Dun & Bradstreet's Hoover's database for the zip code 92883. Upon review, 59 percent of the records were located in the Temescal Valley annexation area, 10 percent in the Horsethief Canyon area, and 29 percent in the City of Corona. Of the records in Temescal Valley, 29 percent were located in residences; for those records, employment levels were topcoded at five to reflect probable maximum employment at home-based businesses. Duplicate records (identified by phone number or address) were identified and removed. Certain employers were missing from the Dun & Bradstreet data (e.g., Angelus Furniture, Lee Lake Water District and Riverside County Fire Department).

[28] The source for this job estimate was SCAG's 2008 growth forecast for census tracts 419.07, 419.08 and 420.07; the total was adjusted for the Temescal Valley area's share of residential population in these tracts. SCAG had anticipated job growth in the Temescal Valley area with employment reaching about 2,500 by 2010. The 2008 SCAG projections did not anticipate the recession. SCAG had anticipated countywide job growth of +3.8 percent annually between 2005 and 2010; by comparison, actual job growth countywide over that period amounted to -2.0 percent annually, according to the California Employment Development Department. Countywide job statistics indicate economic recovery began in 2011 when there was a positive 2.0 percent job growth rate. SCAG 2012 projections were not available by census tract.

Annexation Study Areas

Figure 3-9: Jobs by Area, 2010-2023



The number of jobs in the annexation study areas was about 5,860 in 2013. By comparison, there were approximately 68,415 jobs in the existing city limits in 2013. In other words, annexation of all areas would increase the City's job base by about nine percent.

Within the Coronita area, there were about 589 jobs. Located within the unincorporated island's bounds are Cesar Chavez Elementary School, Mountain View Country Club, two carpet stores, a storage facility, two gas stations, a used car dealer, a prefabricated home dealer, an RV dealer, patio furniture dealer, and a hotel. Just outside the bounds of the island are several gas stations, car dealers, and neighborhood retail centers.

There are about 499 jobs in the El Cerrito area. Employers in El Cerrito include El Cerrito Middle School, a private school, a public library, a residential care center, a gravel mining and cement manufacturer, 3M manufacturing, and a storage center. Just outside the bounds of the unincorporated island are several retail centers.

In the Home Gardens unincorporated island area, there are about 2,262 jobs. Employers in Home Gardens include Villegas Middle School, Home Gardens Elementary School, several wholesale operations, several auto body shops, a gas station, a small neighborhood retail center, a storage center, a U-Haul facility, water equipment rental operation, car wash, and a carpet discount store. Just outside the bounds of the island are various retail and industrial centers.

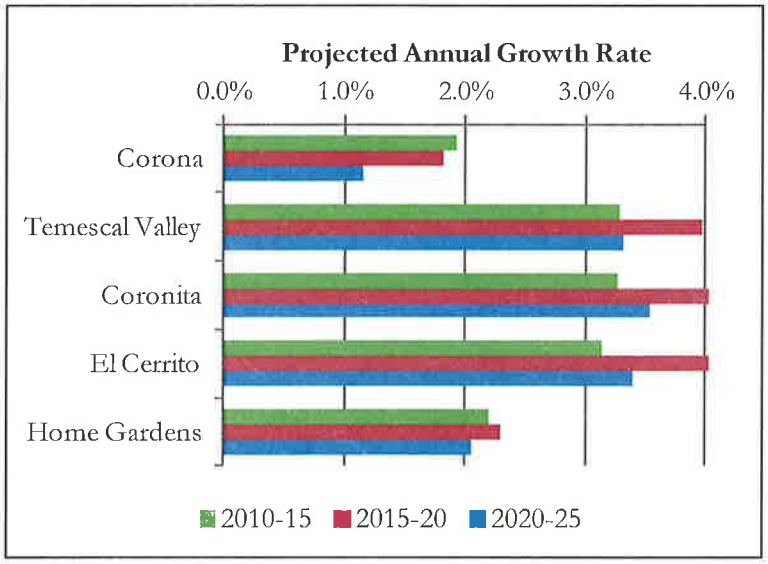
In the Horsethief Canyon area adjacent to Temescal Valley, there are about 535 jobs. Employers in this area include Luiseno Elementary School, a concrete manufacturer, several manufacturing and wholesale operations, and a nudist resort.

Job Growth Projections

On a countywide basis, the annual job growth rate is projected at 2.9 percent by SCAG (2012 projections) and 2.6 percent by CalTrans through 2020. Thereafter, annual job growth is expected to slow somewhat in the range of 1.3 percent (CalTrans) to 1.9 percent (SCAG).[29]

[29] California Department of Transportation, *Riverside County Economic Forecast*, 2013.

Figure 3-10: Projected Annual Job Growth Rates, 2010-2023



By comparison, SCAG projects job growth in the City of Corona to be somewhat slower than the countywide rate. SCAG projects relatively strong job growth in the annexation areas in the coming years. Within the Temescal Canyon annexation area, there is developable land in areas zoned for commercial and industrial uses adjacent to the Wildrose development, and also within the planned Serrano business community.

It is unclear the degree to which the SCAG projections account for the availability of vacant, developable lands in the respective areas. There is limited availability of commercially-zoned land in Coronita and Home Gardens. While there is some availability in eastern El Cerrito, there are development constraints in that area.

24-HOUR POPULATION

In addition to residential population and jobs, this report makes use of a concept called the 24-hour population. The 24-hour population was estimated based on both the residential population and the job base. The areas in this study vary significantly in the relative size of their respective commercial populations. Not only residents, but also businesses require law enforcement, fire protection, street, and stormwater services.

Table 3-11: 24-Hour Population Estimates, 2013

	Population	Jobs	24-Hour Population Normalized [1]	24-Hour Population Additive [2]
City of Corona	156,823	68,415	165,707	191,031
Temescal Valley	16,586	2,510	13,301	17,841
Coronita	2,726	589	2,344	3,020
El Cerrito	5,271	499	3,960	5,520
Home Gardens	12,020	2,262	10,035	13,151
Horsethief Canyon	7,290	569	5,368	7,574

Sources: California Dept. of Finance, SCAG, U.S. Census Bureau, Dun & Bradstreet, California EDD

Notes: 1) The normalized method of calculating 24-hour population weights population by 2/3 and jobs by 1/3, and normalizes the totals to the regional population total.

2) The additive method of calculating 24-hour population sums population and 50 percent of jobs; this method was used in the City's Fiscal Impact Analysis.

The 24-hour population is estimated as the sum of the residential population multiplied by two-thirds, and the job base multiplied by one-third. The job base portion of the estimate is then normalized based on the number of jobs per resident in the particular area to the regional ratio of jobs per resident. The resulting 24-hour population estimate at the regional level is thus the same as the total regional population.

For detailed estimates over time, see Table 8-1.

4. METHODS AND ASSUMPTIONS

This chapter outlines assumptions used in preparing this report, and provides baseline estimates of residential and economic activity in the study areas and the existing city limits, as well as projected growth in those areas over the 10-year analytic time horizon for this study.

FISCAL ESTIMATES

KEY ASSUMPTIONS

Annexation of the study areas is assumed to consist formally of not only annexation to the City of Corona, but also County Service Area (CSA) No. 134, the Riverside County Waste Resources Management District, and the Lighting and Landscape Maintenance District No. 89-1, and transfer of associated revenues and responsibilities from Riverside County to the City of Corona.[30]

The report provides fiscal estimates based on financial data for a base year of Fiscal Year (FY) 2011-12.[31] Revenue estimates are based on the best available data and current law. Future changes to the law were unknown. Hence the study assumed existing law on revenue allocations.

Certain formula-driven revenue estimates (e.g., gas tax) are a function of total population. The formulas for allocation of vehicle license fees, gas tax and other subventions to cities are based on population. Certain expenditure estimates for services used by residents (e.g., parks) are a function of residential population, and were estimated based on residential population levels and projected growth. Many of the estimates are a function of both residential population and daytime population (i.e., employment) and were estimated based on 24-hour population (a hybrid measure of population based on both residents and employees).

Certain taxes and fees charged by the County and the City of Corona differ. For example, the City levies a business license tax on gross receipts; whereas, the County charges a business registration fee. The study assumes that existing taxes and fees in the City would be imposed in the annexation study areas. This assumption is consistent with standard LAFCO practices in the past, and supported by an opinion of the California Attorney General. Existing assessments and Community Facilities District (aka Mello-Roos) taxes in neighborhoods within the annexation study areas are assumed to continue to be imposed at existing rates. This also is consistent with standard LAFCO practices.

METHODS

Fiscal modeling of baseline expenditures in the annexation study areas generally assumed that the City would provide municipal services to the areas at the City's existing service levels and within the City's existing cost structure.

Fiscal projections are provided under two scenarios: static and dynamic.

[30] The property tax shares of the detaching County-dependent districts do not directly transfer to annexing cities. Upon annexation, those shares are initially transferred to the County's general share. Then, the property tax transfer is made from the adjusted County general share.

[31] Both the County and the City of Corona define the fiscal year as beginning July 1 and ending June 30. Most California local government agencies follow this practice.

Static estimates do not account for anticipated growth or inflation. Static estimates provide a perspective on fiscal impacts that essentially simulates what impacts would have been if annexation had been implemented in the base year. In addition, static estimates allow the reader to view fiscal impacts that are not affected by growth projections. This approach enables the reader to be assured that estimated feasibility results are not affected by potentially optimistic (or pessimistic) growth assumptions.

Dynamic estimates account for anticipated growth, and represent a long-term budget projection of the impacts. This approach enables the reader to envision the order of magnitude of fiscal impacts in the future, albeit based on a greater number of assumptions than the static estimates.

Data sources used for purposes of projections are shown at the end of the report.

5. MUNICIPAL REVENUES

The general fund and road revenue impacts of annexation on the County are discussed in this chapter.

OVERVIEW

The Temescal Valley area generated $4.9 million in County general, fire and library revenues in FY 11-12 that the County would no longer receive if the area were annexed as the City of Corona has proposed. The revenue impact is composed of sales and use taxes (32 percent of the total impact on the County), fire-related property taxes (28 percent), general property taxes (17 percent), franchise fees (8 percent), library-related property taxes (7 percent), documentary transfer taxes (2 percent), and miscellaneous revenue streams.

Annexation of the study areas would reduce County revenues by approximately $1.1 million for Coronita, $0.6 million for El Cerrito, and $1.3 million for Home Gardens.

Table 5-1: Annexation Impacts on County Revenues, FY 11-12

	Temescal Valley	Coronita	El Cerrito	Home Gardens
Total Affected Revenues	**4,892,836**	1,102,340	563,710	1,310,503
County General Fund	4,555,484	1,076,238	545,412	1,251,547
Property Tax				
General	826,593	63,955	44,833	144,457
Structural Fire	1,379,400	106,721	74,812	241,054
Sales & Use Tax	1,544,821	466,391	206,060	362,325
Other Taxes				
Documentary Transfer Tax	87,579	6,285	12,056	17,786
Transient Occupancy Tax	0	316,814	0	0
Licenses & Permits				
Franchise Fees - Electric, Gas, Solar	160,840	28,944	47,603	123,290
Solid Waste Franchise Fees	105,033	18,901	31,086	80,512
Cable TV Licenses	129,345	17,248	33,842	66,861
Business Licenses	1,851	434	368	1,668
Animal Licenses	28,132	3,751	7,360	14,542
Abandoned Property	8,917	1,189	2,333	4,609
Fines & Forfeitures				
Vehicle, Traffic, Asset Forf.	213,482	36,338	66,880	158,523
Code Enforcement	69,492	9,267	18,182	35,922
Fire Department Revenues				
Library Revenues	337,352	26,102	18,297	58,956

Had the Temescal Valley been part of the City, the City's general fund revenues would have been $6.0 million greater (or 5.2 percent of existing City revenues); this figure does not include the effect of a negotiated tax sharing agreement or other form of fiscal mitigation payment.

Notable impacts on residents in the annexation study areas would be new responsibilities to pay City fees for EMS services, and businesses in the annexation study areas would become responsible for paying City business license taxes.

Annexation of Temescal Valley would have reduced the County's transportation fund revenues by $0.4 million in FY 11-12. The County's transportation fund is composed of gas taxes, Measure A sales taxes, Federal government reimbursements, reimbursements by contract service providers, developer fees, and a variety of miscellaneous other revenue sources. The transportation fund is restricted in use for street- and transit-related expenditures, and may not be commingled with the County's general, fire or library funds.

Annexation of Temescal Valley would generate an additional $0.6 million in road-related funds for the City of Corona in FY 11-12.[32]

There are no significant impacts on residents and businesses in the annexation study areas related to road-related revenues.

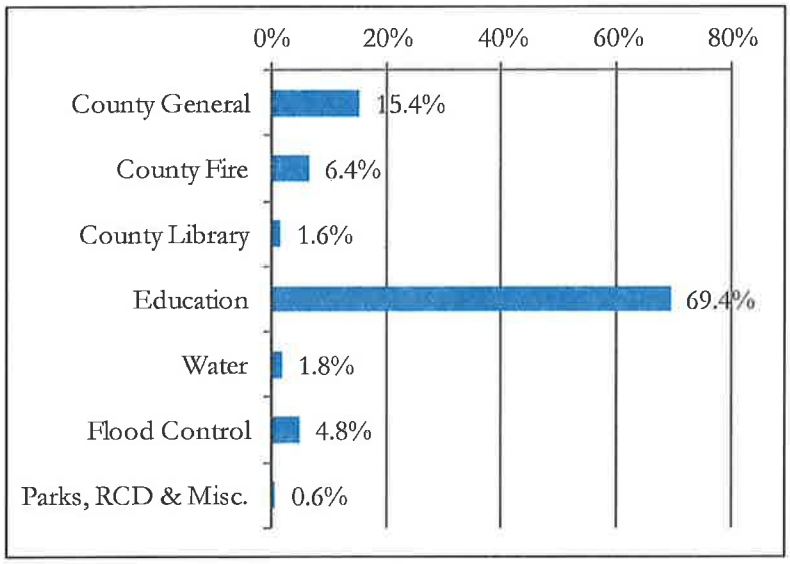
Figure 5-2: Transportation Fund Revenue Impacts, FY 11-12

	Temescal Valley	Coronita	El Cerrito	Home Gardens
Transportation Revenues				
Gas Tax	96,022	19,007	37,838	48,961
Measure A	256,483	52,590	69,543	152,117

TAXES

PROPERTY TAX

Figure 5-3: Temescal Valley Area Property Tax Shares, FY 11-12



The Temescal Valley annexation area generated $21.5 million in property tax revenues in FY 2011-12. Property tax revenues are allocated to the local agencies serving the areas based primarily on tax rates in place in the late 1970s when California voters approved Proposition 13. Proposition 13 capped the tax rate at one percent, and limited annual growth in assessed value (i.e., the tax base) to no more than two percent.

The County's general share

[32] Stanley R. Hoffman Associates, Inc., *Temescal Canyon Annexation Area Fiscal Impact Analysis – City of Corona and County of Riverside*, Jan. 10, 2013, Table 3-1.

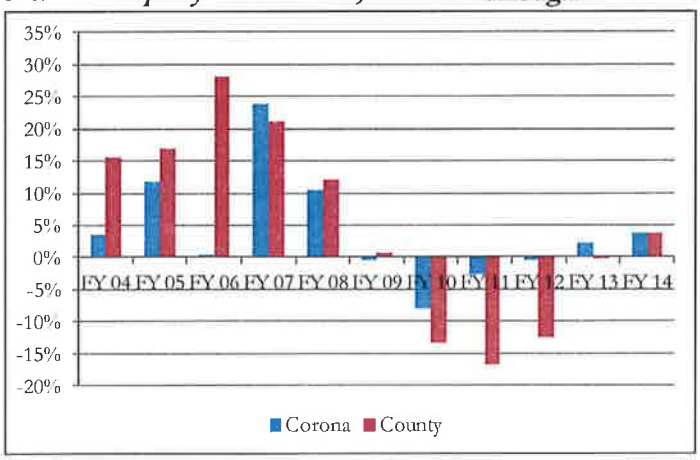
of property tax revenues in the study areas is 15.4 percent. The Riverside County Fire Department share is 6.4 percent. The County Library share is 1.6 percent. The school districts serving the area receive 69 percent of property tax revenues, including Educational Revenue Augmentation Funds (ERAF) allocated by the State. The water service providers receives 1.8 percent. The remainder of the property tax is allocated to the County Flood Control District, the Resource Conservation District, and to County Regional Park and Open Space; details are shown on Table 8-2.

When unincorporated areas annex to cities, the property tax amount transferred by the County to the affected city is based on the master property tax sharing agreement. The master property tax sharing agreement provides that the City of Corona receive 25 percent of the County's general share in addition to 100 percent of the County Fire Protection and County Library shares when the City assumes responsibility for those services. That agreement predates the addition of Temescal Valley to the City's SOI and major changes in municipal finance as discussed in Chapter 2; hence, the County may decide that the actual transfer may be subject to negotiation to achieve fiscal mitigation of significant negative impacts on the County. The property tax tables in this report provide the estimated transferable property tax amount based on the master tax sharing agreement.[33]

Estimated property tax does not reflect fiscal mitigation payments from the City to the County. As discussed in Chapters 2 and 7, a fiscal mitigation payment would presumably be required by the County to offset negative fiscal impacts on the County. A fiscal mitigation payment would also be a matter for negotiation by the County and City. Traditionally, the fiscal mitigation payment is in the form of a property tax transfer from the County to the City, but it could be structured differently.

Property Tax Trend

Figure 5-4: Property Tax Growth, FY 02-03 through FY 12-13



During the 2003-7 housing boom, property tax revenues grew dramatically within the City limits and Countywide, with the annual growth rate averaging 9.7 percent annually within the existing City, and 18.6 percent annually within the County as a whole.[34] Property tax revenue growth slowed thereafter to -3.0 percent in the City, and -20.7 percent in the County between FY 07-08 and FY 11-12.

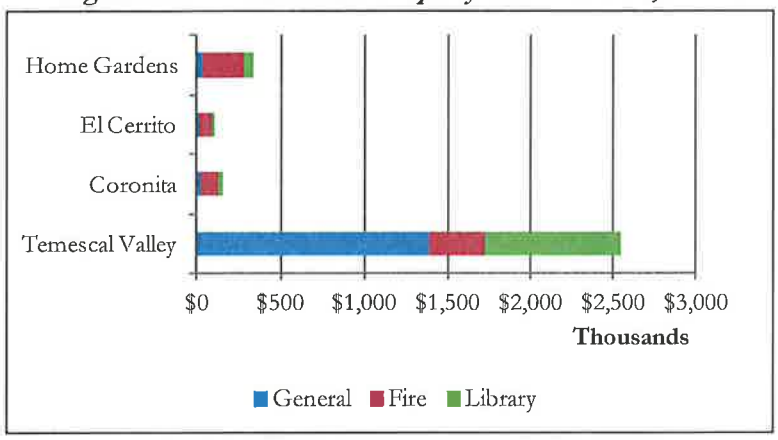
The City projects modest growth in FY 12-13. The County projects modest negative growth in FY 12-13. Both the City and the County anticipate property tax growth recovery in FY 13-14. Looking over the entire period of the housing bubble and the subsequent recession (FY 02-03 through FY 11-12), the annual property tax growth rate averaged 4.0 percent in the City of Corona and 4.5 percent for the County as a whole.

[33] Estimated property tax does not reflect fiscal mitigation payments from the City to the County. Property tax is calculated as the product of a) the one percent tax rate, b) total AV, and c) the sum of the assumed transferring property tax shares.

[34] The sources for historical annual property tax growth are the City of Corona Comprehensive Annual Financial Report (CAFR) for FY 11-12, the City of Corona FY 13-14 Budget, the Riverside County FY 11-12 CAFR, and the Riverside County FY 13-14 Recommended Budget.

Property Tax Transfers

Figure 5-5: Estimated Property Tax Transfers, FY 11-12



Annexation of the study areas would have yielded $3.1 million in property tax revenues in the base year of FY 11-12. Of this amount, the Temescal Valley area generated $2.5 million, $0.1 million in the Coronita area, $0.1 million in El Cerrito, and $0.3 million in Home Gardens. Over time, revenues would grow as a result of new development and turnover of properties. For detailed calculations and methodology, see Table 8-2.

In calculating the property tax transfer, property tax increment that is pledged for repayment of former redevelopment agency debt is not transferred to the annexing city. In the case of Temescal Valley, the redevelopment successor agency's share of property taxes is 6.5 percent.

SALES AND USE TAX

Table 5-6: Estimated Sales and Use Tax, FY 11-12

	Temescal Valley [1]	Coronita	El Cerrito	Home Gardens
Estimated Revenues	1,544,821	466,391	206,060	362,325
Allocable	1,396,264	421,541	186,244	327,482
Sales Tax	948,235	421,235	145,075	310,390
Use Tax	448,029	306	41,169	17,092
County Pool	163,630	49,401	21,826	38,378
Less Admin Charge	(15,073)	(4,551)	(2,011)	(3,535)

Sources: Henderliter de Llamas, Board of Equalization

Note:

(1) Estimates for each area are based on geo-coding of sales and use tax accounts.

Base Year Sales Tax

There were approximately $139.6 million in taxable sales in the Temescal Valley annexation area in FY 11-12.[35] Of that amount, 68 percent was generated by retailers including gas stations, and the remainder by manufacturers, wholesalers, service and repair businesses. In addition to this direct activity, the annexing agency would be credited for an additional $0.2 million in sales tax funds from countywide and statewide "pools" of revenue that the Board of Equalization (BOE) could not directly attribute to a particular geographic area.[36]

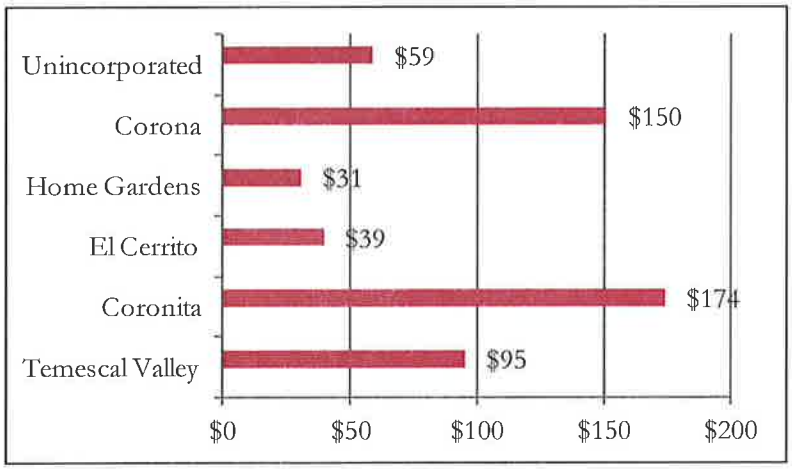
The Coronita area is estimated to generate approximately $0.5 million in sales and use tax. As discussed in Chapter 3, there are gas stations and other businesses in Coronita that generate sales

[35] Hinderliter de Llamas and Associates, *Temescal Canyon Annexation Area Sales Tax Revenues, FY 11-12*, December 5, 2012.

[36] Authors' calculations based on the following sources: 1) interview with Board of Equalization Local Revenue Allocation Unit Donna Puchalski; 2) Board of Equalization quarterly *Fund Distribution Quarterly Allocation Summary of Bradley Burns Local Tax* (pool and shares); and 3) allocable sales tax generated in each study area.

tax. The El Cerrito area is estimated to generate $0.2 million in sales and use tax; the area has limited retail activity and has only a few use tax generating businesses. The Home Gardens is estimated to generate $0.4 million; this area has both sales tax and use tax generating businesses.

Figure 5-7: Sales & Use Tax per Resident, FY 11-12



Sales tax per resident was $150 on average in the City of Corona in FY 11-12, and $59 on average in the unincorporated areas as a whole.

Sales tax per resident in Temescal Valley is lower than the Corona average but higher than the unincorporated average. In the other annexation areas, Coronita is somewhat higher than the Corona average, El Cerrito and Home Gardens sales tax per capita is lower than the unincorporated area average.

OTHER TAXES

Business Registration

Within unincorporated areas, certain businesses must be licensed by the County and pay a fee for that privilege. The business registration fees are $45 for initial licensing and $30 for annual renewal. Fee exemptions are granted for various agricultural activities, certain residential businesses, places of worship, specific non-profit, and any business exempt by virtue of constitution law, however exempted business are required to register. Within the unincorporated areas, the business registration revenues amounted to $0.75 per employee on average. Estimated revenues in the annexation areas were based on the average.

The City of Corona levies a business license tax on the basis of gross receipts. Retailers and service providers pay $2 per $1,000 in gross receipts; grocery stores pay $1 per $1,000 in gross receipts, and wholesalers and manufacturers pay $0.75 per $1,000 in receipts. The City's tax amounted to $25.29 per employee on average. Upon annexation, affected businesses in the annexation areas would pay for their business license based on the City's tax rates.

Transient Occupancy Tax

The County imposes a transient occupancy tax (TOT) at a rate of 10 percent of hotel bed sales; and the City also imposes a TOT rate of 10 percent. Hotel activity was identified only in the Coronita study area where there is a 167-room hotel. Hence, TOT revenues were estimated to be zero in Temescal Valley, El Cerrito and Home Gardens. TOT revenues in Coronita were estimated assuming 50 percent occupancy on average at the standard nightly rate of $99.

Documentary Transfer Tax

The County imposes a documentary transfer tax (DTT) of $1.10 per $1,000 in value of property on deeds transferring property. Revenue and Taxation Code §11911 permits general law cities within counties that have imposed such a tax to capture half of that amount from the county.

The estimated DTT revenues generated in the annexation areas amount to $124,000 that would transfer to the annexing city.

Table 5-8: Documentary Transfer Tax City Share, FY 11-12

Area	Property Sales 2012 [1]	Adj. to Actual [2]	Estimated DTT Transfer [3]
City of Corona	$902,115,352	88%	435,000
Temescal Valley	181,624,253		87,579
Coronita	13,034,423		6,285
El Cerrito	25,001,570		12,056
Home Gardens	36,884,239		17,786

Sources: Riverside County Assessor Property Sales Extract, City of Corona FY 12-13 Budget

Notes:

(1) Property sales in 2012 were summed from the Assessor's property sales extract file. Geo-coding was conducted by Riverside County IT Department.

(2) For the City of Corona, actual documentary transfer tax receipts were known for FY 11-12. The adjustment factor is the ratio of actual DTT receipts to the product of a) the $0.55/$1,000

(3) For the annexation areas, the estimated DTT that would transfer to the annexing city is the product of a) the $0.55/$1,000 transferable tax rate, b) the 2012 property sales, and c) the 88 percent adjustment factor.

SUBVENTIONS

VEHICLE LICENSE FEES

Cities and counties receive revenue termed "vehicle license fees" (VLF). Because VLF revenue is allocated under different formulas to counties than to cities, the fiscal impact on the County is not symmetric to the fiscal impact on the annexing city.

VLF is essentially a charge in lieu of the property tax on vehicle value. The rate was two percent from 1948 through 2004. For 2005, the legislature reduced the VLF rate to 0.65 percent.

Historically, VLF revenue was distributed to cities based on population. In FY 04-05, most of the allocation was shifted from population to a property tax basis for existing cities. Initial allocations for existing cities were based on prior allocations (population). Subsequently, growth in assessed value affects the allocation. Cities receive no property taxes in lieu of VLF for the assessed value within the annexed area at the time of the reorganization, but do receive property taxes in lieu of VLF for subsequent growth in assessed value in the annexation areas. Between 2006 and 2011, AB 1602 partly remedied the lack of VLF in-lieu property tax for existing development in annexed areas and newly incorporated areas. AB 1602 provided a population-based allocation, which amounted to $50 per capita (in 2006 dollars). However, in 2011, the AB 1602 fix was reversed when the Legislature passed SB 89 and re-directed these revenues to fund state law enforcement programs. As a result, the City of Corona would receive only in-lieu VLF based on future growth in assessed values in the annexation areas. That said, the Legislature is considering in 2013 proposed SB 56 (Roth) which would provide for cities to receive in-lieu property tax for annexed areas and newly incorporated cities.

Counties receive VLF in lieu revenues based on countywide assessed value. Annexation would not affect the amount of VLF revenues allocated to Riverside County at the time of the annexation, or based on subsequent growth thereafter.

GAS TAX

Cities and counties receive allocations of gas tax revenue from the State to be used for road-related purposes.

Riverside County receives allocations of gas tax revenue primarily based on countywide population and registered vehicles but also based on County-maintained road mileage and assessed values of property within the unincorporated areas. Hence, annexation would have an effect on gas tax allocations.

Table 5-9: Gas Tax Revenue Estimates, FY 12 - 13

Section		Total Unincorp-orated	Estimated Fiscal Impact Temescal Valley	Coronita	El Cerrito	Home Gardens
2103	1	$18,647,179	-$40,059	-$7,932	-$15,790	-$20,432
2104	2	$16,869,722	-$28,548	-$5,656	-$11,257	-$14,566
2105	3	$7,271,989	-$20,735	-$4,106	-$8,173	-$10,576
2106	4	$1,271,928	-$70	-$5	-$12	-$16
		$44,060,818	-$89,412	-$17,699	-$35,233	-$45,590

Sources: California State Controller (FY 12-13 gas tax apportionments, FY 11-12 assessed value), Riverside County Auditor-Controller (assessed value estimate for Temescal Valley), Riverside County Assessor (secured abstract)

Notes:

(1) Streets and Highways Code §2103 allocation is based 75 percent on countywide registered vehicles, and 25 percent on County-maintained road miles.

(2) Under Streets and Highways Code §2104E, annexation would reduce the County's allocation by $60 monthly per County-maintained road mile.

(3) Streets and Highways Code §2105 allocation is based 75 percent on countywide registered vehicles, and 25 percent on County-maintained road miles.

(4) Under Streets and Highways Code §2106, annexation would reduce the County's allocation due to a decrease in unincorporated assessed value.

Gas tax revenue allocations to counties are based on statewide gas tax receipts, the countywide number of registered vehicles, County-maintained road miles, and assessed value in the unincorporated areas of the County.

The County's gas tax revenues from each of the separate sections of the Streets and Highways Code were estimated for FY 12-13. The estimates for the County as a whole were based on actual gas tax apportionments for the first 11 months of the fiscal year, and average numbers of registered vehicles and County-maintained road miles in FY 12-13, as reported by the State Controllers Office. The fiscal impacts of annexation of the study areas were estimated primarily based on the associated reductions in County-maintained road miles, and secondarily based on the associated reductions in assessed value in the unincorporated areas.

Gas tax revenues under Streets and Highways Code §2103 have been volatile. These are the new gas tax revenues associated with the Fuel Tax Swap of 2010, and replace funds that were formerly allocated from gasoline sales tax revenues under Proposition 42 (also known as Traffic Congestion Relief). County allocations under §2103 were temporarily elevated in FY 11-12 due to an overpayment in FY 11-12, and reduced in FY 12-13 to settle up for prior year over-allocations. The California Department of Finance expects §2103 allocations to increase 48 percent in FY 13-14 due in part to the planned eight percent gas tax rate increase and in part to increased fuel sales, and expects revenues to decrease 26 percent in FY 14-15.[37]

[37] California Local Government Finance Almanac, *Shared Revenue Estimates: State Revenue Allocations to Cities and Counties: Highway User Tax – Revised for 2012-13*, May 31, 2013.

Gas tax revenues were projected based on anticipated growth in local population and statewide gasoline and diesel consumption. Statewide revenues declined one percent in FY 07-08 and 10 percent in FY 08-09 prior to the 2010 policy change that increased the gas excise tax from $0.18 per gallon to $0.35; the excise tax increases in July 2013 to $0.395. Declining revenues had resulted from consumer preferences for vehicles with increased fuel efficiency, in addition to the negative impact of the recession on vehicle travel. The U.S. Energy Information Administration projects long-term modest decline in petroleum demand (-0.3 percent annually) related to fuel efficiencies and use of alternative fuels, and projects long-term increases in petroleum prices.[38]

MEASURE A

The County receives Measure A revenues distributed by the Riverside County Transportation Commission (RCTC) through formulaic allocations based on population and sales tax. Measure A revenues are revenues from a 0.5 percent sales and use tax which was imposed in 1988 (and extended in 2002) pursuant to Measure A to fund highway, commuter rail, and transit projects, and to repair and maintain streets.

Table 5-10: Measure A Local Streets and Roads Revenue Estimates, FY 12 -FY 13

Year	Total West Unincorp-orated	Estimated Fiscal Impact Temescal Valley	Coronita	El Cerrito	Home Gardens
FY 11-12	$3,633,403	-$256,483	-$52,590	-$69,543	-$152,117
FY 12-13	$3,822,997	-$275,124	-$56,958	-$72,743	-$159,327

Sources: Riverside County Transportation Commission's FY 12-13 Budget (Measure A - Western Riverside Local Streets and Roads), U.S. Census Bureau (2010 population in annexation areas), Western Riverside COG (population projections for affected cities), SCAG Regional Growth Forecast, California Board of Equalization (local sales tax allocations), Henderliter de Llamas (sales tax by annexation area).

Of the Measure A revenues generated in western Riverside County, 29 percent—Local Streets and Roads—is allocated to jurisdictions based 75 percent on population and based 25 percent on taxable sales basis. In FY 11-12, local jurisdictions (cities and the County) received $15.61 per capita on average. The AFA estimates the annexation areas generated $0.53 million in Measure A Local Streets and Roads funds annually in FY 11-12. The County presently funds street service in the study areas with this funding source (among others), which would transfer to the City upon annexation. Growth in this revenue stream over time was estimated based on local population projections (described in Chapter 3), regional population projections,[39] and projected countywide taxable sales.[40]

[38] U.S. Energy Information Administration, *Annual Energy Outlook 2013 with Projections to 2040*, April 2013, Table A-1.

[39] Western Riverside Council of Governments, *Western Riverside County Growth Forecasts, 2010-2035*, adopted Fall 2011.

[40] For FY 12-13, the projected regional sales growth rate is the RCTC projection, or 3.5 percent.

OTHER REVENUES

FRANCHISE FEES

Both the City and the County impose franchise fees on utility providers for the privilege of transmitting and distributing utilities on the public ways of the area. Under the Franchise Act of 1937, the fee is the higher of one percent of annual sales to occupants of the area or two percent of annual sales derived from utility pipelines and infrastructure located in the area. The County currently imposes franchise fees on water, cable, gas, electric, and petroleum pipeline utilities in unincorporated areas. Solid waste franchise fees imposed by the County amount to an 8 percent franchise fee on the solid waste hauler.

The AFA estimates that the County would lose approximately $0.8 million in franchise fees as a result of annexation of all annexation study areas.

Franchise fee revenues have been stagnant in recent years. The County anticipates zero growth in this revenue stream in next five years.

Table 5-11: Franchise Fee Estimates, FY 12 -FY 14

Type Year	Total Unincorp-orated	Estimated Fiscal Impact Temescal Valley	Coronita	El Cerrito	Home Gardens
Franchise Fees:	Electricity, Gas & Solar [1]				
FY 11-12	$3,706,275	-$160,840	-$28,944	-$47,603	-$123,290
FY 12-13	$2,970,000	-$129,684	-$23,202	-$38,011	-$98,726
FY 13-14	$3,000,000	-$130,513	-$23,273	-$37,764	-$98,180
Franchise Fees:	Solid Waste [2]				
FY 11-12	$2,016,911	-$105,033	-$18,901	-$31,086	-$80,512
FY 12-13	$2,030,000	-$106,367	-$19,031	-$31,177	-$80,976
FY 13-14	$2,000,000	-$104,410	-$18,618	-$30,211	-$78,544
Franchise Fees:	Cable Television [3]				
FY 11-12	$3,036,065	-$129,345	-$17,248	-$33,842	-$66,861
FY 12-13	$3,360,000	-$146,483	-$19,402	-$37,810	-$75,057
FY 13-14	$3,360,000	-$145,794	-$19,182	-$37,126	-$74,051

Sources: Riverside County FY 13-14 Recommended Budget, Riverside County Department of Environmental Health, California Department of Finance (population, housing units), Census 2010 (annexation area population, housing units), SCAG (jobs and growth projections).

Notes:

(1) Electric, gas and other basic franchise fees were estimated as the product of a) the average unincorporated revenues per 24-hour population, and b) 24-hour population in the annexation area.

(2) Solid waste franchise fees were estimated based on 24-hour population in each annexation area, and derive from the average revenues from this source in the unincorporated areas that are receiving solid waste collection services. The Riverside County Department of Environmental Health reported that approximately 90 percent of properties in Temescal Valley and approximately 75 percent of properties in the unincorporated areas as a whole receive solid waste collection services. The revenue estimates for each annexation area assume 90 percent receive said services.

(3) Cable television franchise fees were estimated based on number of housing units.

FINES AND FEES

Miscellaneous revenue sources, such as vehicle fines, code enforcement fines, animal licenses and fees, that are generated in the annexation study areas were estimated. Vehicle fines were estimated on the basis of 24-hour population (additive). Animal licenses and code enforcement fines were estimated on the basis of the number of housing units.

Not all affected revenue sources were included as revenue impacts; certain revenue streams were excluded from both the revenue and expenditure side of the impact analysis for simplicity. Service charges (e.g., neuter clinic charges) paid by animal owners throughout the County's service area were netted out of animal services expenditures, and were not included in the revenue impacts for consistency.

6. MUNICIPAL SERVICES

This chapter describes how municipal services are presently provided in the annexation study areas, how services would be delivered if the areas are annexed, and relevant information relating to cost estimates and assumptions.

SERVICE PROVIDER OVERVIEW

This section provides an overview of the municipal service providers in the study areas. Annexation affects municipal service delivery differently depending on the particular municipal service, as shown on Table 6-1.

DIRECTLY AFFECTED SERVICES

There are directly affected municipal services that are presently provided to the study areas by the County and would be provided by the City of Corona upon annexation. Such directly affected services include:

- General government services, including governing board, management, legal and financial services,
- Law enforcement,[41]
- Fire protection,[42]
- Animal control,
- Emergency medical services,
- Code enforcement,
- Building inspection,
- Land use planning,
- Park maintenance and recreation programming,
- Street maintenance, and
- Stormwater management and planning.

CONTRACT SERVICES

There are also municipal services that are presently provided by County contractors; upon annexation, the City would contract with a company to provide such services.

Street sweeping services on public roads (outside gated communities) are provided to Temescal Valley by a County contractor, CR&R; upon annexation, the City would contract with its provider, Clean Sweep Environmental, for sweeping.

[41] Riverside County contracts with the City of Corona to provides law enforcement services to Coronita.

[42] Riverside County contracts with the City of Corona to provide fire protection and EMS services to Coronita, El Cerrito and northern Temescal Valley.

Table 6-1: Temescal Valley Service Providers

Municipal Service	Status Quo	Annexation
General Government		
Governing Board	Riverside County	City of Corona
Management/Finance/Administrative	Riverside County	City of Corona
Public Protection		
Law Enforcement	Riverside County Sheriff	City of Corona
Traffic Control/Accident Investigation	California Highway Patrol	City of Corona
Fire Protection & EMS	Riverside County FD (central, south), Corona (north)	City of Corona
Ambulance	American Medical Response	No Change
Animal Control	Riverside County	City of Corona
Community Development		
Regulation & Planning	Riverside County	City of Corona
Building Inspection	Riverside County	City of Corona
Community Services		
Recreation Programs	Riverside County (CSA 134 $)	City of Corona
Local Parks	Riverside County (CSA 152B $)	City of Corona
Regional Parks/Open Space	Riverside County Regional Parks	No Change
Library	Riverside County	City of Corona
Public Works		
Roads, Bridges, Signals, Drainage	Riverside County TLMA	City of Corona
Flood Control & Conveyance Drainage	Riverside Flood Control District	No Change
Street Lighting	Southern Cal. Edison (CSA 134 and LLMD 89-1 $)	No Change
Street Sweeping	Riverside County contractor (CSA 152 $)	City of Corona contractor
Stormwater	Riverside County (CSA 134 and LLMD 89-1 $)	City of Corona
Public Utilities		
Solid Waste Management	Riverside County	City of Corona
Solid Waste Collection & Disposal	Waste Management (El Sobrante Landfill)	No Change
Water Distribution (Retail) and Waste	Lee Lake Water District, Elsinore Valley Municipal	No Change
Water	Water District (southeast sliver), City of Corona	
Water Supplies (Wholesale)	Western Municipal Water District	No Change

Residences in the annexation study areas presently rely on a private company, Waste Management, for solid waste collection. Upon annexation, the City would be responsible for franchising with the solid waste hauler.

Street lighting on public roads is funded by the County but service is provided by Southern California Edison; similarly, the City would fund Edison's street light services. The City has proposed that associated assessments (e.g., CSA 134 in Temescal Valley) transfer to the City;[43] presumably similar street light funding mechanisms (e.g., CSA 135 assessment in El Cerrito and CSA 21 property taxes in Coronita) would transfer upon annexation of those areas as well.[44]

UNAFFECTED SERVICES

In many cases, the municipal service provider would be unaffected by annexation, because these services are delivered by special districts or private utility companies. Unaffected services include:

- **Ambulance** transport and paramedic service is provided by a private company, American Medical Response. Riverside County and the City of Corona are responsible for contracting with the ambulance provider.
- **Regional park** service would continue to be provided by the County.
- **Flood control** services would continue to be provided by the countywide Flood Control District.
- **Water wholesale** would continue to be provided by Western Municipal Water District.
- **Water distribution** services would continue to be provided to Temescal Valley by Lee Lake Water District and Lake Elsinore Municipal Water District (LEMWD).[45] Coronita and El Cerrito would continue to be served by the City of Corona, and Home Gardens would presumably continue to be served by Home Gardens Water District upon annexation.
- **Wastewater** collection, treatment and disposal services would continue to be provided by Lee Lake Water District to Temescal Valley. Presumably, Home Gardens would continue to be served by Home Gardens Sanitary District upon annexation. Coronita and El Cerrito (except areas on septic) would continue to be served by the City of Corona.
- **Electricity** service would continue to be provided by Southern California Edison.
- **Public transit** service would continue to be provided by Riverside Transit Agency.
- **Education** services would continue to be provided by Corona Norco Unified School District.
- **Countywide services**, such as regional parks, open space, coroner, and courts, are delivered by the County to both unincorporated areas and to areas within city boundaries, and would be unaffected.

[43] CSA 134 also includes territory in Horsethief Canyon which is located outside the proposed annexation area.

[44] There are two dormant lighting CSAs (CSA 30 and 52) in Home Gardens that would presumably be dissolved upon annexation.

[45] LEMWD serves a southeast sliver of the Temescal Valley annexation area (in tax rate areas 059-095 and 059-128).

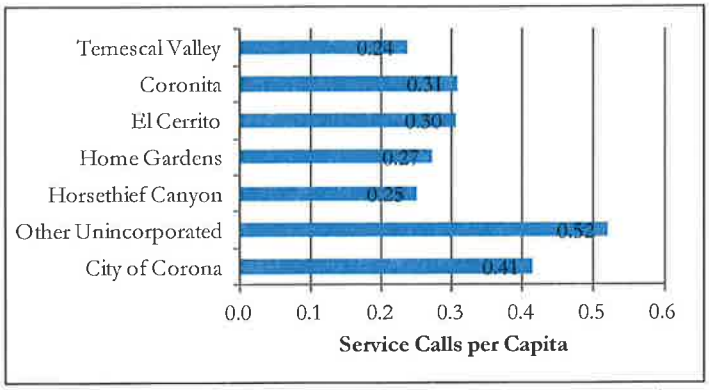
LAW ENFORCEMENT

The Riverside County Sheriff provides law enforcement, detective and helicopter services to the Temescal Valley, El Cerrito and Home Gardens annexation study areas as well as adjacent unincorporated areas and the neighboring City of Lake Elsinore.

TEMESCAL VALLEY

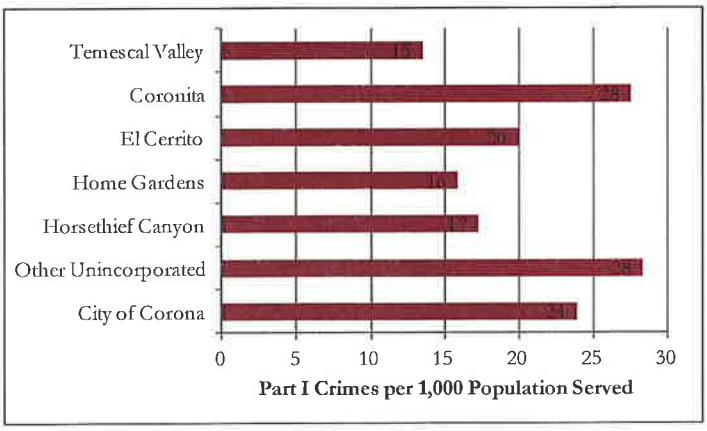
The Sheriff serves the Temescal Valley area from the Lake Elsinore Sheriff Station. The Sheriff organizes patrol service delivery into beats. Beat 71 serves Temescal Valley as well as areas outside the proposed annexation area (Horsethief Canyon and Glen Eden).

Figure 6-2: Law Enforcement Service Calls per Capita, FY 11-12



Temescal Valley is in the Sheriff's Beat number 71. There were 4,588 calls for law enforcement service in Beat 71 in FY 11-12, of which 70 percent originated in the proposed annexation area. There were 0.24 calls for service per capita (24-hour population) in Temescal Valley. By comparison, there were 0.25 service calls per capita in Horsethief Canyon and Glen Eden combined. Calls for service were more than double this level in the remainder of the unincorporated areas where there were 151,743 service calls, amounting to 0.51 per capita. Calls for service (excluding traffic calls) amounted to 0.41 per capita within the City of Corona in FY 12-13.

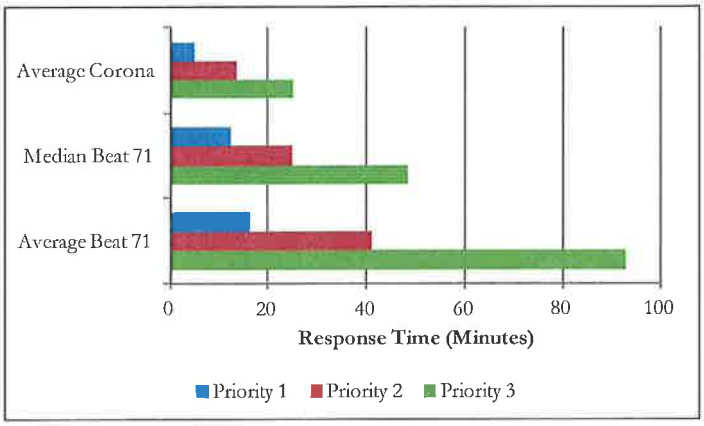
Figure 6-3: Part I Crimes per Capita, FY 11-12



Temescal Valley is a relatively low-crime area. There were 185 Part I crimes committed in the area in FY 11-12. Of these, 91 percent were property crimes, such as burglary, motor vehicle theft, and larceny. Crimes in Temescal Valley amounted to 13 crimes per 1,000 people (24-hour population). By comparison, there were slightly more crimes per capita in El Cerrito, Home Gardens, and Horsethief Canyon (17). Crime levels in Coronita, the City of Corona, and the remainder of the unincorporated areas of Riverside County were roughly double the levels in Temescal Valley.

The Sheriff staffs patrol services in Beat 71 with a minimum of one deputy per shift. There are three 10-hour shifts daily to allow for overlapping coverage. Deputies assigned to Beat 71 may also be responsible for service calls in Beat 72 (Meadowbrook) and for backing up their partner on calls in Beat 74 (Lakeland Village), and Beat 75 (La Cresta).

Figure 6-4: Response Times, FY 11-12



Due to the expansive nature of relatively low-crime Beat 71 and to the assigned deputy sometimes being called to neighboring beats, the drive time can be significant when incidents occur in Temescal Valley. Response times are slowed by limited roads and vehicle access routes, and single routes of ingress and egress in several of the areas.

Drive times and response times are much shorter within neighboring City of Corona where the service area is relatively compact and high-density by comparison.

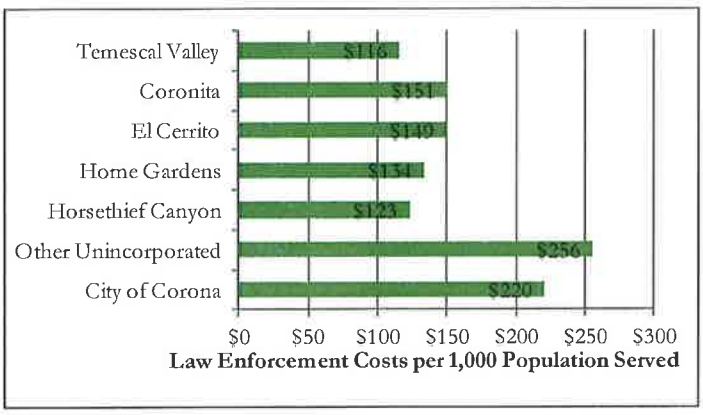
The Sheriff has a number of specialized units that support patrol including aviation, hazardous device, gang task force, canine, dispatch, hostage negotiations, forensic services, search and rescue, Sheriff's posse, and special investigations. CHP is primarily responsible for traffic enforcement in the annexation study areas. Because sections of the Vehicle Code are not enforceable on private property, traffic enforcement is not performed in gated communities, such as The Retreat and Trilogy.

Service Costs

The County's net costs of patrolling the unincorporated areas as a whole were $76 million in FY 11-12 and $82 million in FY 12-13. This is the net cost to the General Fund after accounting for payments made by contract cities and for Proposition 172 funds; neither of these offsetting revenue streams would be affected by annexation.

Although 4.3 percent of the 24-hour population within the unincorporated areas is located in Temescal Valley, only 2.1 percent of law enforcement service calls from unincorporated areas originate in Temescal Valley and only 1.4 percent of Part I crimes in unincorporated areas took place in Temescal Valley. The costs of serving Temescal Valley were estimated to be $1.6 million in FY 11-12 based on the percent of service calls originating in the area.

Figure 6-5: Law Enforcement Costs per Capita, FY 11-12



The City of Corona spent $40.2 million on police services in FY 11-12, amounting to $220 per capita (24-hour population). The County's net cost of patrol services amounted to $241 per capita in the unincorporated areas as a whole. By comparison, costs are substantially lower in Temescal Valley due to relatively low levels of service calls and crime.

Law enforcement costs per capita in other low-crime jurisdictions are comparable to the estimate for Temescal Valley. For example, patrol costs were $82 per capita in Eastvale and $102 per capita in Menifee in FY 11-12.

FIRE & EMERGENCY MEDICAL SERVICES

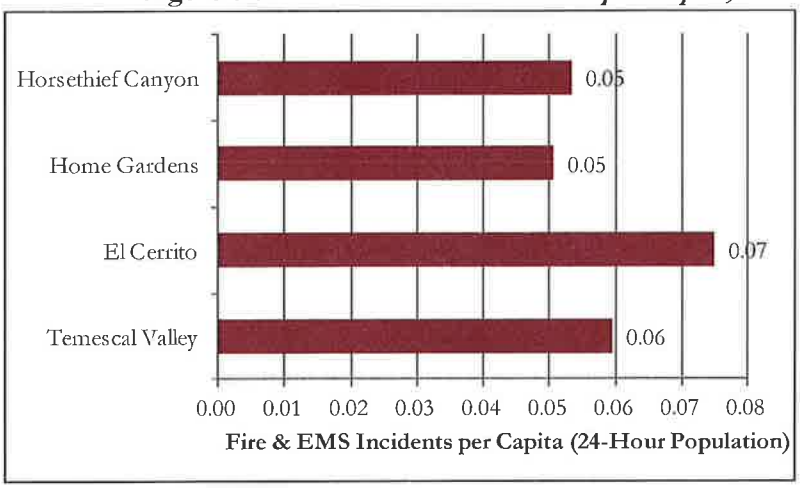
The Riverside County Fire Department (RCFD) is responsible for providing structural and wildland fire protection and emergency medical services (EMS) to the annexation study areas. RCFD is staffed and operated by the California Department of Forestry and Fire Protection (Cal Fire) under contract with the County. RCFD contracts with the City of Corona to provide service to El Cerrito and northern Temescal Valley. Ambulance transport and paramedic services are provided by American Medical Response (AMR) in Riverside County.

Figure 6-6: RCFD Station No. 64

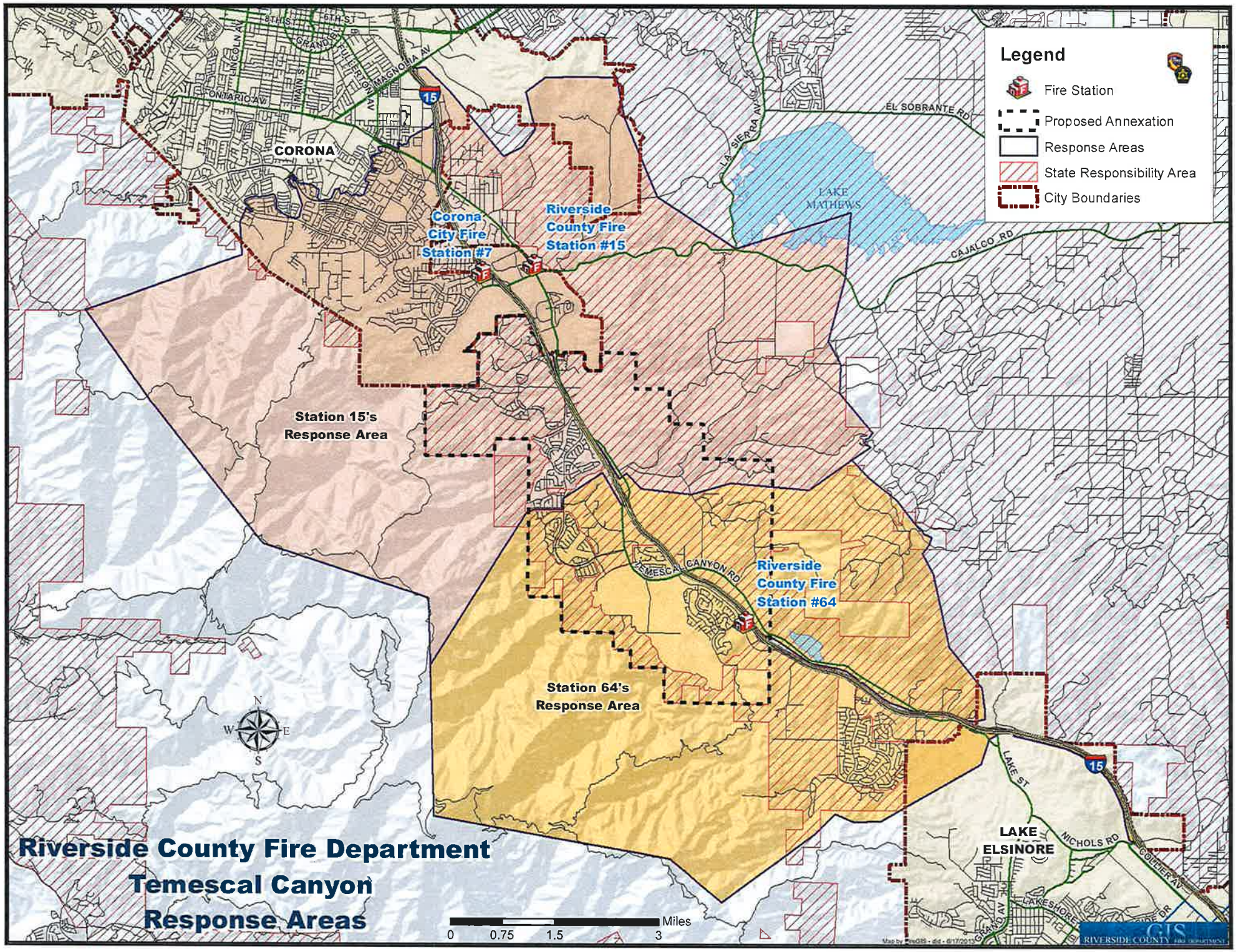
Existing fire and EMS service to the Temescal Valley study area is provided primarily from RCFD Station No. 64. RCFD Station No. 64 is staffed by three personnel, and its primary apparatus is a Type I paramedic engine company. The station is staffed by a fire captain, a fire apparatus engineer, and a firefighter. All personnel have fire and emergency medical technician (EMT) credentials, and at least one of them has advanced life support EMT credentials (the remainder have basic life support credentials).

FS No. 64 is located in the southern portion of the Temescal Valley study area, and is the first-in service provider to the central and southern portions of the study area. About 64 percent of the residential properties in the FS 64 first-in service area are in the proposed Temescal Valley annexation area, and 36 percent are in Horsethief Canyon and the Glen Eden resort. The station responded to 802 service calls in 2011.

Figure 6-7: Fire & EMS Incidents per Capita, 2011



The northernmost portion of the Temescal Valley study area (The Retreat and Wildrose) was served by RCFD FS. No. 15 until mid-2011. The station was located in El Cerrito which it served in addition to northern Temescal Valley. About 69 percent of housing units in the unincorporated first-in service area for FS 15 are located in the Temescal Valley annexation area and the remainder are in El Cerrito. FS No. 15 closed in July 2011 due to budget constraints.



Riverside County Fire Department
Temescal Canyon Response Areas

El Cerrito and northern Temescal Valley are now served by City of Corona FS No. 7. Corona also provides fire and EMS services to unincorporated Coronita. FS No. 7 responded to 609 service calls in the unincorporated areas in 2011. FS No. 7 is staffed by four personnel, at least one of whom is a certified paramedic. The primary apparatus is a Type I paramedic engine company. By contract to RCFD, the City is compensated $0.2 million and $0.6 million respectively for said services to unincorporated Coronita and El Cerrito. City FS No. 7 responds to about 37 percent of service calls in the Temescal Valley study area.

For service to a working structure fire, RCFD typically dispatches six engine companies. RCFD FS No. 64 responds to fire incidents in Norco, Eastvale, Jurupa Valley, Lake Elsinore, and the remainder of southwest Riverside County. For response to structure fires in Temescal Valley, RCFD calls on nearby stations FS No. 85 (McVicker Park), FS No. 13 (Home Gardens), RCFD FS No. 97 (Lake Elsinore), and seasonal FS. No. 14 (Norco).

Response times to incidents in the annexation study area vary based on density and location. Response time standards for dense urban areas are 6:30 minutes for the 90th percentile (i.e., that 90 percent of calls be responded in 6.5 minutes or less). For rural areas, such as two-acre parcels, the standard is 10.5 minutes. And for outlying areas, such as open space, the standard is 17.5 minutes. The County's goal is arrival within five minutes of the fire station receiving the alarm 90 percent of the time. RCFD reported an average response time of 4.5 minutes within Temescal Valley for the period of January through October 2012.[46] By comparison, the City of Corona's policy is to respond within six minutes; the City reported that its response times were 5.2 on average. The standard for ambulance response times is less than 10 minutes in unincorporated areas and less than 12 minutes within the City of Corona.

SERVICE COSTS

The median cost per station among contract cities in western Riverside County was $1.61 million in FY 11-12; whereas, the average cost was $1.56 million. The median cost was calculated based on costs in Beaumont, Eastvale, Lake Elsinore, Menifee, Moreno Valley, Norco, Perris, Temecula, and Wildomar.

Table 6-8: RCFD Costs per Station, FY 12 – FY 13

	Fire Service Cost		Fire	Cost per Fire Station	
	FY 11-12	FY 12-13	Stations	FY 11-12	FY 12-13
Unincorporated	$62,423,115	$64,314,588	37.7	$1,655,786	$1,705,957
W. Riverside Cities	$37,723,862	$42,455,390	24.3	$1,552,422	$1,747,135
Beaumont	$1,881,921	$2,050,000	1	$1,881,921	$2,050,000
Eastvale	$1,523,713	$1,623,028	1	$1,523,713	$1,623,028
Lake Elsinore	$4,274,373	$4,650,149	2.5	$1,709,749	$1,860,060
Menifee	$6,452,340	$6,981,662	4	$1,613,085	$1,745,416
Moreno Valley	$11,697,689	$13,917,615	7	$1,671,098	$1,988,231
Norco	$2,372,839	$3,216,681	2	$1,186,420	$1,608,341
Perris	$3,259,705	$3,357,371	2	$1,629,853	$1,678,686
Temecula	$4,440,282	$4,793,184	3.5	$1,268,652	$1,369,481
Wildomar	$1,821,000	$1,865,700	1.3	$1,400,769	$1,435,154

Sources: Riverside County Fire Department (fire stations), City budgets (fire costs), County budget (unincorporated costs paid by General Fund and structural fire tax)

[46] Reported response time statistics for both RCFD and the City reflect turn-out time and travel time, and do not include dispatch time.

The RCFD cost of operating fire stations in the unincorporated areas was $1.66 million per station on average.[47] The cost was estimated to have increased by 3 percent in FY 12-13. By comparison, the City of Corona costs were about $3.1 million per fire station in FY 12-13.

The County paid the City of Corona approximately $0.6 million for the City's contract fire services to northern Temescal Valley and to El Cerrito, and $0.2 million for the City's services to Coronita in FY 11-12.

Riverside County finances fire and EMS services in unincorporated areas with a combination of property tax revenues for structural fire protection and general fund resources. The County general fund pays for 65-70 percent of these costs.

Service Configuration

Annexation of Temescal Valley involves challenges in adhering to urban response time standards in adjacent areas. FS No. 64 provides first-in service for emergency medical calls not only to the Temescal Valley annexation areas but also to adjacent unincorporated areas (Horsethief Canyon and Glen Eden resort). Glen Eden and the northern portion of Horsethief Canyon are within a four-minute driving time of FS No. 64, and the remainder of Horsethief Canyon is within a five-minute driving time.[48] Neither area is within a four-minute driving time of the next closest station, FS 85 in Lake Elsinore. From FS 85, drive times to most of Horsethief Canyon are within the 8-minute drive time associated with rural response time standards.

FS No. 64 is integral to the regional fire protection delivery system, and presently responds to structure fire incidents within a larger service area, as such incidents require response from six engine companies. FS No. 64 also responds into adjacent first-in service areas when there are simultaneous incidents. Closure of FS No. 64 would have a negative impact on the cities of Lake Elsinore, Norco and Eastvale. FS No. 64 is also part of the regional response system for wildland fire incidents.

For these reasons, several service configuration alternatives were identified for fire service delivery following proposed annexation of Temescal Valley:

1) FS No. 64 continues to serve Horsethief Canyon: under this approach, the fiscal impact of annexation on the County would be a loss of $1.38 million in property tax revenues, and a $0.3 million reduction in costs associated with contractual service. Under this approach, annexation would not have negative impacts on Horsethief Canyon and neighboring cities.

2) FS No. 64 relocates to Horsethief Canyon: under this approach, the fiscal impacts of annexation on the County would be a loss of $1.38 million in property tax revenues, a $0.3 million reduction in costs associated with contractual service, and a $0.3 million increase in costs associated with construction of a new fire station ($5.0 million cost amortized over 30 years). Under this approach, annexation would not have negative impacts on Horsethief Canyon and neighboring cities.

3) The City contracts with RCFD for service to Temescal Valley: under this approach, the fiscal impact of annexation on the County would be a loss of $1.38 million in property tax

[47] The County's estimated cost of operating unincorporated area fire stations was calculated based on the costs financed by the County general fund and structural fire protection property taxes paid by unincorporated areas and Jurupa Valley. The number of unincorporated fire stations was 37.7 in FY 12-13, and includes Jurupa Valley.

[48] Riverside County Fire Department conducted modeling of driving times, and provided maps depicting the 4-minute (urban), 8-minute (rural), and 15-minute (outlying) drive times associated with the respective response time standards.

revenues, a gain of $1.38 million in contract revenues, and a $0.3 million reduction in costs associated with contractual service. Under this approach, annexation would not have negative impacts on Horsethief Canyon and neighboring cities.

4) RCFD closes FS No. 64: under this approach, the fiscal impact of annexation would be a loss of $1.38 million in property tax revenues, a $0.3 million reduction in costs associated with contractual service, and a $1.6 million reduction in costs associated with closing the station. Under this approach, annexation would have negative impacts on Horsethief Canyon and neighboring cities.

Wildland Fire Protection

Wildland fire protection is provided by Cal Fire to the State Responsibility Area (SRA). The SRA includes unincorporated territory, but does not include territory within the bounds of incorporated cities, such as Corona. Property owners within the SRA pay an annual fee of $115-150 per structure for wildland fire services.[49] Upon annexation, wildland fire service protection would be made available to the annexation area on a contract basis to Corona. The City would pay for these services at a rate of $23.11 per acre (for the 4,300 affected acres). RCFD has raised concerns about Corona honoring its intent to contract for wildland protection, and reports that Corona failed to maintain such an agreement for two previous annexations (Eagle Valley and Eagle Glen).

Fiscal Impact on Annexation Area Occupants

Upon annexation, residents and employees in the annexation areas would be subject to City charges for emergency medical services. Presently, they are charged by the private ambulance company for ambulance transport and associated pre-hospital care; AMR bills the respective health insurance provider for these charges. In addition, the City charges $350 per incident for emergency medical services provided by its Fire Department. Although these charges may not be covered by health insurance, the City offers a subscription fee of $48 annually; subscribing residents are not subject to the $350 per incident charge.

[49] Owners of habitable structures that are within the boundaries of a local fire protection agency receive a reduction of $35 per habitable structure. The fee has been waived in FY 12-13.

ANIMAL CONTROL

The Riverside County Department of Animal Services provides animal housing for stray or abandoned pets, provides low-cost vaccination and spay/neuter services, provides animal patrols for stray and injured animals, investigated inhumane animal treatment allegations, sells dog licenses, rescues animals during natural disasters and enforces animal regulations. These services are provided to the annexation study areas from the Western Riverside Shelter located in Jurupa Valley.

The County's animal service costs amounted to $15.2 million in FY 11-12. The County provides services to unincorporated areas as well as certain cities; cities pay contract billing charges to the County, and animal owners throughout the service area pay service charges (e.g., spay/neuter charges). Net of these revenue streams, the cost of animal services was $9.6 million, which amounted to $72 per housing unit in the unincorporated areas in FY 11-12.[50] The affected department reported that the majority of its costs of running the affected shelter would not be reduced as a result of annexation; similarly, costs of the two field officers who serve the unincorporated areas would not be affected. Variable costs that could be reduced are those costs associated with the number of impounded animals (e.g., animal food, medical care, supplies, and cleaning supplies) and costs associated with the number of after-hours calls (e.g., staff overtime and standby pay). These variable costs amounted to 14 percent of net costs. The fiscal impact of annexation was estimated as 14 percent of the net cost per housing unit.

Service levels provided to the annexation study areas are higher in the unincorporated areas than in the City. The Western Riverside Shelter is open 41 hours weekly (six days per week), whereas the Corona Shelter is open 22 hours weekly (four days per week). The Corona Shelter is more convenient for annexation area residents. The Western Riverside Shelter is located 21 miles from the center of the Temescal Valley annexation area, whereas the Corona shelter is 12 miles distance.

The fees for licensing pets are comparable in the existing city limits and the annexation study areas. For example, it costs $16 to license a neutered dog ($10 for seniors) in unincorporated areas, and $15 in the City of Corona. So annexation would have modest impacts on residents with dogs.

COMMUNITY DEVELOPMENT

Community development services include land use planning and code enforcement services. Code enforcement activities include enforcing the building permit process for property owners building or modifying their properties and enforcing municipal regulations, such as restrictions against parking trucks on residential streets and restrictions against abandoning vehicles in the front yard.

The City of Corona provides these services through its Department of Community Development. The department consists of three divisions: Planning, Community Preservation, and Redevelopment. Planning is tasked with short and long-term community planning. Community Preservation maintains and assures the safety, appearance and value of buildings and property in the City by conducting code enforcement.[51]

[50] The net cost excludes revenue sources paid by contract cities and animal owners throughout the service area, but includes the portion paid by animal license revenue for consistency with the revenue portion of the fiscal impact analysis.

[51] Redevelopment's goal is to revitalize certain portions of the City; create, preserve, and enhance affordable housing; and seek creative, long-term redevelopment opportunities; however, redevelopment is not affected by annexation as there are no redevelopment project areas within the annexation study areas at present. Redevelopment is financed separately from the general and road funds that are the focus of this study. Hence, redevelopment is not covered in the AFA.

The annexation study areas presently receive planning services from Riverside County. Upon annexation, the City's Department of Community Development would provide these services.

PLANNING

Advance planning services include countywide studies, area/community plan updates, zoning code amendments, and update of the Countywide General Plan.

Existing zoning in the annexation areas is established by the County. The City has proposed zoning for the Temescal Valley annexation area that mimics existing County zoning. As a result, it is improbable that land use designations in the areas would change in the short-term if the areas choose to annex to the City. The City would be precluded from changing the land use designations for a two-year period following annexation.[52]

The City's Community Development staff oversee the monitoring of County development activity and comment on development projects

Current planning processes entitlement application including a variety of discretionary permits, land division applications, lot line adjustments, certificates of compliance, privately initiated zone reclassifications and plan amendments and the related environmental review. The County provides current planning services—zoning permits, land division and research, application review, impact analysis and special projects. Current planning services are primarily funded on a fee basis. The County's net cost of planning services was $9.9 million in FY 11-12, which amounted to $6.51 per capita (24-hour); due to budget cuts, the estimated cost in FY 12-13 was $5.53 per capita.

CODE ENFORCEMENT

Code enforcement services are provided by County TLMA, with fire and animal-related enforcement by the Fire Department and Animal Services, respectively. Common code issues include dangerous or substandard buildings, open excavations, unpermitted businesses, zoning violations, construction or grading without permits, inoperative or abandoned vehicles, and excessive outside storage. Temescal Valley is presently served by the code enforcement office in Perris, while the Coronita, El Cerrito and Home Gardens areas are served by the code enforcement office in Riverside.

The County spent $14.1 million on code enforcement services in FY 11-12. The services are financed in part by community development block grants, other intergovernmental sources, and service charges. The County's cost net of these revenue streams was $11.8 million in FY 11-12. Code enforcement services are primarily provided to residential properties, although there are occasional complaints relating to commercial structures that violate zoning provisions. For purposes of estimating costs in the annexation areas, the costs were distributed among residences. The County's net cost in FY 11-12 amounted to $88 per housing unit; due to budget cuts, the cost in FY 12-13 was approximately $76 per housing unit. Due to the presence of gated communities and associated HOA oversight in Temescal Valley, costs of these services there were estimated as 50 percent of prorated per home costs.

Service levels appear to be higher in the unincorporated areas than in the City. The County's total code enforcement spending amounted to $90 per housing unit; by comparison, the City of Corona spending on code enforcement in FY 12-13 amounted to $11 per housing unit.

[52] Government Code §56375(e).

Both the City and County provide code enforcement inspections upon receiving a complaint about potential violations. In cases regarding potential threats to health and safety, both the City and County respond within 24 hours. Examples of threats to health and safety include fire hazards, sewage problems, hazardous materials and chemicals.

LIBRARY

The Riverside County Library System (RCLS) provides library operations and facility services to the annexation study areas. The County Library has branch locations in El Cerrito and Home Gardens. The County's Home Gardens and Lake Elsinore branches are open 50 and 43 hours weekly, whereas the El Cerrito branch is open 20 hours weekly.

Based on proximity, the Temescal Valley area is primarily served by the El Cerrito and Home Gardens branches which are located 6.3 and 9.5 miles, respectively, driving distance from the Trilogy community in Temescal Valley. From the Sycamore Creek subdivision in Temescal Valley, the El Cerrito branch is closest (8.5 miles) followed by Lake Elsinore (11.5 miles), Home Gardens (11.6 miles), and Corona library (12.9 miles). The Corona branch is closest to the Coronita annexation area. Library users are not required to patronize a branch within their particular jurisdiction, and may choose a library based on convenience and amenities.

Table 6-9: Municipal Libraries near the Corona SOI

Library	Location	Agency	Wkly Hrs	Volumes	Yr Built	Sq. Ft.	Circ	Circ/Vol
El Cerrito	7581 Rudell Rd., 92881	County	20	21,160	2004	10,000	58,121	2.7
Home Gardens	3785 Neece St., 92879	County	50	22,655	2006	14,100	51,298	2.3
Lake Elsinore	600 W. Graham, 92530	County	43	54,132	1955	7,500	79,866	1.5
Corona	650 S. Main St., 92882	City	48	134,136	1993	62,300	465,358	3.5

Source: California State Library Statistics 2012

California State Library statistics indicate that the County Library operating costs at El Cerrito and Home Gardens combined were $1.0 million in FY 10-11.[53] Assuming the customer base for the two libraries includes Temescal Valley, the operating costs per capita amounted to $30.25. By comparison, the City of Corona library's operating costs were $2.6 million in FY 10-11, which amounts to $16.93 per capita assuming the service area includes the city limits as well as Coronita.

Corona has proposed to serve Temescal Valley residents from the City's existing library, and to shift $0.3 million in library-related property taxes from the County to the City. Upon annexation, RCLS would be unable to reduce its library operating costs without having a negative impact on service levels for residents of the El Cerrito and Home Gardens areas. RCLS would be able to reduce its operating costs, however, if the El Cerrito and/or Home Gardens areas were to be annexed as well.

PARKS AND RECREATION

Riverside County provides park maintenance, and recreation programming services to the annexation study areas. County-maintained public parks within the unincorporated study areas are listed in Table 6-10, along with their study area location.

[53] California State Library, *California Library Statistics 2012 (2010-2011 fiscal year)*, 2012. Note that the County's total library operating costs (net of fine revenue) are reflected at 18 percent more than total branch operating costs.

Table 6-10: County-Maintained Public Parks in Study Areas

Park	Acres	Amenities
Temescal Canyon		
Montecito	6	Ballfields, Tot-lot
Coral Canyon Park	9	Ballfields, Tot-lot
Deleo Sports Park	25	Ballfields, splash park, skateboard park, dog park, children's play area
El Cerrito		
El Cerrito Sports Park	21	Ballfields, tennis courts, tot-lots
Home Gardens		
Home Gardens Community Center	NP	Basketball court, tot-lot

The County standard for the provision of parkland in the unincorporated areas is three acres of local parkland per 1,000 residents. Actual developed parkland in the Temescal Valley area amounts to 2.4 acres per 1,000 residents. Although the area does not meet the County's standard, it should be noted that there are private parks and recreational amenities within the various communities, including golf courses, swimming and hiking trails. Within the El Cerrito annexation area, there is a 21-acre El Cerrito Sports Park; parkland amounts to 4.0 acres per 1,000 residents. In Home Gardens, there is a community center. There are no public parks in Coronita. There is no County-maintained open space within the study areas; however, the County operates nearby recreation areas. The Cleveland National Forest forms the western boundary of Temescal Valley and encompasses most of the eastern slope of the Santa Ana Mountains; this area is characterized by natural open space with scattered mountainous residential uses on scattered private in-holdings, and is managed by the U.S. Department of Agriculture Forest Service.

The City of Corona's standard for the provision of parkland is also three acres of parkland per 1,000 residents. Actual developed parkland in the City limits amounts to 341 acres, or 2.2 acres per 1,000 residents, somewhat lower than the County's service level in Temescal Canyon.

The County finances park maintenance costs with CSA 152, Zone B assessments. The assessment is paid by new development that followed creation of this zone in 2001, and amounted to $250-$296 per housing unit in FY 13-14. The Zone had a fund balance of approximately $3.3 million at the end of FY 12-13 available for park financing, with annual revenues of $0.5 million.

Both the City and the County have park fee ordinances in conformance with the State's Quimby Act (Government Code §66477), requiring new development to dedicate a minimum of three acres of parkland per 1,000 residents, or payment of in-lieu fees. The County's in-lieu fee is calculated based on the fair market value of land and varies depending on the density of the development. The County reported that a typical subdivision in Temescal Valley (within CSA 152 B) would pay $2,168-$2,608 per unit in in-lieu fees. The City of Corona's in-lieu fee is approximately $12,708 per housing unit for local parkland, in addition to $7,625 for parkland and open space.[54] Commercial and industrial development pays only for parkland and open space.

RECREATION SERVICES

Recreation programs and facilities offered by the County include ballfields, a mobile recreation center, and movies in the park. Recreation services are funded by CSA 134; the CSA's assessment

[54] City of Corona, *City of Corona Development Impact Fees*, 2011.

revenue of $1.0 million in FY 11-12 finances both landscaping and recreation services. The City has proposed that the CSA 134 assessment continue and be transferred to the City upon annexation. Private communities within the Temescal Valley annexation area offer recreation amenities to their residents.

Recreation programs offered by the City of Corona are varied and accessible on a fee basis. Recreation program fees vary by sport or length of class. As the City charges a non-resident premium on certain recreation fees, annexation would reduce the fees paid by annexation study area residents who had been attending City recreation activities prior to annexation. Those residents who presently patronize County recreation activities would pay higher fees after annexation, although a direct and complete comparison was infeasible due to the large volume of different recreation activities and differences between the City and County in the nature, duration and frequency of specific recreation activity offerings.

PUBLIC WORKS

Public works services include street maintenance, traffic control, street sweeping, and stormwater quality programs.

ROAD MAINTENANCE

Road-related services provided by the Riverside County Transportation Department to public roadways in the annexation study areas include signal maintenance, pavement and sidewalk inspections and repairs, pothole repair, biweekly street sweeping, tree trimming, graffiti abatement and sign operation and maintenance. Street lighting maintenance is provided through LLMD 89-1.

Road-related services provided by the County in the study areas are limited to those roads that have been accepted by the County into its road system. Roads that have not been accepted into the County road system typically do not meet design criteria established by the County. Roads not meeting County criteria include roads within gated communities, and other recently-developed unincorporated areas that are directly maintained via a private homeowners association or community management company, and not by the County. Gated communities with private roads are located in the Temescal Valley study area, and include The Retreat (northern Temescal Valley) and the southern portion of the Trilogy subdivision. In addition, there are roads in Sycamore Glen and Glen Ivy that have been dedicated for public use but have not yet been improved to County standards. Such roads that are not maintained by the County are depicted on Map 6-2.

The City of Corona directly maintains all non-highway (arterial, collector, local and residential) publicly-maintained roadways within the City. The City does not provide road maintenance to private roadways and related facilities.[55] Road-related services provided by the City of Corona to approximately 352 centerline miles of roadway in the City include sidewalk and pothole repair, road maintenance and annual pavement inspections, routine traffic signal maintenance, sign installation and maintenance, traffic markings and striping, and street sweeping.

[55] Maintenance of private roadways is the responsibility of the relevant homeowners association or private road owner(s).

0 1,500 3,000 6,000 Feet

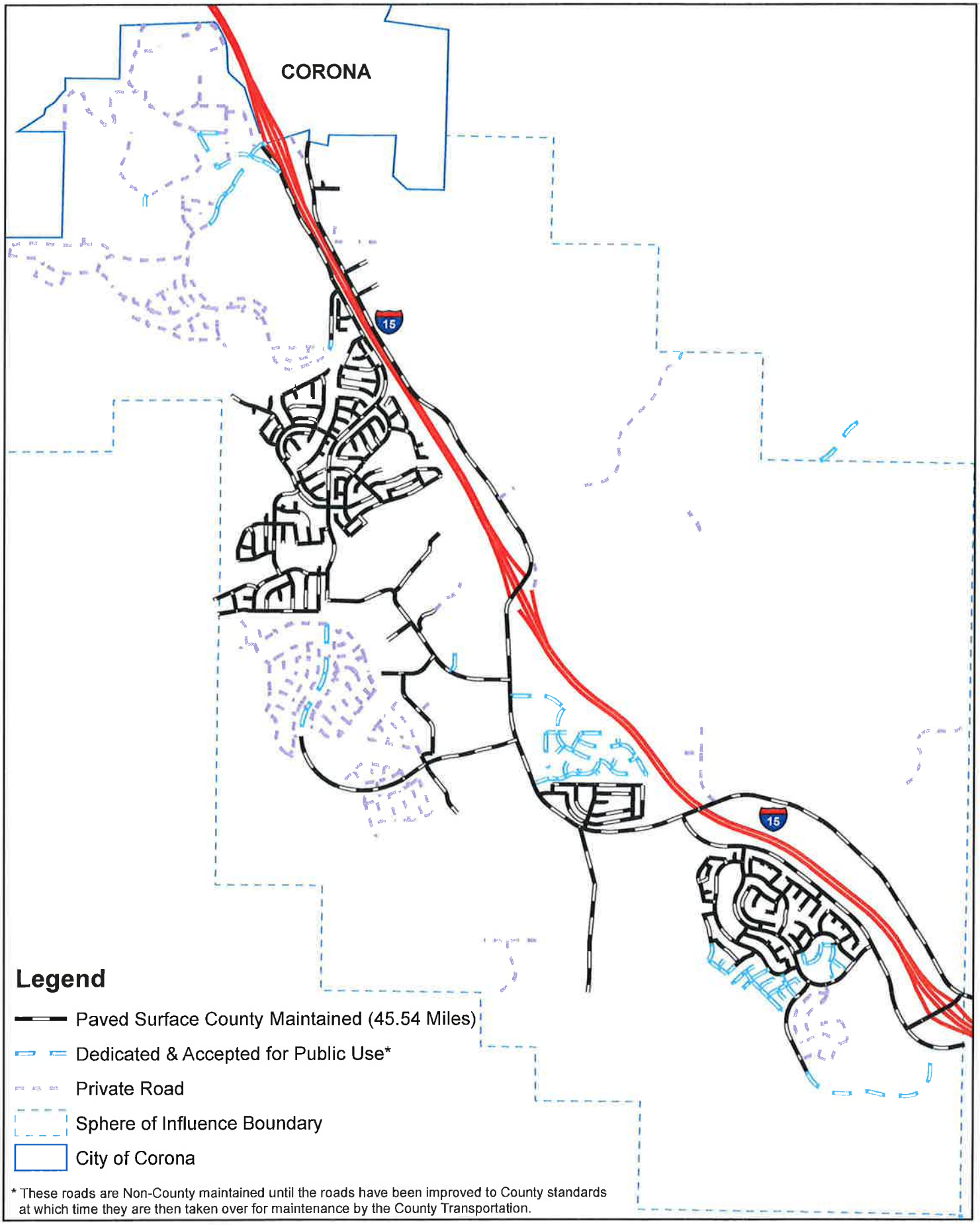
1 inch = 3,000 feet
Orthophotos Flown 2011

Temescal Canyon Centerlines

The County of Riverside assumes no warranty or legal responsibility for the information contained on this map. Data and information represented on this map is subject to updates, modifications and may not be complete or appropriate for all purposes. County GIS and other sources should be queried for the most current information. Do not copy or resell this map.

Printed by bhahn on 2/29/2012

N



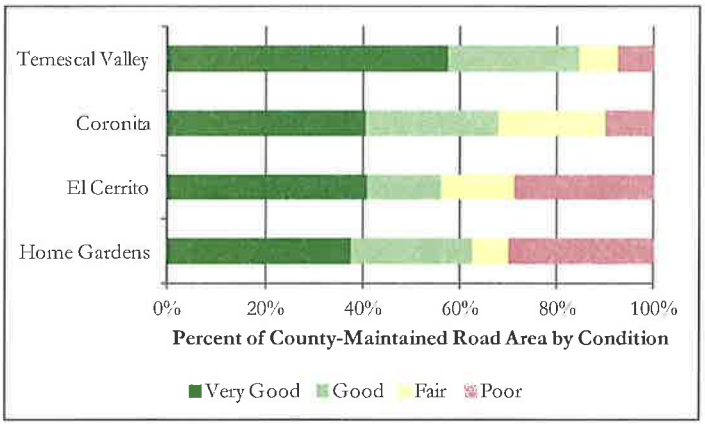
* These roads are Non-County maintained until the roads have been improved to County standards at which time they are then taken over for maintenance by the County Transportation.

Roadway Features

Within the Temescal Valley study area, there are 39.65 miles of County-maintained roads. I-15 is an interstate; local government is not responsible for interstate maintenance. Temescal Canyon Road is classified as a major collector roadway. Most of the public roads in the area are classified simply as local roads. There are 11 traffic signals in the study area. Within the other annexation study areas, there are 8.1 centerline miles in Coronita (responsibility shared with City on 0.4 miles), 16.3 miles in El Cerrito (1.4 miles shared), and 20.5 in Home Gardens (0.6 miles shared).[56]

The condition of street pavement is evaluated by local agencies using a composite index called the Pavement Condition Index (PCI). Each segment of pavement is rated for distress (i.e., cracks and potholes) and the extent and severity of distress is given a condition rating from 0 to 100. The PCI reflects the weighted average condition of all road segments for which an agency bears maintenance responsibility. A PCI of 75 or more is considered to be very good condition, PCI of 60-74 is good condition, PCI of 45-59 is fair condition, and PCI below 45 is poor condition.

Figure 6-11: Road Area by Condition, 2013



Most of the roads in the study area are relatively new and in good condition. County-maintained roads within the Temescal Valley study area are in the good to very good range, with local roads tending to be in slightly better condition than major roads. The weighted average PCI in Temescal Valley is 73. By comparison, the average PCI is 70 in Coronita, 67 in El Cerrito, and 57 in Home Gardens. The City of Corona's policy is to achieve an average PCI of 70; its average PCI is 75.

Service Levels

Table 6-12: Street Service Levels

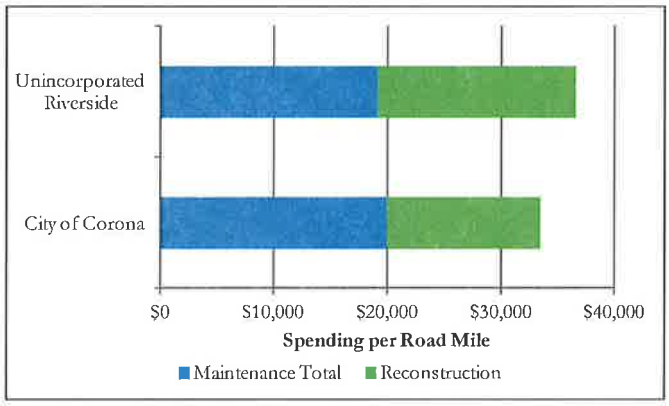
Service	Riverside County	City of Corona
Pavement conditions	monitored/database	monitored/software
Capital improvement plan horizon	7-year projections for street improvements	5-year projections for street improvements
CIP update frequency	Annual	Annual
Slurry seal frequency	every 7-10 years	every 7-10 years
Street Sweeping	Biweekly	Biweekly-residential Weekly-major arterials

The County and the City offer comparable service levels for street services. Both monitor pavement conditions with modern computer tools, and make mid-range plans for spending and investments in the roadways they maintain.

County and City street maintenance spending levels per road mile were compared for FY 11-12 (the latest year of comparable data available).

[56] Data on centerline miles of County-maintained roads were provided by the Riverside County Surveyor's office.

Figure 6-13: Street Spending per Road Mile, FY 11-12



The City of Corona spent $19,980 per road mile on street maintenance, and $13,500 on street reconstruction in FY 11-12.[57]

By comparison, the County spent $36,531 on street maintenance and reconstruction per road mile (including both urban and rural roads) on average in FY 11-12. Of this amount, $19,073 per mile was spent on road maintenance, and $17,458 on street reconstruction.[58] The County maintains both urban and rural roads; spending on urban roads, such as those in the annexation areas is generally higher because traffic volume and associated wear and tear is roughly twice as high on urban roads than on rural roads.

Generally counties receive substantially more generous gas tax allocations to finance street maintenance services. Riverside County received $18,769 in gas tax per road mile in FY 11-12 compared with $11,965 in Corona. Like most cities, Corona relied on general fund revenues and assessments to supplement its available transportation financial resources.

Cost Analysis

The County spent an average of $53,317 per road mile in the unincorporated areas as a whole in FY 11-12, of which $36,531 was for street maintenance and reconstruction and $16,787 for new construction. The spending level was calculated as the product of the total budget for the County's Transportation fund in the particular year and the proportion of street spending that the County had reported to the State Controller to be associated with maintenance and reconstruction (68.5 percent) as opposed to new construction and right-of-way acquisition; new construction was excluded due to a lack of comparability (i.e., developer fees and contributions).

For the Temescal Valley annexation area, the County reported that it spent $2.8 million on discretionary street maintenance projects within the last three fiscal years, in addition to $7.7 million on the Indian Truck Trail interchange. This amounts to $3.5 million annually on average, or $87,852 per road mile. Major projects completed in this time include resurfacing on Knabe Road and Pats Point Drive, widening of the Indian Truck Trail interchange ramps, construction of signals at the Indian Truck Trail interchange, and slurry sealing in the Wildrose area.

For the Temescal Valley area, the fiscal impact was assumed to be comparable to the benchmark of $36,531 per road mile in the unincorporated areas as a whole. For other annexation areas, the impact was assumed to be $36,531 per road mile.

[57] City of Corona and Riverside County Annual Road Reports to the California State Controller's Office, FY 11-12; California Department of Transportation, *2011 California Public Road Data*, October 2012. Street maintenance expenditures include patching, overlay, sealing, storm damage, and traffic signal maintenance; maintenance excludes expenditures for new street construction, street reconstruction and right of way acquisition. This analysis excludes spending on new street construction and purchase of rights-of-way so that comparisons could be drawn without reflecting the extent of growth in each respective jurisdiction.

[58] Undistributed engineering and administrative costs reported by each of the agencies was allocated proportionally to the reported cost activity.

BUILDING AND DEVELOPMENT SERVICES

The County presently provides building inspection, permit review and plan check services for new development and property rehabilitation projects in the annexation study areas. The demand for these services is largely dependent on the volume of new construction and development plans. As the County was determined to have financed these services entirely from building permit charges and plan check fees in the Riverside LAFCO incorporation studies, the AFA determined that it would be reasonable to exclude both revenue and cost impacts associated with building services from the fiscal impacts analysis.

DISTRICT SERVICES

Street lighting, street sweeping, and financing of other services are provided by various County-dependent districts to the annexation areas. For its proposed annexation of Temescal Valley, the City of Corona has proposed to detach territory from the respective County-dependent districts and to transfer associated revenues and responsibilities to the City.

Table 6-14: County-Dependent Districts Serving Annexation Areas

District	Area(s)	Boundary Acres	Services provided	Revenue FY 13-14	Financing Source(s) [1]
CSA 1	Coronita (part)	NP	Street Lighting	$4,947	
CSA 21	Coronita (part)	21	Street Lighting	$12,247	property tax
CSA 30	Home Gardens	119	Street Lighting	$0	property tax transfer to LLMD
CSA 52	Home Gardens	623	Street Lighting	$0	property tax transfer to LLMD
CSA 134	Temescal Valley	3,038	Street Lighting, Landscaping Sheriff & Parks for new growth	$1,067,992	residential: $29-$689 assessment commercial: up to $2,076
CSA 135	El Cerrito	207	Street Lighting	$17,845	$6.52 to $68.08 parcel fee
CSA 152	All	Countywide	Street Sweeping Drainage Basin (new growth)	$2,961,000	$40-70 assessment $38-43 assessment
CSA 152B	Temescal Valley, El Cerrito	25	Regional sports facility	$509,961	$250-296 assessment (new growth)
LLMD 87-1	Temescal Valley	NP	Street Lighting (Zones 10, 16, 21, 42, 43, 47, 135, 152, 168)		$150-400 annual fee (per housing unit - varies by zone)

Sources: Riverside LAFCO (MSR on CSAs in Western Riverside, 2005), Riverside County (Recommended Budget FY 13-14); Riverside County EDA.

Note: (1) Assessments for CSA 134, CSA 152 and CSA 152 B are established for each tract based on its unique needs and amenities (such as number of street lights, extent of landscaping, and extent of drainage basins). Assessments increase annually with inflation, and are tied to specific services detailed in the respective Engineer's Report.

Stormwater Quality

The County provides inspection and clean-up of storm drains and debris basins in the annexation study areas to remove spills, accumulated sediment and vegetation.[59] In addition, the Department is responsible for conducting planning and meeting increasingly stringent regulatory requirements for stormwater reporting and management. Upon annexation, the County Flood Control District (FCD) would retain responsibility for regional flood control and local drainage infrastructure that meets FCD standards and has been accepted into the FCD system.[60] The City

[59] The County is generally not responsible for cleaning storm drains in gated communities, although the County FCD does maintain storm drains in gated communities that have been turned over to the District. Otherwise, underground drains in residential areas are inspected by the County every seven years, and drains in commercial areas inspected every 1-3 years. Drain clean-up is performed as-needed.

[60] Flood control infrastructure under construction by private developers to be transferred to the County will become the responsibility of the City until such time that it is accepted by the County for maintenance.

would be responsible for inspecting and cleaning drains, and meeting regulatory requirements for management planning.

Stormwater fees are charged to property owners to pay for draining water runoff, which occurs when homes, patios, driveways or other structures prohibit water from seeping into the ground.

The County's street sweeping parcel fee is $40-70 per lot annually, and the CSA 152 drainage assessments of $38-43 per parcel. By comparison, the City finances stormwater services through CSA 152 assessments, and its general, water reclamation and electric utility funds.

Street Lighting

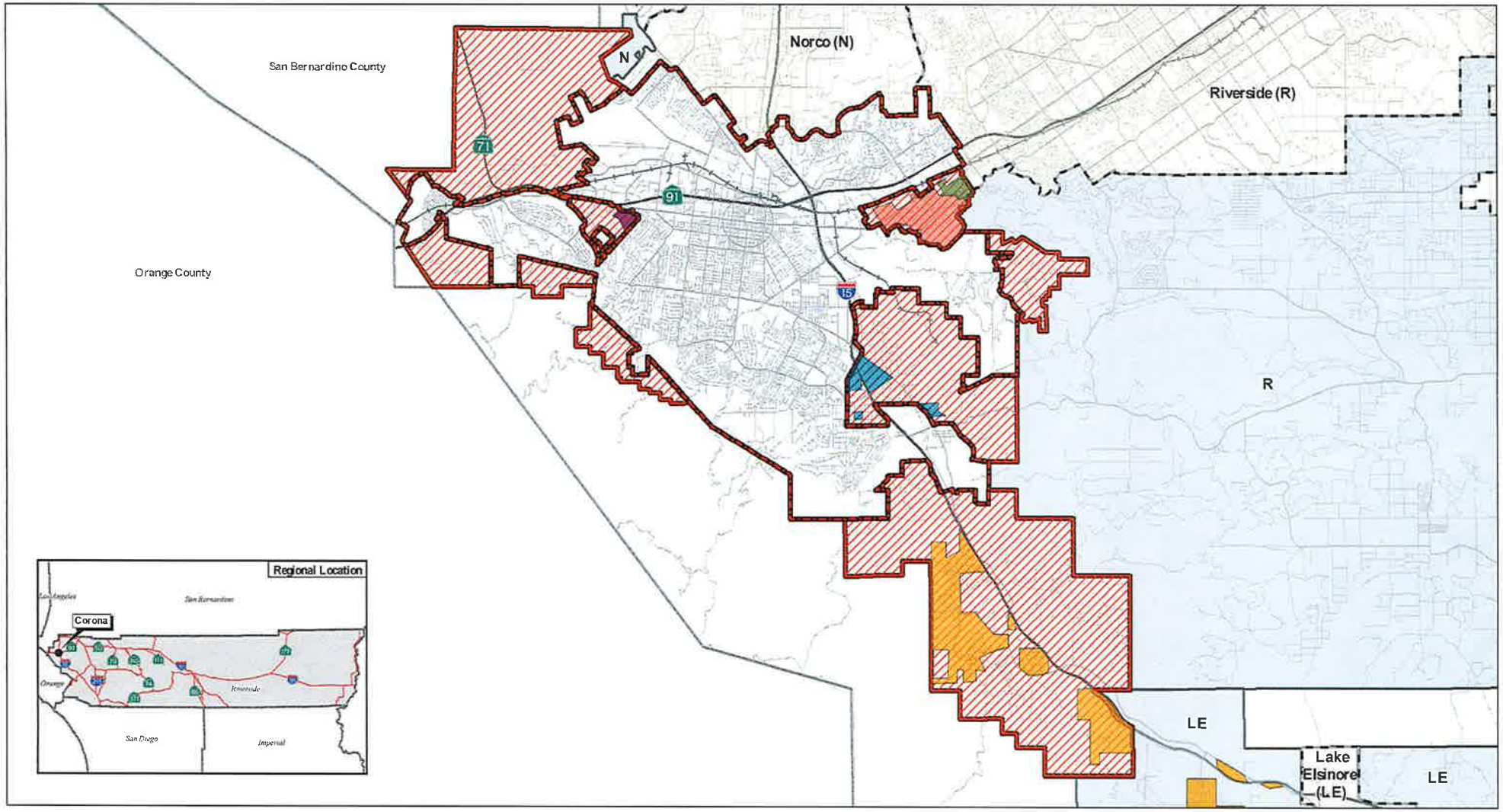
The County provides funding for street lighting services to the annexation study areas with public roads. Lighting services and energy costs are funded by assessments paid by property owners in the study areas and allocated to Lighting and Landscape Maintenance District No. 87-1 and CSA 134.

Southern California Edison is the direct service provider within the annexation areas as well as the existing city limits; the County and the City pay Southern California Edison for utility costs and lighting services.

The AFA does not explicitly model the fiscal effects of annexation on City street lighting funds, as assessment revenue is assumed to cover associated Southern California Edison costs. Upon annexation, the County street lighting assessments would be transferred to the control of the City. The annexation study areas would be detached from LLMD 87-1, and the City would finance street lighting services from assessments upon annexation.

Landscape Maintenance

Landscape maintenance performed within the study areas in unincorporated Riverside County occurs through zones of Landscape and Lighting Districts 87-1, administered by the County EDA. Benefiting properties pay an assessment through their property tax bill to maintain and service the landscaping and appurtenant improvements within the District. Maintenance costs within each zone are proportionately spread among all benefiting properties within the zone based on either acreage or number of parcels, with each property being assessed only for the cost of the improvements from which direct ("special") benefit is received. Costs associated with improvements determined to be of "general benefit" (benefitting surrounding properties or the public at large) must be funded from other revenue sources, and are excluded from the "special benefit" assessment. The District provide and ensure the continued maintenance, administration, and operation of improvements located within the public rights-of-way and dedicated landscape easements associated with various tracts and individual parcels within the Districts.



LSA

FIGURE 1.2

* CSAs are generalized by area. Detail maps for each CSA can be found in Exhibit A.

0 5,000 10,000
FEET

Legend

- City of Corona SOI
- City of Corona Limits
- County Boundary
- Surrounding City SOI
- Surrounding City Limits

General Locations of CSAs

- 21
- 30
- 52
- 134
- 135

SOURCE: City of Corona, City of Norco, City of Riverside, City of Lake Elsinore, TBM (2004)
I:\RLA430\gis\Corona_CSA.mxd (3/22/05)

Riverside LAFCO Municipal Service Reviews
County Service Areas Proximate to City of Corona

SOLID WASTE

Solid Waste Collection

Solid waste collection in the study areas is provided weekly by Waste Management to residents of single-family homes and apartments with four or fewer units, and to businesses. Eight percent of WMI revenues in the annexation study areas (net of tipping fees) is paid to the County as franchise fees. The County's solid waste enterprise is funded by service charges and fees. Fiscal impacts on the enterprise are not modeled in the AFA, as revenue impacts are expected to be offset by comparable expenditure impacts.

Table 6-15: Solid Waste Service Comparison

Service	Annexation Areas	City of Corona
Residential Service		
Hauler arrangement	Exclusive franchise	Exclusive franchise
Hauler	Waste Management, Inc.	Waste Management, Inc.
Franchise Fee	8% of charges (net tipping)	10% of charges (net tipping)
Monthly Rate Regular	$20.89	$19.46
Monthly Rate Seniors	$17.79	$18.53
Collection Frequency		
Refuse	Weekly	Weekly
Recycling	Biweekly	Weekly
Commercial Service		
Hauler	Waste Management, Inc.	Waste Management, Inc.

The City has an exclusive franchise with WMI for solid waste collection both for residential and commercial service. The City bills most of its solid waste customers directly through the City's water bill, specifically those within its water service area; WMI bills customers outside the City's water service area. Since the City does not propose to provide water service to Temescal Valley, the area would pay the solid waste rates charged by WMI.

Green waste service is not provided in Temescal Valley, because residents voiced opposition to green waste service due to associated fees. By comparison, the City offers green waste service.

Landfill

The El Sobrante landfill is located to the east of the Temescal Valley annexation area. The landfill is owned and operated by WMI, and Riverside County Waste Management Department operates the associated scale house, implements a load check program, and acts as lead agency for CEQA analysis of landfill-related projects.

Nine landfill-related parcels are located within the proposed annexation area boundaries. These parcels are owned by WMI and contain landfill-related access roads and habitat conservation. Both WMI and Riverside County Waste Management Department have recommended these parcels be excluded from the annexation area boundaries to avoid dividing the disposal facility among multiple jurisdictions out of concern that that would result in a burdensome and costly permitting and entitlement process for future landfill-related projects.[61]

[61] Correspondence from WMI Director of Landfill Operations to Riverside LAFCO Executive Officer, June 28, 2013.

REDEVELOPMENT

Riverside County formerly operated a redevelopment agency (RDA) with redevelopment areas in the Temescal Valley, El Cerrito and Home Gardens annexation areas. In 2011, the State dissolved redevelopment agencies; successor agencies are responsible for continuing to make debt payments. The County RDA financed a number of capital projects in the annexation areas:

- Deleo Regional Sports Park in the Temescal Valley annexation area was financed primarily by the County RDA at a cost of $9.6 million. The RDA successor agency owns the park land, although it has proposed transferring the land to the County.
- Temescal Canyon Road widening was financed by the County RDA at a cost of $0.8 million for design costs.
- El Cerrito Sports Park was constructed in 2010 at a cost of $13.5 million.
- The Home Gardens Fire Station was completed in 2005 with the assistance of $2 million in RDA funding.
- The Home Gardens Library and Community Center were completed in 2006 with $4 million in RDA funding; redevelopment financed subsequent expansion of the Community Center.
- In Home Gardens, the RDA financed $5.5 million in street, storm drain and landscaping improvements.

Table 6-16: Redevelopment Debt Associated with Annexation Areas

Project	Annexation Area	Cost ($M)	Tax Allocation Bond Issue	Maturity Date	Outstanding Debt
Deleo Regional Sports Park	Temescal Valley	$9.6	2006 Series B	FY 2036-37	$33.3
Temescal Canyon Rd. Widening	Temescal Valley	$0.8	2006 Series B	FY 2036-37	$33.3
El Cerrito Sports Park	El Cerrito	$13.5	2006 Series B	FY 2036-37	$33.3
Home Gardens Fire Station	Home Gardens	$2.0	2004 Series	FY 2036-37	$38.4
Home Gardens Library & Community Center	Home Gardens	$4.0	2005 Series	2034	$15.5
Home Gardens Streets and Landscaping	Home Gardens	$5.5	1997 & 2001		

Sources: Riverside County RDA, Annual Audit Report for Period Ended January 31, 2012; Continuing Disclosure Tables for the Riverside County Public Financing Authority Tax Allocation Bonds Series 2004, Series 2005 and Series 2006-B; Riverside County CEO.

The RDA-funded capital projects were financed with tax allocation revenue bonds that are secured by property tax increment revenues generated both within and outside the annexation areas. The RDA's long-term debts were transferred to the County's successor agency, and remain enforceable obligations. Given protections for bondholders in the CKH Act (Government Code §56121), the associated revenues, assets and debt obligations are assumed to remain with the County's successor agency until the debts have been repaid.

SUMMARY

Table 6-17: Annexation Impacts on County Costs, FY 11-12

	Temescal Valley	Coronita	El Cerrito	Home Gardens
Total Affected Expenditures	**2,285,030**	**852,944**	**1,671,610**	**5,266,985**
County General Fund	2,285,030	852,944	1,451,585	4,482,828
Sheriff Patrol NCC	1,587,701	572,359	978,989	2,535,576
Animal Services (net charges)	57,305	7,641	14,993	29,622
Code Enforcement (net grants, charges)	250,620	66,839	131,143	259,099
Planning (net county cost)	89,404	16,089	26,460	68,532
Fire Department	300,000	190,016	300,000	1,590,000
County Library	0	0	220,025	784,156

FISCAL IMPACT ON COUNTY

TEMESCAL VALLEY

Annexation would have a negative fiscal impact of approximately $2.3 million on the County general fund, a negative impact of $0.3 million on the County Library, and a positive fiscal impact of approximately $1.1 million on the County road fund in FY 11-12. These estimated impacts do not reflect the fiscal mitigation payment to be made by the City to the County in order to offset negative impacts on the County's general and library funds.

Table 6-18: Comparison of Estimates of Fiscal Impact on County

	County Fiscal Impact Analysis			Corona (Hoffman)
County Fund	FY 11-12	FY 12-13	FY 13-14	Estimate
General Fund				
Net Impact	-$2,261,704	-$2,269,199	-$2,580,188	$375,689
Revenues	-$4,546,734	-$4,599,330	-$4,826,551	-$3,578,154
Costs	-$2,285,030	-$2,330,131	-$2,246,363	-$3,953,843
Library				
Net Impact	-$337,352	-$355,180	-$354,679	-$8,410
Revenues	-$337,352	-$355,180	-$354,679	-$381,998
Costs	$0	$0	$0	-$373,588
Transportation				
Net Impact	$1,095,934	$930,792	$1,288,235	-$114,244
Revenues	-$352,505	-$329,946	-$345,299	-$330,579
Costs	-$1,448,439	-$1,260,738	-$1,633,534	-$216,335

The City's analysis calculated a different fiscal impact on the County general fund, as shown in Table 6-18. The City found that annexation would have a $0.4 million positive impact on the County general fund (excluding RCFD impacts), a nearly neutral impact on County Library, and a $0.1 million negative impact on the County Transportation Fund in FY 12-13.

The primary differences between the City and County estimates relate to law enforcement costs, County Fire impacts, County Library cost impacts, and County Transportation costs.

The County's fiscal analysis estimated law enforcement cost impacts based on a case study approach for service in Temescal Valley; whereas, the City's analysis estimated cost impacts using a per capita approach that assumes that service needs in Temescal Valley are representative of the unincorporated areas as a whole. This difference amounts to $1.8 million. The County estimates its

annexation-related law enforcement cost savings would have been $1.7 million (in FY 12-13 dollars); whereas, the City estimated the County would save $3.5 million.

The City's analysis of revenue impacts on the County's general fund did not include fiscal impacts to County Fire. The County general fund supports 65-70 percent of fire-related costs in unincorporated areas; for that reason, the County's analysis includes fire impacts under the general fund. The County's analysis found that annexation would have a net impact of $1.1 million on County Fire; associated property tax revenues would shift to the City but the County could shed only $0.3 million in contract costs without reducing service levels in Horsethief Canyon. The City reported that it lacked the data to analyze fire cost impacts on the County.

The City's analysis of fiscal impacts on the County general fund included negative impacts that the County's analysis considered to be overstated. The City's analysis reported a higher revenue impact for animal licenses and charges than did the County for animal licenses (a net $0.2 million difference). The City reported a greater impact on general property taxes ($0.1 million difference). The City's analysis included annexation-related revenue impacts on federal in-lieu taxes, interest earnings, rents, and miscellaneous revenues; the County's analysis found these revenues would be largely unaffected ($0.1 million difference). The City's analysis did not include cost impacts related to Animal Services, whereas the County's analysis included those impacts ($0.1 million difference).

The City's analysis estimated that the County Library would shed $0.4 million in library costs after annexation. This was calculated using a per capita methodology assumes that assumes that 1) Temescal Valley residents rely on County Library services to the same degree as residents of the County Library service area as a whole, and 2) that County Library could proportionately reduce its budget after annexation to effectively provide library services to the remaining service area. The City's assumptions are not mirrored in its analysis of annexation fiscal impacts on the City; the City's report assumed that the City is already serving Temescal Valley and that after annexation the City would not spend additional funds on library services for Temescal Valley.

For Transportation Fund impacts, the City estimated the cost impacts on the County based on a per capita methodology that assumes that street-related spending in Temescal Valley is proportional to per capita spending elsewhere in the County. By contrast, the County's analysis focuses on the County's average spending per County-maintained road mile for purposes of maintenance and reconstruction.

Fiscal Mitigation Payment

When an annexation proposal will potentially cause a significant negative fiscal impact upon another jurisdiction, the annexing agency is required to discuss fiscal mitigation with the affected jurisdiction, as discussed in Chapter 2.

This report found that the proposed annexation would have a significant $2.6 million negative impact on the County's General Fund, Fire Department and County Library. Although annexation would have a positive impact on the County Transportation fund, those funds are required to be used for road-related purposes and may not be used by the County to offset negative impacts on the County's General Fund, Fire Department and County Library.

Flexibility in negotiations affords the opportunity for the County and City to consider terms other than those LAFCO would impose. For example, tax sharing could be accomplished through a combination of property and sales tax so that both parties could reduce the risk of being overly reliant on one or the other revenue stream. Recent financial events have demonstrated the differences in timing of economic cycles on the two revenue streams. The disadvantage of the City-

County negotiation process is that the parties may fail to reach agreement. Even if the public favors annexation, it cannot be forced upon the County if it would harm the County financially.

Future Growth

When the fiscal impact is based on a recessionary year, revenues will tend to relatively low while expenditure levels tend to be sustained (financed through reserves); that would tend to reduce the fiscal impact and the associated mitigation payment. As shown in Table 8-3, the estimated fiscal impact is $2.9 million in FY 13-14 due to this effect. Flexibility in negotiations would give both the County and the City an opportunity to consider a longer planning period than just a single year, and perhaps a better chance of reaching a fair agreement.

In the long-term, substantial growth is projected in the Temescal Valley annexation area. The County-approved Serrano specific plan has capacity for 6.8 million square feet of commercial development, the County's fiscal impact analysis of Serrano estimated the project would have a $0.7 million positive impact on the County general fund.[62] The Toscana specific plan has capacity for 1,364 housing units; residential growth is also expected in Sycamore Creek.

The City's analysis estimated the fiscal impacts on the County associated with future growth in the annexation area. The City's analysis estimated a negative $2.2 million impact on the County general fund related to future growth in the annexation area. The City's analysis included a $1.7 million negative impact on property taxes in lieu of vehicle license fees; however, this County revenue stream would be unaffected by annexation. The City's analysis included a $3.8 million impact on law enforcement costs (or $301 per capita);[63] the County considers that impact to be overstated by $2.3 million (consistent with the methodology discussed in the law enforcement section of this chapter). On net, the fiscal impact on the County associated with future growth amounts to at least $2.9 million (in addition to the impact of annexation on existing development).

CORONA SPHERE AREAS

While annexing Temescal Valley to the City would have a negative $2.6 million financial impact on the County General, Fire and Library funds combined, annexation of all of the Corona sphere areas combined would have a positive $2.2 million financial impact on the County. Annexation of Coronita would have a modest negative impact on the County. By comparison, annexation of El Cerrito would have a positive $1.1 million impact on the County and annexation of Home Gardens would have a positive $4.0 million impact on the County.

Table 6-19: Net Fiscal Impact on County by Annexation Area, FY 11-12

	Temescal Valley	Coronita	El Cerrito	Home Gardens
Net Fiscal Impact	-2,607,807	-249,396	1,107,900	3,956,481
County General Fund	-2,270,455	-223,294	906,173	3,231,281
County Library	-337,352	-26,102	201,727	725,200

[62] Stanley R. Hoffman Associates, Inc., *Serrano Specific Plan Fiscal Impact Analysis, County of Riverside*, Jan. 3, 2006, Table 1.

[63] The City's analysis estimated an addition 7,210 residents and 10,958 jobs associated with future growth in the annexation area; this amounts to an additional 24-hour population (additive method) of 12,689.

FISCAL IMPACT ON CITY

Annexation could have a positive fiscal impact on the City once future growth materializes.

GENERAL FUND

The City found that annexation of Temescal Valley would have an inconsequential fiscal impact on the City general fund in the short-term and a $2.6 million positive impact (in FY 12-13 dollars) once growth materializes.

Table 6-20: Fiscal Impact on City General Fund before Fiscal Mitigation, FY 12-13

	Existing Develop-ment	Future Growth	Total
General Fund			
Revenues	$6,034,193	$7,907,866	$13,942,059
Property tax	$2,841,107	$2,204,004	$5,045,111
Property tax in lieu of VLF	$0	$1,338,152	$1,338,152
Sales and use taxes	$1,554,041	$2,903,540	$4,457,581
Business license taxes	$38,317	$249,929	$288,246
Other taxes	$225,699	$126,026	$351,725
Licenses and permits	$420,682	$313,486	$734,168
Fines & forfeitures	$119,100	$92,129	$211,229
Intergovernmental	$27,239	$12,618	$39,857
Other sources	$808,007	$667,983	$1,475,990
Costs	$5,989,914	$5,350,795	$11,340,709
Police	$2,500,000	$2,312,359	$4,812,359
Fire	$2,165,024	$1,400,000	$3,565,024
Public Works	$726,085	$561,659	$1,287,744
Community Development	$122,873	$95,048	$217,921
Library	$0	$96,902	$96,902
Parks & Recreation	$0	$391,746	$391,746
General Government	$453,949	$405,513	$859,462
Other	$21,983	$87,567	$109,550
Net Fiscal Impact	$44,279	$2,557,071	$2,601,350

Source: Stanley R. Hoffman Associates, Inc., *Temescal Canyon Annexation Area Fiscal Impact Analysis*, 2013.

The City's analysis should be considered approximate for several reasons:

1) It does not factor in fiscal mitigation payments to the County,
2) It contains an immediate impact on interest earnings even though no fund balances would transfer from the County,
3) The analysis posts revenue impacts associated with recreation in Temescal Valley, but does not post associated expenditures. The study explains that the City is currently providing park, recreation and community services to the Temescal Canyon annexation area.[64]

The fiscal impact on the City could improve by about $1.7 million if proposed legislation (SB 56) should be passed by the Legislature; this bill would provide for cities to receive property tax in-lieu of VLF for existing development in annexed areas.

[64] Stanley R. Hoffman Associates, Inc., *Temescal Canyon Annexation Area Fiscal Impact Analysis*, 2013, Table 3-2, Note 2.

ROAD FUNDS

Annexation of Temescal Valley would have an undetermined fiscal impact on the City's road funds.

The Temescal Valley study area would generate approximately $0.6 million in road-related revenues, according to the City's fiscal impact analysis.[65]

There would be no fiscal mitigation payment from the City to the County associated with road funds, because the County's cost savings exceed revenue losses.

Table 6-21: Fiscal Impact on Corona Road Funds

	Existing Develop-ment	Future Growth	Total
Road-Related Funds			
Revenues	$588,827	$272,756	$861,583
Operations & Maintenance			
Gas Tax	$146,436	$67,832	$214,268
Capital Funds			
Gas Tax	$146,436	$67,832	$214,268
Measure A	$295,955	$137,092	$433,047
Expenditures	NP	NP	NP
Operations & Maintenance			
Transfer to General Fund	$106,153	$49,172	$155,325
Capital Funds	NP	NP	NP
Net Impact	NP	NP	NP

Source: Stanley R. Hoffman Associates, Inc., *Temescal Canyon Annexation Area Fiscal Impact Analysis*, 2013.

[65] Stanley R. Hoffman Associates, Inc., *Temescal Canyon Annexation Area Fiscal Impact Analysis*, 2013.

7. SOURCES

DATA SOURCES

Population and Housing Units

- California Department of Finance data on housing units and population in cities and unincorporated areas as a whole
- Riverside County Assessor parcel-level data on housing units by study area
- Riverside County GIS census tract geo-coding of Census 2010 data, and geo-coding of Assessor parcel-level data
- 2010 Census of Population and Housing

Jobs

- Southern California Association of Governments, *Integrated Growth Forecast*, 2012 (estimated number of by census tract and by city)
- U.S. Bureau of Labor Statistics, Current Employment Statistics (countywide job estimates and trend)
- Dun & Bradstreet, Hoover's data on businesses in Temescal Valley, 2013

Growth Projections

- Southern California Association of Governments, *Integrated Growth Forecast*, 2012 (projected housing, population and job growth by city)
- Southern California Association of Governments, *Integrated Growth Forecast*, 2008 (projected housing, population and job growth by census tract)
- County Planning response to consultant request for information on pending, recorded and approved development activity by area
- Analysis of aerial and street-view photographs (google.com)

Housing Prices

- Riverside County Assessor parcel-level data on homes sold, 2009-2012
- Federal Housing Finance Agency (formerly Office of Federal Housing Enterprise Oversight) data on historical real housing appreciation rates

Commercial Real Estate Prices

- Riverside County Assessor parcel-level data on properties sold
- LoopNet.com data on asking prices for commercial real estate
- *National Bureau of Economic Research Working Paper 14708* (February 2009) data on historical commercial price appreciation rates

Taxable Sales

- Henderliter de Llamas
- Board of Equalization quarterly *Fund Distribution Quarterly Allocation Summary of Bradley Burns Local Tax* (taxable pool and shares)
- Board of Equalization quarterly *Taxable Sales* reports (

Subventions

- California State Controllers' Office, *Monthly Highway Users Tax Apportionments*, FY 12-13.
- U.S. Energy Information Administration, *Annual Energy Outlook 2013*.
- California Local Government Finance Almanac.

Municipal Revenue Trends and Projections

- California State Controller, *Streets and Roads Annual Report FY 09-10*, 2011.
- City of Corona, *Streets and Roads Annual Report FY 11-12,* 2012.
- City of Corona budget documents, 2013.
- Riverside County budget documents and correspondence from CEO, 2013.
- Riverside County Assessor's annual roll release reports
- Riverside County, *Streets and Roads Annual Report FY 11-12,* 2012.
- Riverside County Transportation Commission

Roadways

- City of Corona
- Riverside County Transportation Department
- CalTrans HPMS data, 2012

INTERVIEWS AND CORRESPONDENCE

Board of Equalization Local Revenue Allocation Unit: Donna Puchalski

California Department of Finance Demographic Research Unit

City of Corona Community Development Department, Joanne Coletta

City of Corona Police Department, Jim Dillon

Dun & Bradstreet: Joanne Wannamaker

Henderliter de Llamas Associates

League of California Cities: Michael Coleman

Riverside County Animal Services: Mark Sigman, Robert Miller

Riverside County Assessor: Hilda Gonzalez

Riverside County Auditor-Controller: Justina Loeun, Sharon Rucker

Riverside County CEO: Tina Grande, Denise Harden, Karen Johnson, Elizabeth Olson, Rohini Dasika

Riverside County Department of Environmental Health: John Watkins

Riverside County Fire Department: John Hawkins, Steve Curley, Diane Sinclair, Tony Mecham

Riverside County EDA: Suzanne Holland, Amber Jacobson

Riverside County Flood Control & Water Conservation District: Mark Wills

Riverside County IT: Angel Perez, Mickey Zolezio

Riverside County Parks: Scott Bangle

Riverside County Sheriff: Lee Wagner, Will Taylor

Riverside County Surveyor: Kenneth Teich

Riverside County Transportation Commission: Michele Cisneros

Riverside County TLMA: David Jones, Greg Flannery, Tracey Towner, David Mares

Riverside County Waste Management Department: Ryan Ross

Riverside LAFCO: George Spiliotis

Stanley Hoffman Associates: Stan Hoffman, Marcine Osborn

Trilogy: Kenneth Gibson

8. SUPPLEMENTAL TABLES

Table 8-1: Population and Job Projections by Area, 2010-2023

Table 8-2: Property Tax Allocation by Area, FY 11-12

Table 8-3: County Fiscal Estimates, FY 11-12 Through FY 13-14

Table 8-1: Population and Job Projections by Area, 2010-2023

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population	194,272	195,599	198,202	200,716	202,076	203,451	204,860	206,288	207,736	209,202	210,689	211,933	213,191	214,462
Existing City of Corona	152,374	153,047	154,985	156,823	157,496	158,171	158,850	159,531	160,215	160,902	161,593	162,186	162,781	163,378
1-Temescal Valley	15,586	15,913	16,246	16,586	16,934	17,289	17,368	17,448	17,528	17,609	17,690	17,760	17,831	17,902
2-Coronita	2,608	2,647	2,686	2,726	2,766	2,807	2,870	2,934	2,999	3,066	3,134	3,190	3,246	3,304
3-El Cerrito	5,151	5,191	5,231	5,271	5,312	5,353	5,449	5,548	5,648	5,750	5,854	5,939	6,027	6,115
4-Home Gardens	11,570	11,718	11,868	12,020	12,174	12,330	12,618	12,913	13,215	13,524	13,840	14,097	14,359	14,626
5-Horsethief Canyon	6,983	7,084	7,186	7,290	7,395	7,502	7,706	7,915	8,130	8,352	8,579	8,761	8,947	9,138
Housing Units	59,879	60,102	60,405	60,981	61,339	61,702	62,082	62,468	62,861	63,261	63,667	64,034	64,405	64,779
Existing City of Corona	47,174	47,182	47,267	47,620	47,751	47,883	48,015	48,148	48,281	48,414	48,548	48,732	48,918	49,104
1-Temescal Valley	5,446	5,566	5,690	5,815	5,944	6,076	6,115	6,154	6,194	6,234	6,274	6,302	6,331	6,359
2-Coronita	736	747	759	770	782	794	815	836	857	880	902	918	933	949
3-El Cerrito	1,464	1,476	1,489	1,501	1,514	1,526	1,559	1,592	1,625	1,660	1,695	1,719	1,743	1,767
4-Home Gardens	2,865	2,903	2,941	2,980	3,019	3,059	3,141	3,225	3,311	3,399	3,490	3,550	3,612	3,675
5-Horsethief Canyon	2,194	2,227	2,260	2,294	2,329	2,364	2,438	2,514	2,593	2,674	2,758	2,813	2,869	2,926
Jobs	70,522	72,206	73,513	74,844	76,346	77,883	79,400	80,948	82,528	84,141	85,788	86,925	88,080	89,252
Existing City of Corona	64,465	66,004	67,199	68,415	69,653	70,914	72,198	73,504	74,835	76,189	77,568	78,469	79,380	80,302
1-Temescal Valley	2,365	2,422	2,465	2,510	2,642	2,781	2,891	3,006	3,125	3,249	3,378	3,490	3,605	3,725
2-Coronita	555	568	578	589	619	652	679	708	738	770	802	831	860	890
3-El Cerrito	470	481	490	499	523	549	571	594	619	644	670	693	716	741
4-Home Gardens	2,131	2,182	2,222	2,262	2,318	2,376	2,430	2,486	2,543	2,601	2,660	2,715	2,770	2,827
5-Horsethief Canyon	536	549	559	569	590	613	631	650	669	689	710	728	747	767
24-Hour Population (Norm) [1]	215,120	216,634	218,533	220,069	221,622	223,194	224,736	226,298	227,879	229,479	231,099	232,934	234,792	236,673
Existing City of Corona	179,835	180,859	182,301	183,398	184,283	185,172	186,065	186,963	187,865	188,772	189,683	190,854	192,033	193,221
1-Temescal Valley	13,262	13,500	13,728	13,950	14,296	14,652	14,789	14,928	15,070	15,215	15,362	15,519	15,680	15,845
2-Coronita	2,412	2,443	2,470	2,496	2,549	2,604	2,667	2,732	2,799	2,867	2,937	3,002	3,069	3,137
3-El Cerrito	4,005	4,035	4,063	4,089	4,137	4,185	4,267	4,350	4,435	4,522	4,610	4,690	4,772	4,854
4-Home Gardens	10,300	10,418	10,523	10,620	10,755	10,891	11,110	11,334	11,564	11,798	12,037	12,260	12,487	12,719
5-Horsethief Canyon	5,306	5,378	5,448	5,516	5,602	5,690	5,838	5,989	6,145	6,305	6,469	6,608	6,751	6,896
24-Hour Population (Additive) [2]	229,533	231,702	234,958	238,138	240,249	242,393	244,560	246,762	249,000	251,273	253,583	255,396	257,231	259,088
Existing City of Corona	184,606	186,049	188,584	191,031	192,322	193,628	194,948	196,283	197,633	198,997	200,377	201,420	202,471	203,529
1-Temescal Valley	16,769	17,123	17,479	17,841	18,255	18,679	18,814	18,951	19,091	19,233	19,379	19,505	19,634	19,764
2-Coronita	2,885	2,931	2,975	3,020	3,076	3,133	3,209	3,288	3,368	3,451	3,535	3,605	3,676	3,749
3-El Cerrito	5,386	5,431	5,476	5,520	5,573	5,627	5,735	5,845	5,957	6,072	6,189	6,286	6,385	6,486
4-Home Gardens	12,636	12,809	12,979	13,151	13,333	13,517	13,833	14,156	14,486	14,824	15,170	15,454	15,744	16,040
5-Horsethief Canyon	7,251	7,358	7,465	7,574	7,690	7,808	8,021	8,240	8,465	8,696	8,934	9,125	9,321	9,521

Sources: California Department of Finance, Southern California Association of Governments, U.S. Census Bureau, Dun & Bradstreet, California Employment Development Department.

Notes: 1) The normalized method of calculating 24-hour population weights population by 2/3 and jobs by 1/3, and normalizes the totals based on the countywide ratio of jobs to population.

2) The additive method of calculating 24-hour population sums population and 50 percent of jobs; this method was used in the City's Fiscal Impact Analysis.

Table 8-2: Property Tax Allocation by Area, FY 11-12

	Temescal Valley Area				Transfer Estimates by Study Area [4]		
	Existing Share [1]	Transfer Share [2]	Existing Amt [3]	Transfer Amt	Coronita	El Cerrito	Home Gardens
Property Taxes			$22,955,495	$2,543,345	$1,659,829	$3,806,666	$5,026,419
Net of Redevelopment			21,452,642	2,543,345	1,659,829	1,163,545	3,749,101
Redevelopment Successor			1,502,854	0	0	2,643,120	1,277,318
Affected by Annexation	23.4%	11.9%	5,023,125	2,543,345	196,778	137,942	444,467
Riverside County General	15.4%	3.9%	3,306,373	826,593	63,955	44,833	144,457
Riverside County Fire	6.4%	6.4%	1,379,400	1,379,400	106,721	74,812	241,054
Riverside County Library	1.6%	1.6%	337,352	337,352	26,102	18,297	58,956
Unaffected by Annexation							
School District	41.9%	0	8,996,355	0	0	0	0
Community College	6.2%	0	1,323,199	0	0	0	0
Other Education & ERAF	21.3%	0	4,558,841	0	0	0	0
Regional Parks/Open Space	0.4%	0	81,611	0	0	0	0
Flood Control	4.8%	0	1,031,786	0	0	0	0
Water Agencies	1.8%	0	383,900	0	0	0	0
Resource Conservation	0.3%	0	53,825	0	0	0	0
Assessed Value ($1,000s)							
Geocoded Assessor SBF Gross			$ 2,536,270		$ 187,446	$ 429,889	$ 567,637
Auditor Calculation FY 11-12							
Net of RDA			$ 2,145,264		*$ 165,983*	*$ 116,355*	*$ 374,910*
Auditor Net as % of Geo SBF			84.6%				
One percent of Net			$ 21,452,642		*$ 1,659,829*	*$ 1,163,545*	*$ 3,749,101*

Sources: Riverside County Auditor-Controller: 1) Estimated Tax Transfer: Annexation for County Fire for Temescal Canyon, May 30, 2012, 2) Secured Roll for Temescal SOI TRAs, 3) Unsecured Roll for Temescal SOI TRAs, and 4) Property Tax Allocation FY 11-12, Nov. 2011; GIS Analysis of Riverside County Assessor's Secured Basic File abstract, 2012.

Notes:

(1) For the Temescal Valley area, the existing share was calculated as the average (weighted by assessed value in each TRA) across TRAs after accounting for redevelopment and ERAF. TRAs included in the analysis were: 059-011, 059-018, 059-041, 059-050, 059-051, 059-052, 059-061, 059-088, 059-089, 059-090, 059-094 through 059-099, 059-102, 059-109, 059-116 through 059-120, 059-123 through 059-128, 059-130, 059-131, 059-135, 059-136, 059-140 through 059-145, 059-151, 059-153, 059-154, 059-160, and 059-162. Additional TRAs subsequently identifed by the Assessor's office mapping section are 059-122, 059-164, and 065-031 (Correspondence from Assessor's Office Mapping Section to Riverside LAFCO, April 10, 2013); transferable shares, if any, from these additional TRAs are not reflected in the table.

(2) The transfer share is based on the 1981 Master Property Tax Trasnfer Agreement between the City of Corona and County of Riverside Relating to Annexations to the City of Corona (Board of Supervisors Resolution No. 81-83. As noted elsewhere in the report, due to otherwise unmitigated negative fiscal impacts on the County, the actual transfer of property taxes is subject to negotiation.

(3) The existing amount of property taxes generated in the Temescal Valley area is based on estimates provided by the Riverside County Auditor-Controller in 2012.

(4) For the annexation study areas, property tax transfer estimates are approximated based on the total assessed value determined to be in the respective area as reflected in Assessor Secured Basic File Abstract. Estimates assume that the Temescal Valley allocations by agency are comparable in the annexation study areas; revenues accruing to the redevelopment agency successor in the other annexation study areas were provided by the successor agency.

Table 8-3: County Fiscal Impact Estimates, FY 11-12 Through FY 13-14

	Countywide			Temescal Valley		
	FY 11-12	FY 12-13	FY 13-14	FY 11-12	FY 12-13	FY 13-14
Total General Affected Revenues	275,687,065	277,358,720	288,449,792	4,892,836	4,951,871	5,179,647
County General Fund	264,805,138	265,901,706	277,008,946	4,555,484	4,596,691	4,824,968
Property Tax						
General	178,983,963	178,466,411	185,203,202	826,593	824,203	855,315
Structural Fire	32,559,978	33,105,197	33,672,825	1,379,400	1,402,498	1,426,545
Sales & Use Tax	25,549,177	26,800,000	29,250,501	1,544,821	1,620,451	1,768,620
Other Taxes						
Documentary Transfer Tax	9,365,385	10,600,000	11,500,000	87,579	99,125	107,541
Transient Occupancy Tax	1,423,195	1,686,000	1,686,000	0	0	0
Licenses & Permits						
Franchise Fees - Electric, Gas, Solar	5,723,186	5,000,000	5,000,000	160,840	129,684	130,513
Solid Waste Franchise Fees				105,033	106,367	104,410
Cable TV Licenses	3,036,065	3,360,000	3,360,000	129,345	146,483	145,794
Business Licenses	498,598	531,180	559,121	1,851	1,972	2,076
Animal Licenses	660,325	405,430	871,000	28,132	17,273	37,107
Abandoned Property	209,307	98,280	100,000	8,917	4,187	4,260
Fines & Forfeitures						
Vehicle, Traffic, Asset Forf.	5,178,193	3,938,197	3,833,912	213,482	162,360	158,061
Code Enforcement	1,617,766	1,911,011	1,972,385	69,492	82,089	84,725
Library Revenues						
Property Tax	10,881,927	11,457,014	11,440,846	337,352	355,180	354,679
Total General Affected Expenditures	268,636,270	274,033,617	269,901,201	2,285,030	2,330,131	2,246,363
County General Fund	248,018,790	249,623,707	248,910,807	2,285,030	2,330,131	2,246,363
Sheriff Patrol NCC	76,222,945	82,045,153	76,733,084	1,587,701	1,708,976	1,598,327
Animal Services (net charges)	9,607,773	9,039,723	9,396,294	57,305	53,917	56,043
Code Enforcement (net grants, charges)	11,765,385	9,001,188	9,744,754	250,620	191,738	207,577
Planning (net county cost)	2,060,155	1,767,364	1,811,815	89,404	76,698	78,627
Fire Department	148,362,532	147,770,279	151,224,860	300,000	298,802	305,788
County Library	20,617,480	24,409,910	20,990,394	0	0	0
Net Fiscal Impact				-2,607,807	-2,621,739	-2,933,284
General & Fire Funds				-2,270,455	-2,266,559	-2,578,605
Library Fund				-337,352	-355,180	-354,679
TRANSPORTATION FUND						
Transportation Revenues						
Gas Tax	47,310,686	41,112,206	54,698,477	96,022	83,442	111,017
Measure A	4,722,699	4,538,966	4,313,923	256,483	246,505	234,283
Road Maintenance	109,495,579	95,306,221	123,487,967	1,448,439	1,260,738	1,633,534
Net Fiscal Impact				1,095,934	930,792	1,288,235