EXISTING REVENUE SOURCES

Property Tax Revenue

The County of Riverside collects property taxes for lands in the City of Desert Hot Springs annually at a rate of 1% of assessed valuation. Property tax revenues are allocated between Riverside County, the City, and a variety of other public agencies. Riverside County not only receives property tax revenue from unincorporated lands under its jurisdiction, but also receives a portion of property tax revenue generated in incorporated cities. For Desert Hot Springs, the City receives 16.6% of the 1% collected, and the County 23.1%. Other agencies receive the balance of 60.3%. This allocation has not changed since the preparation of the 2003 FIA.

Property Transfer Tax Revenue

Property transfer tax revenues will also be "lost" if developable lands are converted to conservation. The Property Transfer Tax is levied by Riverside County upon a change of ownership of property. The tax rate is $1.10 per $1,000 (or 0.11%) of the unencumbered property value. Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. If the transfer occurs within the City, the revenue is divided evenly between the County (50%) and the City (50%).

Upon the sale of a new unit, 100% of the unit's market value is subject to the property transfer tax. Upon change of ownership of an existing unit, the unencumbered value (average 80%) of the property is subject to the property transfer tax. Change in ownership is assumed to begin in the fourth year of the first phase, and 10% of existing residential properties are assumed to change ownership per year. Property values are stated in year 2011 dollars, and the same property values used in the property tax revenue evaluation, above, are used in this analysis. A resale rate of 1% is assumed for multi-family and industrial development. For new industrial buildings, it is assumed that only 10% of the property value will change ownership after the structure is built.

Sales and Use Tax Revenue

Sales tax in Riverside County is collected at a rate of 8.75% by the state of California. The City receives 1% of the 8.75% for its General Fund, and 0.5% is allocated to Measure A, for purposes of regional roadway projects.

Transient Occupancy Tax (TOT) Revenue

Only one land use designation in the Desert Hot Springs General Plan would allow the construction of a hotel or motel, which could then generate Transient Occupancy Tax (TOT). The location of the Estate Residential lands and the minimum acreage of 10 acres make it unlikely that a hotel could develop on these lands. As a result, no TOT revenues have been assumed in the analysis. This represents a reduction from the previous analysis, where Community Commercial lands were assumed to generate a single hotel.

Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2010, the City was expected to receive $2.94 per capita.

Transportation Uniform Mitigation Fee

Riverside County Ordinance 673 established a fee mitigation program for funding the engineering, construction, and purchase of right-of-way and other transportation improvements in the Coachella Valley. The program is better known as the Transportation Uniform Mitigation Fee (TUMF), and its mitigation fee is paid by developers of new projects prior to the issuance of building permits. Fee amounts are based on the trips generated by the land use, gross square footage of the new building, number of units, number of rooms, or number of parking spaces. Mitigation fees are collected by Riverside County and disbursed to CVAG, which is responsible for the management and utilization of funds for regional transportation improvement projects. TUMF revenues are a one-time, non-recurrent payment, and do not represent an ongoing revenue source. It can also be argued that if the lands proposed for conservation do not develop, they will also not generate any vehicle trips, and will therefore not impact roadway capacity.

Highway User Gas Tax Revenue

Portions of the tax levied per gallon by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. The anticipated per capita apportionment factor for Fiscal Year 2009-2010 for the City was $16.15.

Measure A Revenue

Of the 8.75% sales tax collected in Riverside County, 0.50% (or .005 cent on the dollar) is contributed to the Measure A fund. Measure A revenues are managed and disbursed by the Riverside County Transportation Commission (RCTC). Of all the Measure A revenues allocated to the Coachella Valley region, 65% is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. The remaining 35% is allocated to local jurisdictions, based on a formula that accounts for the jurisdiction's population and total taxable sales. Measure A revenues are restricted for use in funding local street maintenance, traffic signal installation, and related improvements.

The fiscal model prepared for the Major Amendment estimates potential Measure A losses by estimating anticipated sales tax revenues, using the same methodology used to project local sales tax revenues. It then extracts the 0.50% designated for Measure A. It further reduces this amount to reflect only that portion (26.9%) that is allocated to the Coachella Valley region. Of the 26.9% allocated to the region, only 35% is allocated to local jurisdictions via the Streets/Roads program. Desert Hot Springs receives 2.9% of the local allocation.

County Service Area 152 Revenue

County Service Area (CSA) 152 supports the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990. The program requires the adoption and implementation of storm water management plans, which reduce the discharge of pollutants from storm water systems into waters of the United States. Desert Hot Springs participates in CSA 152.

Under CSA 152, an annual assessment is levied on both developed and undeveloped lands. The amount assessed is based on a system of Benefit Assessment Units (BAUs). Each parcel is assigned a specific number of BAUs, based on land use, as shown in Table 4.3-1 below.

Table 4.3-1
County Service Area 152
Benefit Assessment Unit (BAU) Factors

Land Use	**BAU Assignment**
Single-Family Residential	1 BAU/dwelling unit
Multi-Family Residential	9 BAU/developed acre
Commercial/Industrial	12 BAU/developed acre
Golf Course/Private Park	0.10 BAU/developed acre
Parcels w/miscellaneous structures	0.05 BAU/developed acre
Agriculture, Dairies, Vacant and Undeveloped Parcels	0 BAU/acre

Each city has established its own BAU dollar value. To calculate the assessment for a particular property, the fiscal model multiplies the number of dwelling units or developed acres, by the number of BAUs assigned to the property, and the city's established BAU dollar rate. The BAU rate for Desert Hot Springs is $1.56.

Other City Specific Revenues

In addition to those revenue sources applicable throughout the CVMSHCP area, Desert Hot Springs receives revenues from three additional sources: the Public Safety Tax, the Utility Users Tax, and Community Facilities District (CFD) 2010-01. For purposes of this analysis, it has been assumed that both the Public Safety Tax and the Utility Users Tax will be maintained through the 20 year build-out period. These taxes do have sunsets, but have been renewed by the voters, and would be expected to be renewed again. The CFD has been assumed to be the vehicle that would replace the Landscaping and Lighting Districts previously used by the City. It has further been assumed that all future development on the lands proposed for conservation would be annexed to the CFD. Although the CFD includes a range of potential rates, this analysis assumes a cost of $400 per unit for maintenance costs, which would appear typical of a residential parcel. Single family residential units are assessed one Benefit Unit (BU) per unit; apartments are assessed 0.60 BU per unit, and industrial development is assessed 2 BU per acre.

GOVERNMENT COSTS

Investment Income

If municipal revenues are "lost" to conservation, any investment income that could be generated by these revenues will also be lost. To project potential investment earnings on new revenues, the supporting fiscal model applied the historical average interest rate of the 90-Day Treasury Bill, an average interest rate of 5.03%, which is the standard prescribed in the Riverside County "Guide to Preparing Fiscal Impact Reports."

Costs of General Government

General government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles, and other items necessary for the day-to-day functioning of city government. These items are typically funded through the General Fund. The fiscal model translates total General Fund expenditures (minus expenditures for public safety and roadway maintenance, which are calculated separately and discussed below) into a per capita factor, and applies that amount to the anticipated build-out population. The result is the estimated cost of providing general government services to future residents. As there are considerable economies of scale associated with providing general services, this analysis method, although consistent with the Guide, is extremely conservative, and overstates the likely costs to the City.

Costs of Public Safety Services

Public safety is defined for purposes of this analysis as police, fire, and ambulance services, as well as Code Compliance and Animal Control activities, which are conducted under this budget category as well. The costs of providing public safety services are calculated in the same manner as general government costs. The supporting fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated build-out population.

Costs of Roadway Maintenance

The costs associated with repairing and maintaining future paved public roads are calculated using a per road mile cost factor. The supporting fiscal model first determined the existing number of paved road miles per square mile of land area in the City. The model then identified the number of square miles of land area designated for conservation and estimates the number of potential paved road miles that could be constructed in the Conservation Area. The model then divided the City's total annual roadway maintenance costs by the number of paved road miles to determine an annual per road mile cost factor. Finally, the annual per road mile cost is applied to the number of potential paved road miles in the Conservation Area for that jurisdiction. For purposes of this analysis, it is assumed that new road development would occur as development would occur, and would be at the developers' expense. No cost would therefore result for the City.

4.3.3 Thresholds of Significance/Criteria for Determining Significance

The following thresholds are taken from the certified EIR/EIS dated September 2007 and reflect both NEPA and CEQA thresholds agreed to by all the Parties for analysis of socioeconomic and fiscal impacts. The Major Amendment and the Alternatives would have a significant effect on socioeconomic and the City's fiscal resources if it would:

a. *Cause a significant adverse socioeconomic effect on communities located within the amended planning area.*
b. *Create a substantial adverse fiscal effect on the City or local governments as a consequence of the loss of public revenues or in association with the provision of governmental infrastructure (staff and facilities) associated with implementation of the Major Amendment.*

c. *Create a substantial adverse economic effect on an important sector of the planning area's economy.*

d. *Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of road or other infrastructure).*

e. *Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.*

f. *Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.*

4.3.4 Socioeconomic Project Impacts

Proposed Action/Preferred Alternative

Socioeconomic and Fiscal Effects

The approved Recirculated EIR/EIS prepared for the Plan considered the lands in Conservation Areas in each city and on unincorporated County lands, and calculated potential costs and revenues associated with build-out of those lands according to each jurisdiction's General Plan, in current dollars. Although not a Permittee of the Plan, Desert Hot Springs was included in the analysis because the Upper Mission Creek/Big Morongo Canyon Conservation Area encompasses the portions of the Mission Creek flood control channel and Morongo Wash within the City of Desert Hot Springs. The area was designated as a Special Provisions Area to address a potential Morongo Wash flood control facility and its associated mitigation, as well as conservation for a wildlife habitat corridor.

As discussed in the introduction to this section, the overall purpose of the SEIR/SEIS is to evaluate amending the Plan to include both Desert Hot Springs and MSWD as Permittees. However, the supporting FIA focuses on public costs and revenues that would result if vacant lands identified for conservation by the CVMSHCP were instead allowed to develop in Desert Hot Springs consistent with the current General Plan land use designation. MSWD does not have decision-making authority over land use designations and no Conservation Area boundaries will change within the MSWD service area outside of Desert Hot Springs; therefore, the fiscal impact of adding MSWD as a Permittee is not considered in the following impact analysis.

Within Desert Hot Springs, a total of 6,173+ acres are currently vacant and undeveloped in the proposed Conservation Areas. Of these, 2,933+ acres are designated as Open Space. This analysis assumes that Open Space lands would remain undeveloped, and would not have potential to generate revenues associated with development. Therefore, lands designated as Open

Space are not analyzed in this fiscal analysis. The remaining 3,240+ acres are designated for residential and industrial uses in the City's General Plan, as shown in Table 4.3-2, and are the subject of the cost/revenue analyses that follow.

Table 4.3-2
Desert Hot Springs
Summary of Potentially Developable Vacant Lands[1]

Land Use	*Description*	*Acreage*	*Type*	Potential Total Units or SF at Buildout[2]
RD	Rural Desert (0-1 du//10 ac	936	DU	72
R-E-10	Residential Estates (0-1 du/10ac)	233	DU	16
RR	Rural Residential (0-1 du/5ac)	465	DU	68
R-L	Low Density Residential (0-5 du/ac)	259	DU	972
R-L/SP	Low Density Residential, Specific Plan (0-5 du)	1,167	DU	4,376
	Single-Family Residential Subtotals	**3,060**	***DU***	**5,504**
R-M	Medium Density Residential (0-8 du/ac)	16	DU	96
R-H	High Density Residential (0-14 du/ac)	47	DU	492
	Multi-Family Residential Subtotals	**63**	**DU**	**588**
	RESIDENTIAL SUBTOTALS2	**3,123**	***DU***	**6,092**
LI	Light Industrial	89	SF	1,318,124
I-L	Light Industrial	28	SF	414,692
	INDUSTRIAL SUBTOTALS	**117**	**SF**	**1,732,816**
	TOTAL	**3,240**		

Source: Coachella Valley Association of Governments, December 10, 2010.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
[3]For industrial development, assumes 34 percent lot coverage at build-out.

As shown in the preceding table, development of lands designated for residential uses would result in construction of 6,092 single and multi-family dwelling units at buildout. In Desert Hot Springs, the average household size is 2.88 persons, as described by the California Department of Finance. Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject property would be 17,545.

Property Tax Revenue

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the supporting fiscal model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. All property values are stated in year 2011 dollars. The value of new single-family residential units is based on the 2nd quarter 2010 median new home prices provided in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Desert Hot Springs is $207,000. The median value of new multi-family residences is assumed to be $98,490 per unit, which represents standard valuation of new multi-family residential development in Desert Hot Springs between July 2008 and March 2010. The value of new industrial development is assumed to be $60 per square foot.

Desert Hot Springs, receives 16.6% of the 1% allocation collected by the County. This allocation rate has been used to estimate potential property tax revenues that could be generated on proposed conservation lands within Desert Hot Springs. 23.1% of the 1% allocation goes to the Riverside County General Fund, and 60.3% goes to other agencies.

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

Potential Property Tax Revenues from Residential Development

There are approximately 3,123 developable acres within Desert Hot Springs designated for residential uses. Of these, 3,060+ are designated for single-family development, with densities ranging from 1 dwelling unit per 10 acres to 5 dwelling units per acre. The remaining 63+ acres are designated for medium and high density, multi-family development (maximum 14 dwelling units per acre).

Based on a median home price of $207,000 for single-family homes, and $98,490 for multi-family residential development, potential annual property tax revenues to the City from residential development would be $1,987,418 at build-out. Table V-2, below, summarizes potential annual property tax revenues for residential development for each of the four build-out phases.

Potential Property Tax Revenues from Industrial Development

There are approximately 117+ acres within Desert Hot Springs with developable potential for industrial uses. Potential property tax revenues to the City from all developable industrial lands in Desert Hot Springs total $172,588 annually. Potential annual property tax revenues for all four build-out phases from potentially developable industrial lands in Desert Hot Springs are summarized in Table 4.3-3.

Table 4.3-3
Desert Hot Springs
Property Tax Revenue Summary Table

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$496,855	$993,709	$1,490,564	$1,987,418
Total property tax revenue from industrial development	$43,147	$86,295	$129,441	$172,588
Total property tax revenue from all development	**$540,002**	**$1,080,004**	**$1,620,005**	**$2,160,006**

As the proceeding Table shows, it is estimated that Desert Hot Springs would lose a total of $2,160,006 over the next 20 years in property tax revenues if the vacant lands currently designated for urban uses are conserved.

Property Transfer Tax Revenue

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

In Desert Hot Springs, potential annual property transfer tax revenues have been calculated for approximately 3,240 acres of lands with potential for urban development. These include residential and industrial uses, discussed categorically below.

<u>Potential Revenues from Residential Property Transfer Tax</u>

In Desert Hot Springs, 3,123+ acres of developable land are designated for residential development. Based on build-out of these lands at 75 percent of maximum allowable densities, 6,092 new residential units would be constructed. Residential development on these lands would generate $355,544 annually in property transfer tax to the City at build-out.

Potential Revenues from Industrial Property Transfer Tax

For the 117+ acres of potentially developable lands designated for industrial use in Desert Hot Springs, and based on the transfer rate assumptions, annual property transfer tax revenues resulting from development of these lands for industrial use would be $16,012 at build-out. Table 4.3-4, below, summarizes potential annual property transfer tax revenues to the City, which would be lost if these lands are placed in conservation.

Table 4.3-4

Desert Hot Springs
Property Transfer Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$172,301	$236,855	$292,053	$355,544
Total tax revenue from industrial development	$14,365	$14,874	$15,440	$16,012
Total property transfer tax revenue from all development	$186,666	$251,729	$307,493	$371,556

Sales and Use Tax Revenue

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. Assumptions for determining discretionary income of future residents, including monthly single and multi-family housing costs, are discussed above in Section 4.3.2.

Potential Sales Tax Revenues from Residential Development

Of the 3,123+ developable acres in Desert Hot designated for residential development, approximately 3,076 acres would be developed for single-family residential dwellings, with densities ranging from one dwelling unit per 10 acres to 5 dwelling units per acre. Residential development in Desert Hot Springs would yield annual sales tax revenues to the City of $445,532 at build-out. Table 4.3-5 summarizes potential annual sales tax revenues for residential development, which would be lost if the potentially developable lands are placed in conservation.

Table 4.3-5
Desert Hot Springs
Sales Tax Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total sales tax revenue from single-family residential development	$106,358	$212,715	$319,073	$425,430
Total sales tax revenue from multi-family residential development	$5,025	$10,051	$15,076	$20,102
Total sales tax revenue from all development	**$111,383**	**$222,766**	**$334,149**	**$445,532**

Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2009-2010, Desert Hot Springs was expected to receive $2.94 per capita.

Approximately 3,123 acres of vacant land are currently designated for residential development and would be conserved. If these lands were allowed to develop as currently designated, 6,092 new single and multi-family residential units would be constructed. Based on an average household size of 2.88 persons, it is estimated that at build-out, these new residential units would result in a total of 17,545 new residents. Consequently, Desert Hot Springs would stand to annually receive motor vehicle in-lieu revenues of $51,582 under current General Plan build-out of the affected area. Table 4.3-6 summarizes potential annual Motor Vehicle In-Lieu revenues to Desert Hot Springs for all four build-out phases.

Table 4.3-6

Desert Hot Springs
Motor Vehicle In-Lieu Revenue
Summary Table

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Motor Vehicle In-Lieu Revenue from all development	**$12,896**	**$25,791**	**$38,687**	**$51,582**

Transportation Uniform Mitigation Fees

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

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts on Desert Hot Springs of implementing the Major Amendment will therefore be less than significant.

TUMF Fee Potential from Residential Development

TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $1,837.44 per unit, and $1,276.80 per multi-family dwelling unit. In Desert Hot Springs, the 3,123+ acres with residential development potential would result in construction of 5,504 single-family residences and 588 multi-family residences, for a total of 6,092 residential units. Based on these data, CVAG would collect a total of $2,729,462 in TUMF fees for residential development during each phase of residential development in Desert Hot Springs. This is not annual revenue, but a one-time revenue that would occur at the time each unit is built.

Industrial Development TUMF Fee Potential

For industrial development, TUMF fees are collected at a rate of $1,031.56 per 1,000 square feet of gross floor area for industrial. There are approximately 117 acres of vacant lands with potential for 433,204 square feet of industrial space per phase. CVAG would collect $446,876 in TUMF fees per phase. This is not annual revenue, but a one-time revenue that would occur at the time each building is built. Table 4.3-7 summarizes TUMF fees that would be lost if all vacant lands with development potential in Desert Hot Springs were placed in conservation.

Table 4.3-7
Desert Hot Springs TUMF Revenue Summary Table

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$2,729,462	$2,729,462	$2,729,462	$2,729,462
Total TUMF revenue from industrial development	$446,876	$446,876	$446,876	$446,876
Total TUMF revenue from all development	**$3,176,339**	**$3,176,339**	**$3,176,339**	**$3,176,339**

Highway User Gas Tax Revenue

Desert Hot Springs received a per capita apportionment factor for fiscal year 2009-2010 of $16.15. Based on a total potential population of 17,545, total annual gas tax revenue from all development in Desert Hot Springs would be $283,351 at build-out. Table 4.3-8 summarizes potential annual Highway User Gas Tax revenues for Desert Hot Springs.

Table 4.3-8

Desert Hot Springs
Highway User Gas Tax Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Gas Tax Revenue from all development	**$70,838**	**$141,676**	**$212,513**	**$283,351**

Measure A Revenue

Of the 8.75% sales tax collected in Riverside County, 0.50% is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65% is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35% allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 24% is allocated to the Coachella Valley region. Of that 24%, Desert Hot Springs receives a 3% allocation, based on the City's population and total taxable sales.

Potential Measure A Revenues from Residential Development

This analysis projects that potential residential development in Desert Hot Springs would result in approximately 6,092 residential dwellings. Potential residential development in Desert Hot Springs would yield $561 in annual Measure A revenues at build-out. Table 4.3-9 summarizes potential annual Measure A revenues that would be lost should potentially developable vacant lands in Desert Hot Springs be converted to conservation.

Table 4.3-9

Desert Hot Springs Measure A Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Measure A revenue from single-family residential development	$134	$268	$402	$536
Total Measure A revenue from multi-family residential development	$6	$13	$19	$25
Total Measure A revenue from all development	**$140**	**$281**	**$421**	**$561**

County Service Area (CSA) 152 Revenue

Desert Hot Springs is one of four Coachella Valley cities that participate in CSA 152, to support the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990. Riverside County collects, manages, and reimburses to the participating cities 100% of the CSA 152 assessments collected.

Desert Hot Springs' BAU dollar rate is $1.56. The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property. The same formula is used to determine the assessment for industrial lands, with the exception that the assessment is based on the number of developed acres on a parcel instead of dwelling units per parcel. CSA 152 revenue assessments are discussed for residential and industrial development, below.

Potential CSA 152 Revenue from Residential Development

There are approximately 3,123 vacant acres in Conservation Areas with potential for residential development. If allowed to develop under their current designations, these 3,123 acres would result in construction of 6,092 units at buildout. Therefore, potential annual CSA 152 revenues from residential development would be $9,504 at build-out.

Potential CSA 152 Revenue from Industrial Development

There are a total of 117+ undeveloped acres with potential for industrial development. Those 117+ acres of developed industrial lands would yield $2,190 in annual CSA 152 revenues at build-out. Table 4.3-10 summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Desert Hot Springs.

Table 4.3-10
Desert Hot Springs
CSA 152 Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total CSA 152 Revenue from Residential Development	$2,376	$4,752	$7,128	$9,504
Total CSA 152 Revenue from Industrial Development	$548	$1,095	$1,643	$2,190
Total CSA 152 Revenue from all Development	**$2,923**	**$5,847**	**$8,770**	**$11,694**

Special Revenue Sources

Desert Hot Springs Utility Tax

The City of Desert Hot Springs levies a Utility Tax on all users of electricity, natural gas, cable and other utilities. The tax is equal to 7% of each utility bill. Utility Tax revenues for fiscal year 2009-2010 were $2,529,180. With approximately 9,223 occupied dwelling units in the City in 2010, this equates to approximately $274.23 per dwelling unit per year.

To determine potential utility tax revenues, this analysis multiplies the annual per dwelling unit factor ($274.23) by the number of units that could be constructed on proposed conservation lands. The model does not project potential utility tax revenues generated by future industrial development, because the per dwelling unit factor shown above ($274.23) accounts for all utility users in the City, including industrial development.

As previously stated, it is projected that a total of 6,092 residential units would be constructed in Desert Hot Springs at build-out, and it is assumed that 100 percent of these units would be occupied. Applying the $274.23 per dwelling unit factor, annual Utility Tax revenues would be $1,670,581 at build-out. Table 4.3-11, below, summarizes this information.

Table 4.3-11
Desert Hot Springs
Utility Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total Utility Tax Revenue from all residential development	**$417,645**	**$835,290**	**$1,252,936**	**$1,670,581**

Desert Hot Springs Public Safety Tax

The City of Desert Hot Springs collects a Public Safety Tax, recently renewed by the voters. This tax is a restricted revenue source that provides for police, fire, code compliance, and animal control services and programs. Table 4.3-12 identifies applicable tax rates that are applied to future development that could occur on proposed conservation lands.

Table 4.3-12
Desert Hot Springs
Public Safety Tax Rates

Land Use	**Annual Public Safety Tax Rate**
Residential	
Single family	$120.87/unit
Duplexes/R-2	$67.60/unit
Apartments	$38.72/unit
Vacant Acres (all densities)	$8.57/acre
Industrial	
Developed Acres (all categories)	$521.91/acre
Vacant Acres (all categories)	$2.36/acre

Source: City of Desert Hot Springs, Fiscal Year 2010-2011.

<u>Potential Public Safety Tax Revenues from Residential Development</u>

Lands proposed for conservation could yield 6,092 units, of which 5,504 would be single family homes, 96 medium density (duplex, R-2) units, and 492 apartments. The resulting calculations show that for all lands designated for residential development annual public safety tax revenues would be $690,815.

<u>Potential Public Safety Tax Revenues from Industrial Development</u>

There are 117 acres proposed for industrial development within the Conservation Areas. Based on the rates shown above (Table 4.3-12), the City would receive $20,762 at build-out from industrial development for its public safety tax. Table 4.3-13 summarizes potential public safety tax revenues for all vacant lands with potential for development. These revenues would be lost should these lands be converted to conservation.

Table 4.3-13
Desert Hot Springs
Public Safety Tax Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$211,861	$371,511	$531,163	$690,815
Total tax revenue from industrial development	$5,398	$10,519	$15,641	$20,762
Total Public Safety tax revenue from all development	**$217,259**	**$382,030**	**$546,804**	**$711,577**

Desert Hot Springs Community Facilities District

The City previously relied on landscaping and lighting districts to fund parkway maintenance for new development. Since the preparation of the last Fiscal Impact Analysis, the City has established a Community Facilities District, to which all new development will be annexed. Therefore, lands proposed for conservation, should they be developed, would participate in the CFD when development occurred. The CFD includes a broad range of annual assessments, based on the maintenance category of each parcel. Since it impossible to estimate the maintenance category of the potential development on conservation lands, a mid-range value of $400.00 per parcel for residential development, and $950.00 for industrial development have been estimated. The CFD further prescribes that single family residential units are charged a Benefit Unit of 1, multi-family units are charged a Benefit Unit of 0.6, and industrial development is charged at 2 Benefit Units. These assumptions were used to calculate the potential revenues to the City resulting from development of the conservation lands.

<u>Potential CFD Revenues from Residential Development</u>

The 5,504 single family residential units would generate a total of $2,201,600 at build-out for the CFD, while multi-family units would generate $141,120, for a total residential contribution of $2,342,720 to the CFD at build-out.

<u>Potential CFD Revenues from Industrial Development</u>

There are 117+ acres with potential for development for industrial uses in Desert Hot Springs. Based on the assumptions shown above, total annual CFD revenues would be $95,043 at buildout. Table 4.3-14 summarizes CFD assessment revenues for lands with potential for development. CFD revenues would be lost if these lands are placed in conservation.

Table 4.3-14
Desert Hot Springs
Community Facilities District Revenue Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total CFD Revenue from Single-Family Residential Development	$550,400	$1,100,800	$1,651,200	$2,201,600
Total CFD Revenue from Multi-Family Residential Development	$35,280	$70,560	$105,840	$141,120
Total CFD Revenue from Industrial Development	$95,043	$95,043	$95,043	$95,043
Total Annual CFD Revenue from all development	**$680,723**	**$1,266,403**	**$1,852,083**	**$2,437,763**

Investment Income

Revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential investment earnings on new revenues are projected using the historical average interest rate of the 90-Day Treasury Bill. During the 29-year period from 1982 through April 2011, the average interest earned on the 90-Day Treasury Bill was 5.03%. Potential annual investment income for each land use is shown below.

Summary of Revenues

Table 4.3-15 summarizes all general fund and restricted fund revenues that would be lost if vacant lands in Desert Hot Springs with development potential were placed in conservation under the proposed Major Amendment. This table also shows potential annual investment income that would be lost as a result of conservation of these lands.

Table 4.3-15
City of Desert Hot Springs
Total Potential Revenues Associated with Development of Conservation Lands
Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$540,002	$1,080,004	$1,620,005	$2,160,006
Property Transfer Tax	$186,666	$251,729	$307,493	$371,556
Local Sales Tax	$111,383	$222,766	$334,149	$445,532
Transient Occupancy Tax	$0	$0	$0	$0
Utility Tax	$417,645	$835,290	$1,252,936	$1,670,581
Motor Vehicle In-Lieu Revenue	$12,896	$25,791	$38,687	$51,582
Restricted Funds:				
TUMF Fees	$3,176,339	$3,176,339	$3,176,339	$3,176,339
Highway Users Gas Tax	$70,838	$141,676	$212,513	$283,351
Measure A	$140	$281	$421	$561
CSA 152 (NPDES)	$2,923	$5,847	$8,770	$11,694
Community Facilities District	$680,723	$1,266,403	$1,852,083	$2,437,763
Public Safety Tax	$217,259	$382,030	$546,804	$711,577
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$1,268,592	$2,415,581	$3,553,269	$4,699,257
Total Annual Restricted Fund Revenues	$4,148,221	$4,972,575	$5,796,930	$6,621,284
Revenue Subtotal	$5,416,814	$7,388,155	$9,350,199	$11,320,541
Average Interest Rate on 90-Day Treasury Bills	5.03%	5.03%	5.03%	5.03%
Anticipated Interest Earned on Revenues	$272,466	$371,624	$470,315	$569,423
Total Annual Revenues at Phase Build-out	**$5,689,279**	**$7,759,780**	**$9,820,514**	**$11,889,964**

Potential Costs to the City of Desert Hot Springs

If lands being proposed for conservation are allowed to develop in the future, they will generate additional municipal costs. Expenditures will be required for general government services and the expansion and/or extension of infrastructure, roads, and other public services. The supporting fiscal model estimates the costs of providing general government services, public safety, and transportation/roadway maintenance to new development on lands identified for conservation under the proposed Major Amendment. The City will not incur these costs if these lands remain undeveloped and are placed in conservation.

Costs of General Government

General government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles, and other items necessary for the day-to-day functioning of city government. These items are typically funded through the General Fund.

According to the 2010-2011 Fiscal Year Budget, General Fund Expenditures in Desert Hot Springs are proposed at $4,119,709.00. According to the California Department of Finance, Desert Hot Springs has a population of 26,811. Based on these data, the annual per capita cost of providing general government services is $153.66 per person.

In Desert Hot Springs, development of the approximately 3,123 acres of vacant lands designated for residential uses would result in a total 6,092 new single and multi-family residential units, which would increase Desert Hot Springs' population by 17,545 persons at build-out. Based on the per capita figure cited above ($153.66), annual cost for the provision of general government services to the build-out population of potentially developable lands in Desert Hot Springs would be $2,695,913. Table 4.3-16 summarizes the annual general government costs for each build-out phase.

Table 4.3-16

Desert Hot Springs
Costs of General Government Summary

	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	$673,978	$1,347,957	$2,021,935	$2,695,913

Costs of Public Safety Services

The costs of providing public safety to future residents are calculated in the same manner as general government costs. Public safety expenditures include those associated with the police and fire departments, as well as code compliance and animal control departments. Public safety expenditures for fiscal year 2010-2011 are proposed at $9,573,455, or $357.07 per capita. As previously stated, a build-out population of 17,545 would result from development of 6,092 new residential dwellings on the vacant lands proposed for conservation within the City. Therefore, annual costs for provision of public safety services to the build-out population would be $6,264,812. Table 4.3-17 summarizes annual public safety costs for each build-out phase.

Table 4.3-17 ***Desert Hot Springs*** **Costs of Public Safety Summary**				
	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of Public Safety for all development	**$1,566,203**	**$3,132,406**	**$4,698,609**	**$6,264,812**

Costs of Roadway Maintenance

A per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the Conservation Area.

In Desert Hot Springs, there are approximately 29.3 square miles of land and 134.96 paved road miles within the incorporated City limits, which equates to 4.6 road miles per square mile of land area. A total of approximately 10.1 square miles are designated for conservation, including both developed and vacant lands. Using the average of 4.6 road miles per square mile of land area, the potentially developable area proposed for conservation in Desert Hot Springs is estimated to include 46.5 miles of paved roadways at build-out.

In Desert Hot Springs, an estimated annual expenditure of $88,777 is required to maintain the 135 existing miles of paved roadway annually. This equates to an annual maintenance cost of approximately $658 per road mile. In Desert Hot Springs, the potential 46.5 road miles in the Conservation Area would require maintenance expenditures of approximately $30,602 per year at build-out. Table 4.3-18 summarizes projected annual roadway maintenance costs for Desert Hot Springs for each phase. Should lands identified for conservation under the Major Amendment be conserved, it is assumed no roadways will be required to serve those lands, and therefore, these costs will not be incurred.

Table 4.3-18 **Desert Hot Springs** **Costs of Roadway Maintenance Summary**				
	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Cost of Roadway Maintenance at Phase Build-out	**$7,651**	**$15,301**	**$22,952**	**$30,602**

Summary of Costs

Table 4.3-19 summarizes all general fund and restricted fund costs associated with potentially developable lands in the proposed Major Amendment area in Desert Hot Springs.

Table 4.3-19 *Desert Hot Springs* **Total Potential Costs Associated with Development of Conservation Lands Summary**				
	Build-out Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Restricted Funds:				
Public Safety Costs	$1,566,203	$3,132,406	$4,698,609	$6,264,812
Roadway Maintenance Costs	$7,651	$15,301	$22,952	$30,602
TUMF Allocation to CVAG	$3,176,339	$3,176,339	$3,176,339	$3,176,339
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Total Annual Restricted Fund Costs	$4,750,192	$6,324,046	$7,897,900	$9,471,753
TOTAL ANNUAL COSTS AT PHASE BUILD-OUT	**$5,424,171**	**$7,672,002**	**$9,919,834**	**$12,167,666**

Cost/Revenue Summary

Table 4.3-20 summarizes all potential revenues and costs the City will realize if all of the 3,240+ acres of potentially developable conservation lands within Desert Hot Springs are allowed to develop. The table also summarizes costs that will be incurred if these lands are developed.

Table 4.3-20 **Total Potential Costs/Revenues Associated with Development of Conservation Lands Summary Table - City of Desert Hot Springs**				
	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$540,002	$1,080,004	$1,620,005	$2,160,006
Property Transfer Tax	$186,666	$251,729	$307,493	$371,556
Local Sales Tax	$111,383	$222,766	$334,149	$445,532
Transient Occupancy Tax	$0	$0	$0	$0

Table 4.3-20
Total Potential Costs/Revenues Associated with Development of Conservation Lands
Summary Table - City of Desert Hot Springs

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Utility Tax	$417,645	$835,290	$1,252,936	$1,670,581
Motor Vehicle In-Lieu Revenue	$12,896	$25,791	$38,687	$51,582
Restricted Funds:				
TUMF Fees	$3,176,339	$3,176,339	$3,176,339	$3,176,339
Highway Users Gas Tax	$70,838	$141,676	$212,513	$283,351
Measure A	$140	$281	$421	$561
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Community Facilities District	$680,723	$1,266,403	$1,852,083	$2,437,763
Public Safety Tax	$217,259	$382,030	$546,804	$711,577
ANNUAL COSTS				
General Fund:				
General Government Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Restricted Funds:				
Public Safety Costs	$1,566,203	$3,132,406	$4,698,609	$6,264,812
Roadway Maintenance Costs	$7,651	$15,301	$22,952	$30,602
TUMF Allocation to CVAG	$3,176,339	$3,176,339	$3,176,339	$3,176,339
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$1,268,592	$2,415,581	$3,553,269	$4,699,257
Total Annual Restricted Fund Revenues	$4,148,221	$4,972,575	$5,796,930	$6,621,284
Revenue Subtotal	$5,416,814	$7,388,155	$9,350,199	$11,320,541
Historic Average Interest Rate on 90-Day Treasury Bills	5.03%	5.03%	5.03%	5.03%
Anticipated Interest Earned on Revenues	$272,466	$371,624	$470,315	$569,423
Total Annual Revenues at Phase Build-out	$5,689,279	$7,759,780	$9,820,514	$11,889,964
Costs:				
Total Annual General Fund Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Total Annual Restricted Fund Costs	$4,750,192	$6,324,046	$7,897,900	$9,471,753
Total Annual Costs at Phase Build-out	$5,424,171	$7,672,002	$9,919,834	$12,167,666
Annual Cash Flow at Phase Build-out	**$265,109**	**$87,777**	**-$99,320**	**-$277,702**

Based on the summary table, currently vacant lands with potential for urban development in Desert Hot Springs would, if developed, result in a negative cash flow for the City over the long term. This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs, particularly in areas such as Desert Hot Springs, where housing is affordable. Therefore, conservation of these potentially developable lands under the proposed Major Amendment will benefit Desert Hot Springs over the long term.

Population Growth

The proposed Major Amendment would not directly induce population growth in the Plan Area as it would simply result in establishing Conservation Areas within the City and granting Permittee status to the City and MSWD.

Housing Displacement

The proposed Major Amendment would establish Conservation Areas within City limits and would not displace any existing housing or persons that would necessitate the construction of replacement housing elsewhere. The inclusion of MSWD as a Permittee of the Plan would not result in displacement of any existing housing.

Displacement of People

The project would not displace any existing housing or persons and would not necessitate the construction of replacement housing elsewhere.

Public Lands Alternative

This Alternative includes all lands managed for conservation under local, state, and federal agency ownership, and Private Conservation Lands, and could require additional management prescriptions to be implemented on certain BLM and other public lands. No new areas would be acquired for CVMSHCP purposes. Because this Alternative does not propose additional conservation of lands, no socioeconomic effects would result including displacement of housing or people. State and federal lands would be managed in a manner consistent with their respective management plans, and thus this Alternative would not conflict with such plans.

Core Habitat with Ecological Processes Alternative

This Alternative would have a lower level of conservation of private lands compared to the Proposed Action and Preferred Alternative. Although the jurisdictions would be able to develop lands that would otherwise be conserved, the increased land mass in each jurisdiction would not be significant for CEQA/NEPA analysis purposes, and would not impact any jurisdiction's ability to provide adequate lands for development. Affordable housing could be permitted on lands that would otherwise be conserved. It would not directly induce substantial population growth in the CVMSHCP Area, as the Plan does not propose any new construction. The Major Amendment would not result in any changes to these conclusions.

Enhanced Conservation Alternative

This Alternative would result in slight increases in lands included in Conservation Areas in the City of Desert Hot Springs. The overall percentage increase, however, would not significantly increase the lands lost by the City. Impacts to the fiscal health of the City would be expected to be similar to those described above under the Proposed Action/Preferred Alternative. Impacts to the development potential within Desert Hot Springs would be expected to be similar to those described above under the Proposed Action/Preferred Alternative. This Alternative would not directly induce substantial population growth in the Plan Area, as the Plan does not propose any new construction. This Alternative would not displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere. This Alternative also does not displace substantial numbers of people, necessitating the construction of replacement housing elsewhere. The Major Amendment would not result in any changes to these conclusions.

No Action/No Project Alternative

Under the approved Recirculated EIR/EIS, it was determined the No Action/No Project Alternative would result in all lands proposed for inclusion in Conservation Areas under the Preferred Alternative potentially being available for development. Since there is now an approved Plan in place, the No Action/No Project Alternative for the proposed Major Amendment would mean that both the City of Desert Hot Springs and MSWD would not become Permittees of the Plan. It was concluded that vacant lands with potential for urban development in Desert Hot Springs would, if developed, result in a negative cash flow for the City over the long term and conservation of some lands as recommended under the Proposed Action/Preferred Alternative will benefit Desert Hot Springs over the long term. Therefore, the beneficial fiscal impact for the City would not be realized under the No Action/No Project Alternative.

4.3.5 Mitigation Measures

Proposed Action/Preferred Alternative

Based on the preceding analysis, it has been determined that no significant adverse impacts related to socioeconomic conditions have been identified in association with the implementation of the proposed Major Amendment. Therefore, no mitigation measures are required.

Public Lands Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts related to socioeconomic issues would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion and therefore, no mitigation measures would be required.

Core Habitat with Ecological Processes Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts related to socioeconomic issues would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion and therefore, no mitigation measures would be required.

Enhanced Conservation Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, this Alternative would result in similar impacts as those described for the Proposed Action/Preferred Alternative for CEQA analysis purposes. Impacts to the fiscal health of the City would be similar to those described above under the Preferred Alternative. Impacts to the development potential within the City would also be identical to those described above under the Proposed Action/Preferred Alternative.

No Action/No Project Alternative

This Alternative would result in lands proposed for inclusion in Conservation Areas under the Preferred Alternative potentially being available for development. Individual development, however, would be required to secure permits for any projects that would result in Take. The City of Desert Hot Springs would experience a financial loss at build-out, since the costs and revenues described above and in the Appendix would actually occur. Therefore, this alternative would result in negative cash flow for the City.

4.3.6 Levels of Significance after Mitigation

Proposed Action/Preferred Alternative

No significant impacts have been identified and therefore no mitigation is necessary.

Public Lands Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts related to socioeconomic conditions would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion.

Core Habitat with Ecological Processes Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts related to socioeconomic conditions would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion.

Enhanced Conservation Alternative

As indicated in the approved EIR/EIS Recirculated prepared for the Plan, this Alternative would result in similar impacts as those described for the Proposed Action/Preferred Alternative. The Major Amendment would not result in any changes to that conclusion.

No Action/No Project Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, this Alternative would result in potential build-out of the additional lands proposed for conservation in the City. According to the supporting Fiscal Impact Analysis, the City of Desert Hot Springs would experience a financial loss if these lands are developed consistent with current General Plan land uses. Therefore, this Alternative would result in a significant impact to the City's economic base.

4.4 TRANSPORTATION, TRAFFIC, AND CIRCULATION

4.4.1 Introduction and Methodology

This section analyzes the potential impacts the proposed Major Amendment would have on transportation, traffic, and circulation. The existing circulation and transportation system serving the overall CVMSHCP Area is composed of a series of separate modes or types of passenger travel and relatively free-flowing movement. In each alternative, existing roadways are considered acceptable land uses and would not be removed.

While the construction of planned roadways is a Covered Activity, the design, siting, and construction of these planned roadways would be subject to guidelines outlined in the Conservation Goals and Objectives in the existing CVMSHCP. Transportation impacts would generally occur where the use or improvement of existing roadways or construction of planned roadways would be constrained by the Plan, resulting in reduced levels of service, increased congestion, or reduced access. Similar to the approved 2007 Final Recirculated EIR/EIS, the SEIR/SEIS provides an analysis of these impact areas as they relate to the Major Amendment.

4.4.2 Existing Conditions/Affected Environment

This section is based in part on the baseline conditions presented in the Draft Circulation Element of the Desert Hot Springs General Plan Update currently being prepared by the City.

The roadway system in the Major Amendment Area is under the jurisdiction of state and local agencies, including:

- California Department of Transportation (Caltrans)
- County of Riverside
- City of Desert Hot Springs

In addition, CVAG provides interagency coordination for jurisdictions in the Valley. Caltrans, the County, and local Permittees have all identified roadway improvement projects as Covered Activities in the approved CVMSHCP.

The list of Covered Activities for Permittees in the approved CVMSHCP includes several classes of projects anticipated over the 75-year term and includes interchange improvements along I-10, Caltrans improvements to state highway corridors, local arterial improvements identified by cities, CVAG, and the County. The descriptions of all of these improvements are contained in Appendix K of the approved 2007 Final Recirculated EIR/EIS.

Roadways within the Major Amendment Area

Regional Roadways

Two regional roadways serve the City and MSWD territory, State Highway 62 and Interstate-10 (I-10). I-10 is a major east-west interstate roadway located adjacent to the southern boundary of the City of Desert Hot Springs (refer to Figure 1-2). At that location it is built as an eight-lane divided freeway accessed from diamond intersections spaced a minimum of one mile apart. It connects the Los Angeles region with San Bernardino and Riverside Counties and states east of the Colorado River.

State Highway 62 is a north-south roadway that connects to I-10 and travels through the western portion of the City of Desert Hot Springs northward to Morongo Valley and Twentynine Palms areas. Within the Major Amendment Area, this roadway is constructed as a four-lane divided highway. Highway 62 provides important regional access to Joshua Tree National Park and the Twentynine Palms Marine Corps Air Ground Combat Center, as well as the Colorado River and the Mojave Desert wilderness and recreation areas.

Local Roadways

In addition to Highway 62, interchanges are located at I-10 for Palm Drive and Indian Avenue, providing north-south access to the City and the proposed Major Amendment Area. Palm Drive varies from Major Arterial (six-lanes, divided) to Major Collector (four-lanes, divided). Indian Avenue varies from Minor Arterial (two-lanes, divided) to Major Arterial (six-lanes, divided).

Major east-west roadways in the Major Amendment Area include Pierson Boulevard, which ranges between four to six lanes divided; Two Bunch Palms Trail, four-lanes undivided to four-lanes divided; Little Morongo Road, four to-six lanes divided; Mission Lakes Boulevard, four-lanes divided; and Hacienda Boulevard, four-lanes divided and undivided.

Airports within the Major Amendment Area

The nearest commercial airport to the Major Amendment Area is the Palm Springs International Airport located approximately three miles south of the City limits, within the City of Palm Springs. Non-commercial general aviation airports within the overall CVMSHCP Area include Bermuda Dunes airport approximately 16 miles southeast of the proposed Major Amendment Area and the Jacqueline Cochrane Regional Airport in Thermal, approximately 27 miles southeast of the proposed Major Amendment Area. There are no public or private airports within the proposed Major Amendment Area.

Public Transportation within the Major Amendment Area

The Sunline Transit Agency is the provider of public transit service within the City of Desert Hot Springs and the rest of the Coachella Valley. Sunline has made a concerted effort to reduce local and regional air pollutant emissions and to encourage alternative modes of transportation. Its fleet of buses is powered by compressed natural gas (CNG), and each fixed route bus has been outfitted with two bicycle racks. There are currently two routes serving the City of Desert Hot Springs: Sunbus Line 14 provides service along Palm Drive, Mission Lakes Boulevard, West Drive and Pierson Boulevard. Sunbus Line 15 provides service along Palm Drive, Hacienda Avenue, Pierson Boulevard, West Drive, and Two Bunch Palms Trail. Sunline also provides the "Sun Dial" service, consisting of a fleet of small buses providing curb-to-curb service from home to destination. The Sun Dial service is wheelchair accessible, and must be requested at least 72 hours in advance.

4.4.3 Thresholds of Significance/Criteria for Determining Significance

The following thresholds are taken from the certified EIR/EIS dated September 2007 and reflect both NEPA and CEQA thresholds agreed to by all the Parties for analysis of transportation impacts. Because CEQA has more stringent and detailed thresholds related to biological resources, over those for NEPA, the following thresholds are based on the criteria identified in Appendix G of the CEQA Guidelines, the Major Amendment would have a significant effect on transportation, traffic, and circulation, if it would:

a. *Conflict with an applicable plan, ordinance, or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit*

b. *Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways*

c. *Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks*

d. *Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)*

e. *Result in inadequate emergency access*

f. *Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities*

The above thresholds have changed slightly from the approved 2007 Recirculated EIR/EIS but are consistent with the current CEQA Guidelines and the Initial Study/NOP issued for the Supplemental EIR/EIS.

4.4.4 Transportation, Traffic, and Circulation Impacts

Proposed Action/Preferred Alternative

Applicable Plans and Policies

As shown in Table 2-1, Section 2.4, the City has included a number of roadway projects as Covered Activities under the proposed Major Amendment. Although the affected roadway segments will become Covered Activities under the Major Amendment, they also represent planned improvements per the City's existing General Plan Circulation Element and have been programmatically reviewed under the General Plan EIR. The City has selected key roadway segments from their Circulation Element as Covered Projects under the Major Amendment to ensure efficient levels of service on existing and planned roadways as the City continues to build out in accordance with its General Plan. This is consistent with the approved September 2007 Recirculated EIR/EIS, which specifies that approval of the Plan would result in a significant impact to circulation and transportation systems only if it precluded the ability of the various roadway agencies to make necessary improvements or develop planned key arterials and roadway segments. The currently approved CVMSHCP already includes a number of regional roads within the City as Covered Activities and the impacts of these projects have been evaluated and addressed in the 2007 Recirculated EIR/EIS. These roadways would thus be constructed regardless of whether the City becomes a Plan Permittee. The approved Plan incorporates design and impact avoidance/minimization and mitigation measures that address development, improvement, and operation and maintenance of Covered Activities, including roadways. Implementation of these required measures will be made a condition of project approval for all Covered Activities within the City.

Congestion Management

The agencies with jurisdiction over transportation in the Major Amendment Area (i.e., City of Desert Hot Springs, CVAG, Riverside County) all have adopted performance criteria for roadway planning and operating procedures. However, only the City of Desert Hot Springs is proposing to add transportation projects to the list of Covered Activities as part of the proposed Major Amendment. The City of Desert Hot Springs utilizes "Level of Service" (LOS) criteria to assess performance of roadway links and intersections. LOS includes a range of alphabetical connotations “A” through “F”, used to characterize roadway operating conditions. LOS A represents the best/free flow conditions and LOS F indicates the worst/system failure. LOS D is considered the generally acceptable service level at intersections and roadways throughout the City, similar to other jurisdictions in the Plan Area, although anything better is desirable.

For purposes of this analysis, a significant impact to transportation caused by the Major Amendment would be one that caused a roadway link or intersection to operate below LOS D. Such a deficiency must be “caused” by implementation of the Major Amendment for it to be considered an impact. Deficiencies that exist without implementation of the Major Amendment are not a result of the “Project” and therefore, would not be considered a significant impact. Significant impacts are also considered based upon substantial conflicts with other transportation systems, including railroads and airports, or the creation of inadequate emergency access as a result of the Major Amendment.

Adding the City of Desert Hot Springs and MSWD as Permittees of the Plan and establishing Conservation Areas within the City will not conflict with the County’s Congestion Management Program, as it will not result in the generation of any new vehicle trips. Per the approved September 2007 Final Recirculated EIR/EIS, a LOS deficiency must be caused by implementation of the Plan for it to be considered an impact. Therefore, existing deficiencies in LOS or traffic control systems are not considered a significant impact if they would remain regardless of whether the Major Amendment is approved. The establishment of Conservation Areas within the City and implementation of the stated Conservation Goals and Objectives of the Plan would not conflict with a congestion management program, existing LOS standards, or other standards established by the County for designated roads or highways.

Air Traffic

As noted above, there are no public or private airports within the Major Amendment Area. Therefore, the proposed Major Amendment would not impede existing air traffic navigational patterns or cause a change in the location of existing airport facilities in the region. No significant impacts related to air traffic would occur as a result of project implementation.

Hazards

The proposed Major Amendment would not result in new roadways or other physical improvements that could increase roadway hazards. The City proposed Covered Activities (roadway improvements) would result in improvements to existing roadways and would employ standard construction safety measures per City requirements. Therefore, no significant impacts related to roadway hazards would occur as a result of project implementation.

Emergency Access

The CVMSHCP allows Take Authorization for emergency access and emergency response within the Plan Area. The Major Amendment will not result in any revisions to this policy and therefore, no impacts related to emergency access would occur.

Public Transit

Implementation of the proposed Major Amendment would not conflict with adopted policies or involve elimination of facilities supporting alternative transportation such as bus turnouts or bicycle racks. Access to bus stops will be maintained to the extent feasible during construction of proposed roadway improvements that are to be included by the City as Covered Activities. Therefore, no significant impacts related to public transit or alternative transportation would occur as a result of implementing the proposed Major Amendment.

Public Lands Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic, or circulation would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion.

Core Habitat with Ecological Processes Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic, or circulation would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion.

Enhanced Conservation Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, this Alternative would result in significant impacts on transportation, traffic, or circulation for CEQA/NEPA analysis purposes. The impacts of this Alternative to local, regional, state and federal roadways cannot be effectively mitigated. The Major Amendment would not result in any changes to that conclusion.

No Action/No Project Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse direct impacts on transportation, traffic, or circulation would result from this Alternative; however, significant adverse indirect impacts could result from the absence of a Plan for

CEQA/NEPA analysis purposes. Since there is an approved Plan in place, the proposed Major Amendment would serve to enhance the Plan and avoid indirect transportation impacts that may result due to the City not being a Permittee.

4.4.5 Transportation, Traffic, and Circulation-Related Mitigation Measures

Proposed Action/Preferred Alternative

The proposed Major Amendment would not result in a significant impact to existing or planned transportation networks in the Plan Area. No mitigation measures are required.

Public Lands Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic or circulation would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion and no mitigation measures would be required.

Core Habitat with Ecological Processes Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic, or circulation would result from this Alternative for CEQA/NEPA analysis purposes. The Major Amendment would not result in any changes to that conclusion and no mitigation measures would be required.

Enhanced Conservation Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, this Alternative would result in significant impacts on transportation, traffic, or circulation for CEQA/NEPA analysis purposes. The impacts of this Alternative to local, regional, state, and federal roadways cannot be effectively mitigated. The Major Amendment would not result in any changes to that conclusion and no new mitigation measures have been proposed.

No Action/No Project Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse direct impacts on transportation, traffic, or circulation would result from this Alternative; however, for CEQA/NEPA analysis purposes significant adverse indirect impacts could result from the absence of the proposed Major Amendment. Since there is an approved Plan in place, the proposed Major Amendment would further the goals and objectives of the Plan, by increasing conservation within the Plan boundaries and facilitating planned roadway improvements for local and regional roadways within the City's jurisdiction. No feasible mitigation measures have been identified should the Preferred Alternative not be approved.

4.4.6 Levels of Significance after Mitigation

Proposed Action/Preferred Alternative

No significant adverse impacts on transportation, traffic, or circulation would result from the proposed Major Amendment for CEQA/NEPA analysis purposes.

Public Lands Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic, or circulation would result from this Alternative for CEQA/NEPA analysis purposes and no mitigation is required. The Major Amendment would not result in any changes to that conclusion.

Core Habitat with Ecological Processes Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse impacts on transportation, traffic, or circulation would result from this Alternative for CEQA/NEPA analysis purposes and no mitigation is required.

Enhanced Conservation Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, this Alternative would result in significant impacts on transportation, traffic, or circulation for CEQA/NEPA analysis purposes. The impacts of this Alternative to local, regional, state and federal roadways cannot be effectively mitigated. The Major Amendment would not result in any changes to that conclusion.

No Action/No Project Alternative

As indicated in the approved Recirculated EIR/EIS prepared for the Plan, no significant adverse direct impacts on transportation, traffic, or circulation would result from this Alternative; however, for CEQA/NEPA analysis purposes, significant adverse indirect impacts could result due to rejecting the proposed Major Amendment. Since there is an approved Plan in place, the proposed Major Amendment would further the goals and objectives of the Plan, by increasing conservation within the Plan boundaries and facilitating planned roadway improvements for local and regional roadways within the City's jurisdiction.

5.0 OTHER NEPA AND CEQA REQUIREMENTS

This chapter provides an analysis of environmental effects required under the California Environmental Quality Act (CEQA) that are not discussed elsewhere in this SEIR/SEIS. These topics include significant effects of the Proposed Project that cannot be avoided, commitment of nonrenewable resources, and effects found not to be significant. In addition, the National Environmental Policy Act (NEPA) requires a discussion of the relation between short-term uses of the environment and the maintenance and enhancement of long-term productivity, and any irreversible or irretrievable commitments of resources that would be involved in the project if it is implemented, per 40 CFR 1502.16. These topics are also discussed in this section. Similar to the NEPA requirement, CEQA also requires a discussion of significant irreversible changes caused by the project.

5.1 Significant Environmental Effects That Cannot Be Avoided if the Proposed Project is Implemented

Section 15126.2(a) of the CEQA Guidelines requires discussion of significant environmental effects of the proposed project. Potential environmental effects of the proposed project are discussed in Section 4.0 of this SEIR/SEIS. There will be no significant environmental effects that cannot be avoided if the Major Amendment is approved as it will result in additional conservation to mitigate these effects, and would not in itself increase or decrease the amount of development that would occur. The Major Amendment, consistent with the permitted CVMSHCP, would provide Take Authorization for Covered Activities provided such activities comply with required Avoidance/Minimization Measures and Land Use Adjacency Guidelines as specified in Sections 4.4 and 4.5 of the CVMSHCP. The required measures are designed to assure future development within and adjacent to established Conservation Areas would result in less than significant impacts to Covered Species, habitats, and important ecological processes. Therefore, potential impacts of the Major Amendment will be avoided or minimized to less than significant levels by requirements of the Plan.

Section 15126.2(b) of the CEQA Guidelines requires identification of any significant environmental effects that cannot be avoided if the proposed project is implemented, including those that can be mitigated but not reduced to a level below significant. NEPA also requires a discussion of "adverse environmental effects that cannot be avoided" (NEPA Regulations, 40 C.F.R. 1502.15), through project redesign, mitigation measures, or the selection of environmentally superior alternatives. As indicated above, the approved Plan incorporates Avoidance/Minimization Measures and Land Use Adjacency Guidelines that address development, improvement, and operation and maintenance of Covered Activities included as part of this Major Amendment. Implementation of these required measures will be made a condition of project approval for all Covered Activities. Additionally, as discussed in Section 4.1.4 of this SEIR/SEIS, MSWD has agreed to certain monetary obligations to enhance and manage mesquite hummock habitat as well as provide data on water levels in those areas. These obligations, along with the required measures referenced above, will ensure the persistence of mesquite hummocks in the affected Conservation Areas of the Mission Creek Subbasin.

5.2 Significant Irreversible Environmental Changes That Would Be Caused By the Proposed Project Should It Be Implemented

Section 15126.2(c) of the CEQA Guidelines requires the evaluation of the uses of nonrenewable resources during the initial and continued phases of a project when a large commitment of such resources makes removal or non-removal or non-use thereafter unlikely. NEPA regulations also require an EIS analysis to include a discussion of the potential irreversible and irretrievable commitments of environmental resources as a consequence of the approval and implementation of the Proposed Project (40 CFR 1502.16).

The Proposed Project is a Major Amendment to the approved September 2007 CVMSHCP to add the City of Desert Hot Springs and the Mission Springs Water District as Permittees. The current Plan would be amended to include all of the private lands within the City limits of Desert Hot Springs and restore the original boundaries of the Upper Mission Creek/Big Morongo Canyon and Whitewater Canyon Conservation Areas within City limits. Covered Activities that include certain activities carried out or conducted by Permittees are also included in the Major Amendment as described in Section 2.0 of this SEIR/SEIS.

The proposed Major Amendment would not in itself increase or decrease the amount of development that is anticipated to occur, and thus does not directly result in development that would involve the irretrievable and irreversible use of land, water, and building materials. Development impacts would occur regardless of whether the CVMSHCP is amended to include Desert Hot Springs and MSWD. As Permittees of the Plan, both agencies will be required to conform to the Avoidance, Minimization, Mitigation Measures and Land Use Adjacency Guidelines outlined in Sections 4.4 and 4.5 of the Plan, in order to implement their Covered Activities. This would potentially result in fewer environmental impacts in the Conservation Areas within City and MSWD boundaries and is expected to result in more efficient land use patterns outside of Conservation Areas. Establishment of the original boundaries of Conservation Areas within City limits will further preserve sensitive species, their habitat, and other natural resources within the City boundaries. Development outside of Conservation Areas would occur as anticipated in the proposed City of Desert Hot Springs General Plan Update that is being prepared concurrently with this SEIR/SEIS. Development within those areas of the MSWD boundaries outside of the City limits will occur as specified in either the Palm Springs or County of Riverside General Plans.

5.3 Growth Inducing Impacts

Section 15126.2(d) of the CEQA Guidelines requires a discussion of how the potential growth-inducing impacts of the Proposed Project could foster economic or population growth or the construction of additional housing, either directly or indirectly, in the surrounding environment. Induced growth is distinguished from the direct employment, population, or housing growth of a project. If a project has characteristics that "may encourage and facilitate other activities that could significantly affect the environment, either individually or cumulatively," then these aspects of the project must be discussed as well. Induced growth is any growth that exceeds planned growth and results from new development that would not have taken place in the absence of the Proposed Project. For example, a project could induce growth by lowering or removing barriers to growth or by creating or allowing a use such as an industrial facility that attracts new population or economic activity. CEQA Guidelines also indicate that the topic of growth should not be assumed to be either beneficial or detrimental (Section 15126.2[d]).

The proposed Major Amendment to include the City of Desert Hot Spring and MSWD as Permittees would not directly induce population growth in the CVMSHCP Area and would not displace any existing housing or persons that would necessitate the construction of replacement housing elsewhere. The Major Amendment would result in establishing Conservation Areas within the City and granting Permittee status to the City and MSWD. The City will be responsible for exercising land use authority to implement the CVMSHCP. Consequently, approval of the proposed Major Amendment would not result in significant growth-inducing impacts.

5.4 Effects Not Found To Be Significant

CEQA Guidelines Section 15128 requires an EIR to contain a statement briefly indicating the reasons why various possible significant effects of a project were determined not to be significant and were therefore not discussed in detail in the EIR. Such a statement may be contained in an attached Initial Study. An Initial Study Checklist/Notice of Preparation was prepared for the project and circulated for a 30-day public review period between March 30 and May 2, 2011. As indicated in that document (Appendix A), none of the CEQA environmental topics were expected to be potentially significant or to require mitigation beyond what is outlined in Section 4.4 of the Plan (avoidance, minimization, and mitigation requirements for Covered Activities within the Conservation Areas). However, in consideration of comments received during the NOP review period, MSWD has agreed to certain monetary obligations to enhance and manage mesquite hummock habitat as well as provide data on water levels in those areas. Further details regarding the obligations that MSWD will commit to as a Permittee can be found in Section 4.1.4 of this SEIR/SEIS.

Although no aspect of the Major Amendment is expected to result in significant impacts, to comply with the Plan amendment requirements outlined in Section 6.12.4 of the Plan, the same environmental review and approval process that was conducted under the original MSHCP approval must be followed. Consequently, this SEIR/SEIS has been prepared to address changes to the September 2007 Final Recirculated Coachella Valley MSHCP EIR/EIS, which did not include Desert Hot Springs or MSWD as Permittees of the Plan. Those environmental topics that may be affected by the Major Amendment have been analyzed in Section 4.0 of this SEIR/SEIS. These topics include Biological Resources, Land Use and Planning, Socioeconomic Resources, and Transportation/Traffic. None of those topics were found to have significant impacts requiring mitigation beyond what is already provided in the CVMSHCP or being included for the City of Desert Hot Springs and Mission Springs Water District through this Major Amendment. The rationale for not including the remaining CEQA environmental checklist topics are briefly discussed below.

Aesthetics

The project would not result in any changes to scenic vistas as a result of the City of Desert Hot Springs and MSWD being added as Permittees of the CVMSHCP and would not result in damage to any scenic resources within the City or MSWD boundaries. Consistent with the analysis conducted in the 2007 recirculated EIR/EIS, approval of the Major Amendment would result in the conservation of additional areas within the Plan boundary, which would protect an array of scenic resources, thereby having a positive or beneficial impact on aesthetics.

Agricultural and Forestry Resources

According to the Riverside County Important Farmland 2006 map prepared by the California Department of Conservation, no prime, statewide important, unique, or local important farmlands are located in the City of Desert Hot Springs or within MSWD boundaries that would be affected by the Major Amendment. There are no lands zoned for agricultural use within the City or MSWD boundaries and therefore, no lands under a Williamson Act contract. Furthermore, there are no lands designated as forest or woodland within the Major Amendment area (California Department of Forestry and Fire Protection, 2003), and there are no lands identified as Timberland Production Zones in Riverside County (California Department of Forestry and Fire Protection, 2002). Consequently, the Major Amendment would have no impact on agricultural and forestry resources.

Air Quality

The proposed Major Amendment would not obstruct implementation of the regional Air Quality Management Plan (AQMP). Adding the City as a Permittee would result in the conservation of additional lands for conservation, which could otherwise be developed under the current land use designations and contribute a new source of air pollution emissions. Consequently, the Major Amendment would have an overall beneficial impact to local and regional air quality by reducing the amount of developable land within the Plan boundaries. Therefore, the Major Amendment would not result in any significant emissions, violate any applicable air quality standard, contribute to existing or future air quality violations, or result in a cumulatively considerable increase in any air quality criteria pollutants.

Cultural Resources and Native American Concerns

As indicated in the approved 2007 Final Recirculated EIR/EIS, cultural resources and Native American concerns have been represented in, and are integral to the composition of the CVMSHCP. Representatives of the three primary Native American tribes, with traditional use and Reservation lands in the Plan Area, were invited to participate in the CVMSHCP planning process. The proposed Major Amendment will reestablish Conservation Areas within the City that were originally included through consultation with the tribes during the 2007 Plan approval process. Similar to species preservation, the dedication of developable lands to conservation would generally enhance the conservation of cultural resources by limiting development that might otherwise impact the affected lands and any potential unknown archaeological resources. None of the CVMSHCP alternatives would have a significant adverse impact on cultural resources in the Plan Area for CEQA analysis purposes. Similar to the 2007 recirculated EIR/EIS, this SEIR/SEIS does not analyze the potential impacts of Covered Activities on cultural resources, nor does it supplant other requirements that Covered Activities might be subject to regarding environmental analysis, including cultural resource surveys, through their environmental review and approval process. Any required mitigation would be determined through that process. Therefore, while Covered Activities would be provided Take Authorization with approval of the proposed Major Amendment, they would remain subject to existing applicable regulations for the assessment of potential impacts to cultural and other environmental resources under CEQA's purview. As such, potential impacts to cultural resources due to implementation of the proposed Major Amendment would have a less than significant effect on cultural resources and Native American concerns.

Geology and Soils

The proposed Major Amendment does not promote or in any way allow development that would otherwise not be permitted in areas where geologic hazards occur. Existing General Plan, zoning ordinance, building code, and environmental review policies, standards, and requirements would remain in effect under the proposed Major Amendment to ensure that any future development or land use within Conservation Areas would address potential geologic hazards and unstable soil conditions and enforce relevant building codes and standards. Therefore, any potential impacts to geology and soils are considered less than significant.

Greenhouse Gas Emissions

Approval of the Major Amendment and establishment of Conservation Areas within the City of Desert Hot Springs and MSWD boundaries would serve to reduce the potential greenhouse gas (GHG) emissions that might otherwise occur through build-out of allowable land uses within the reestablished Conservation Areas under the City's existing General Plan. Therefore, adoption and implementation of the Major Amendment would not significantly effect GHG emissions.

Hazards and Hazardous Materials

The proposed Major Amendment would not directly involve the routine transport, use, or disposal of hazardous materials. Therefore, implementation of the Major Amendment would not result in any impacts related to such hazards. In addition, the Major Amendment would not result in the location of any building or structure on a site that is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, therefore, would not create a significant hazard to the public or the environment.

Hydrology and Water Quality

Approval of the proposed Major Amendment would not substantially alter any existing drainage pattern, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site, nor in a manner that would substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site. The Major Amendment would result in adding conservation lands to the overall MSHCP reserve system. Since the Conservation Areas would have very limited development, approval of the Major Amendment is not expected to result in violations to water quality standards or waste discharge requirements.

Mineral Resources

Mineral extraction in the Coachella Valley is primarily limited to sand and gravel production. Establishment of the Conservation Areas within the Plan was coordinated to avoid active mining areas, and there are none present within the proposed Major Amendment areas; therefore, no impact to mineral resources would occur.

Noise

The proposed Major Amendment would result in setting aside additional land within the City of Desert Hot Springs for conservation; thereby limiting development in those areas compared with what otherwise may be developed under the existing General Plan and zoning designations. Therefore, no substantial noise increases would occur over what already has been anticipated prior to the Major Amendment. Any activities covered by the Major Amendment are subject to the same noise standards established in the City or County General Plan and Noise Ordinances. Therefore, no significant noise impacts would occur with implementation of the Major Amendment.

Public Services

The proposed Major Amendment in itself would not result in the need for new or expanded public facilities. The CVMSHCP provides Take Authorization for public facilities operated by Riverside County (fire protection), City of Desert Hot Springs (police), Palm Springs Unified School District (public schools), and the Community Development Department/City Parks Commission (public parks). The CVMSHCP provides the basis for the issuance of Take Authorization for emergency access and emergency response within the CVMSHCP Reserve System. The CVMSHCP also allows limited development in the Conservation Areas, so that new public facilities are not precluded in the Conservation Areas. However, it is anticipated that any new fire, police or school facilities could be provided in the more urbanized portions of the City without the need for expansion within the proposed Conservation Areas.

Recreation

The Major Amendment would not result in any substantial increase in the use of recreational facilities or require the construction or expansion of such facilities. The CVMSHCP provides guidelines for public access and recreation that would be implemented over time within the Conservation Areas including those portions of the Upper Mission Creek/Big Morongo Canyon and Whitewater Canyon Conservation Areas that will be reestablished within City limits. The guidelines and the review and approval process for siting trails and other public access facilities in the CVMSHCP Reserve System are set forth in the Plan to provide for these future facilities and ensure that no significant impacts occur. The potential for expanded hiking, equestrian, and other passive recreation within the City is considered a benefit; therefore, no significant recreation impacts would occur with implementation of the Major Amendment.

Utilities and Service Systems

The Major Amendment, as with the entire Plan, would provide Take Authorization for activities that support the future development of public utilities and service systems, as long as such activities comply with applicable avoidance, minimization, and mitigation measures and associated land use adjacency guidelines. The Major Amendment would not result in new generation of wastewater or use of water supplies and would not require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities. Implementation of the Major Amendment would not require new or expanded drainage facilities but would allow Take of Covered Species and Natural Communities, if necessary, for planned drainage facilities as specified by the CVMSHCP.

6.0 CUMULATIVE IMPACTS

6.1 Introduction

Both NEPA and CEQA require the analysis of cumulative, direct, and indirect impacts that may be associated with a Proposed Action. An analysis of potential cumulative effects must examine the full range of impacting environmental consequences associated with the Proposed Action. The potential for cumulative impacts has been analyzed for each alternative in the approved September 2007 Recirculated EIR/EIS.

Background

Since CEQA is more specific than NEPA in regards to the robustness of the cumulative analysis, cumulative impacts have been analyzed in accordance with Section 15130 of the CEQA Guidelines, which require that an EIR include a discussion of the potential cumulative impacts. While the SEIR/SEIS focuses on the potentially significant direct impacts of the Major Amendment, cumulative impacts may be individually minor but collectively significant, taking place over a period of time. Cumulative impacts are defined as two or more individual effects that, when considered together, are considerable or that compound or increase other environmental impacts. The cumulative impact from several projects is the change in the environment that results from the incremental impact of the development when added to other closely related past, present, and reasonably foreseeable or probable future developments. Relevant portions of CEQA Section 15130 are cited below:

(a) An EIR shall discuss cumulative impacts of a project when the project's incremental effect is cumulatively considerable, as defined in Section 15065(c). Where a lead agency is examining a project with an incremental effect that is not "cumulatively considerable," a lead agency need not consider that effect significant but shall briefly describe its basis for concluding that the incremental effect is not cumulatively considerable.

(1) As defined in Section 15355, a cumulative impact consists of an impact that is created as a result of the combination of the project evaluated in the EIR together with other projects causing related impacts. An EIR should not discuss impacts that do not result in part from the project evaluated in the EIR.

(2) When the combined cumulative impact associated with the project's incremental effect and the effects of other projects is not significant, the EIR shall briefly indicate why the cumulative

impact is not significant and is not discussed in further detail in the EIR. A lead agency shall identify facts and analysis supporting the lead agency's conclusion that the cumulative impact is less than significant.

(3) An EIR may determine that a project's contribution to a significant cumulative impact will be rendered less than cumulatively considerable and thus is not significant. A project's contribution is less than cumulatively considerable if the project is required to implement or fund its fair share of a mitigation measure or measures designed to alleviate the cumulative impact. The lead agency shall identify facts and analysis supporting its conclusion that the contribution will be rendered less than cumulatively considerable.

(b) The discussion of cumulative impacts shall reflect the severity of the impacts and their likelihood of occurrence, but the discussion need not provide as great detail as is provided for the effects attributable to the project alone. The discussion should be guided by the standards of practicality and reasonableness, and should focus on the other identified projects that contribute to cumulative impacts rather than the attributes of other projects that do not contribute to cumulative impacts. The following elements are necessary for an adequate discussion of significant cumulative impacts, including either:

(1) A list of past, present, and probable future projects producing related or cumulative impacts, including, if necessary, those projects outside the control of the agency, or

(2) A summary of projections contained in an adopted general plan or related planning document, or in a prior environmental document that has been adopted or certified, which described or evaluated regional or area-wide conditions contributing to the cumulative impact. Any such planning document shall be referenced and made available to the public at a location specified by the lead agency.

The adopted September 2007 EIR/EIS performed an assessment of the long-term land use impacts the implementation of the CVMSHCP would have within the Plan Area. CEQA Guidelines Section 15130 b(1) allows the use of a summary of land use projections set forth in adopted General Plans (and associated EIRs) and the buildout of these plans. Rates of growth were assumed based upon recent trends in land conversion.

The intent in determining the significance of those cumulative impacts evaluated in the approved EIR/EIS was an assessment of the aggregated effects of past, present, and reasonably foreseeable future projects or actions, regardless of who undertakes them.

The Council on Environmental Quality's (CEQ) regulations for implementing the National Environmental Policy Act (NEPA) define cumulative impacts (40 CFR 1508.7):

> "Cumulative impact" is the impact on the environment which that results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time."

"Significantly" as used in NEPA requires considerations of both context and intensity. 40 CFR 1508.27(b) clarifies how considerations of intensity relate to cumulative impacts and includes the following:

> "Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming an action temporary or by breaking it down into small component parts."

A cumulative impacts analysis is largely qualitative in nature but builds upon an extensive quantitative analysis of land use patterns and designations, regulatory and environmental constraints and opportunities affecting development, and socio-economic trends. The potential cumulative impacts of the overall Plan have been evaluated to determine the degree to which they degrade a resource to unacceptable levels and the incremental contribution made by the CVMSHCP to the overall cumulative effect.

The cumulative impacts analysis described in the 2007 recirculated EIR/EIS provides sufficient analysis of the Plan as a whole and approval of the Major Amendment would not change the scope of the cumulative analysis in that EIR/EIS, therefore, no further cumulative impact analysis is considered in this SEIR/SEIS.

7.0 PROJECT ALTERNATIVES

7.1 Introduction

To fully evaluate proposed projects, both CEQA and NEPA require that alternatives be discussed. Section 15126.6 of the State CEQA Guidelines requires the discussion of "a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives." The alternatives discussion is intended to focus on alternatives to the project or its location that are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives.

NEPA Guidelines (40 CFR 1502.14), require an EIS to present the environmental impacts of the Proposed Action and all reasonable alternatives in comparative form, defining the issues and providing a clear basis for choice by decision-makers and the public. NEPA generally requires that the analysis of alternatives occur at a substantially similar level of detail to that devoted to the proposed action. The approved September 2007 Recirculated EIR/EIS discusses a wide range of alternatives to the project that considered approving the Plan without the City of Desert Hot Springs or MSWD as Permittees. In addition to the Proposed Action/Preferred Alternative, alternatives evaluated included a Public Lands Alternative, Core Habitat with Ecological Processes Alternative, Enhanced Conservation Alternative and the No Action/No Project Alternative (see Summary of Alternatives below).

Since this document supplements the previous approved EIR/EIS for the CVMSHCP, those alternatives referenced above provide sufficient analysis of the Plan as a whole and no further alternatives other than an updated No Action/No Project Alternative are considered in this SEIR/SEIS. The reasons for not providing alternative locations for the project as well as the environmentally preferred alternative are discussed below.

7.2 Summary of Alternatives

Public Lands Alternative

Under this Alternative, substantial areas would be protected in the mountainous portions of the Plan Area. Because this Alternative entails no land acquisition, only Core Habitat, Essential Ecological Processes, and Biological Corridors and Linkages that happen to be on existing public conservation lands or private conservation lands would be protected. As a result, sand transport, watershed, and other ecological processes would not be protected, Biological Corridors and Linkages would not be conserved, and Core Habitat areas would likely be fragmented in many instances. As indicated in the approved Recirculated EIR/EIS, this Alternative would not include a broad acquisition plan as part of the Plan requirements. Management of the existing reserves would be increased, so that Covered Species within these reserves would receive greater protection. Overall conservation lands would decrease under this Alternative and would thus result in a greater impact to Covered Species and natural communities. In addition, it was found to have potentially significant impacts to groundwater recharge. No feasible mitigation measures were identified. Adoption of the Major Amendment would not result in any changes to that conclusion.

Core Habitat with Ecological Processes Alternative

This Alternative would establish Conservation Areas intended to protect Core Habitat for the Covered Species and natural communities included in the Plan, Essential Ecological Processes necessary to sustain these habitats, and some Biological Corridors. The Conservation Areas include most of the Public Lands Alternative lands as well as the acquisition of additional private lands particularly in the mountains surrounding the Coachella Valley as necessary to: avoid habitat fragmentation of Core Habitat, protect Essential Ecological Processes, and maintain Biological Corridors. As indicated in the approved Recirculated EIR/EIS, this Alternative would result in less conservation than the Preferred Alternative, and thus would have greater impact on Covered Species and natural communities. No Feasible mitigation measures were identified. Adoption of the Major Amendment would not result in any changes to that conclusion.

Enhanced Conservation Alternative

This Alternative expands upon the Proposed Action/Preferred Alternative and includes the same Covered Activities as the Preferred Alternative. It would result in less Take than the Proposed Action/Preferred Alternative and additional Conservation Lands would be added. As indicated in the approved Recirculated EIR/EIS, this Alternative would not result in any significant impacts. However, it would result in highly fragmented Conservation Areas in some locations interspersed with urban land uses and major transportation links, undermining the effectiveness of Conservation in these areas. Adoption of the Major Amendment would not result in any changes to that conclusion.

7.3 Alternative Locations

In accordance with CEQA Guidelines Section 15126.6(f)(2), the project is required to consider alternative locations to the project. Per CEQA Guidelines Section 15126.6(f)(2)(A), the key question and first step in analysis of the offsite location is whether any of the significant effects of the project would be avoided or substantially lessened by placing the project in another location. However, since the proposed action consists of adding two jurisdictional entities as Permittees to the CVMSHCP, and re-establishing the same Conservation Areas within the City as originally prescribed in the 2006 version of the Plan, alternative locations would not meet the objectives of the Major Amendment. In addition, since this SEIR/SEIS has not identified any significant effects of implementing the proposed Major Amendment, there is no compelling cause to consider alternate locations. Consequently, offsite locations are considered infeasible and no offsite location alternatives were carried forward in this analysis.

7.4 No Action/ No Project Alternative

Under the approved EIR/EIS, it was determined this Alternative may result in significant adverse impacts to biological resources for CEQA analysis purposes due to the lack of protection for both Covered and non-Covered Species. Since there is now an approved Plan in place, the No Action/No Project Alternative for the proposed Major Amendment would mean that neither the City nor MSWD would become Permittees of the Plan. Similar to the conclusion in the approved EIR/EIS, the No Action/No Project Alternative under this scenario would mean that some areas of the City and the MSWD boundaries would not receive full protection for Covered and non-Covered Species as provided by the Plan. Therefore, significant adverse impacts to biological resources could occur under the No Action/No Project Alternative. The No Action/No Project Alternative would result in Desert Hot Springs and MSWD not being added as Permittees of the Plan and no Take Authorization would be issued for their proposed Covered Activities. The City and MSWD would not be responsible for ensuring the implementation of the CVMSHCP, including acquisition, monitoring and management within their jurisdictions. The City and MSWD would be responsible for obtaining their own permits through the USFWS and CDFW for any project approvals that may affect sensitive species or core habitat areas. This Alternative would not serve to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth in the planning area.

7.5 NEPA/CEQA Environmentally Preferred/Superior Alternative

After the environmental analysis is completed, NEPA requires that in addition to the agency's Preferred Alternative, the *environmentally preferable* alternative be identified. According to

Section 1505.2(b) of Title 40, U.S. Code of Federal Regulations, in cases where an EIS has been prepared, the Record of Decision (ROD) must identify all alternatives that were considered, ". . . specifying the alternative or alternatives which were considered to be environmentally preferable." The environmentally preferable alternative is the alternative that will promote the national environmental policy as expressed in NEPA's Section 101. Ordinarily, this means the alternative that causes the least damage to the biological and physical environment; it also means the alternative that best protects, preserves, and enhances historic, cultural, and natural resources. It is assumed the Proposed Action/Preferred Alternative would be chosen as the Environmentally Preferred Alternative as this was the only alternative analyzed for further consideration other than the No Action/No Project Alternative that was found to have potentially significant impacts. However, the ROD will identify all the alternatives analyzed in this SEIR/SEIS and specify the Environmentally Preferred Alternative.

Pursuant to CEQA Guidelines, Section 15126.6(e)(2), CEQA requires that an environmentally superior alternative, other than the No Action/No Project Alternative, be identified in an EIR, after comparing the potentially significant impacts of each alternative as compared to the Proposed Project.

The alternative that causes the least damage to biological resources and physical environment and best preserves natural resources is the Proposed Action/Preferred Alternative. The addition of the City and MSWD as Permittees of the Plan provides a more comprehensive and cohesive Plan that would provide beneficial impacts for the Covered Species and natural communities protected within the Plan Area. The Plan also incorporates required avoidance, minimization and mitigation measures; land use adjacency guidelines; and a comprehensive Monitoring and Management Program designed to mitigate potential adverse effects to the greatest extent practicable. Therefore, the Proposed Action/Preferred Alternative is considered the environmentally superior alternative under CEQA.

8.0 LIST OF REFERENCES AND APPENDICES

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APPENDICES

I. Fiscal Impact Analysis for the Inclusion of the City of Desert Hot Springs In the Coachella Valley Multiple Species Habitat Conservation Plan, prepared by Terra Nova Planning & Research, Inc., July 2011.

Fiscal Impact Analysis

for the
Inclusion of the City of Desert Hot Springs

In the

Coachella Valley
Multiple Species Habitat Conservation Plan

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July 2011

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I. INTRODUCTION

This Fiscal Impact Analysis has been prepared in response to the proposed addition of the City of Desert Hot Springs to the Coachella Valley Multiple Species Habitat Conservation Plan program. In 2003, a Fiscal Impact Analysis was prepared to analyze the potential costs and revenues which could be lost by each jurisdiction participating in the Plan. The City of Desert Hot Springs was included in that analysis, but withdrew from the Plan prior to its completion. The Plan was subsequently adopted by CVAG and the cities of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio and Coachella, and the County of Riverside. Federal and State permitting was completed in 2008, and the Plan has been implemented since that time. The City of Desert Hot Springs requested a Major Amendment be prepared to add lands within its corporate boundaries, triggering a need for an update of the Fiscal Impact Analysis specific to that City. The amendment will also add Mission Springs Water District to the MSHCP. As the City was included in the original analysis, and in order to maintain consistency, this report, and the analysis associated with it, have been completed as an update of the original document. The Fiscal Impact Model is consistent with the original model, but all land use data, cost factors, property values and other assumptions have been updated to reflect 2011 dollars.

The Coachella Valley Association of Governments (CVAG) provided an analysis of the lands proposed for conservation in the City. As a result of an annexation undertaken by the City in 2010, which extended its boundaries to the Interstate 10 freeway, lands previously under the jurisdiction of the County of Riverside are now within the City limits. The City agreed, as part of the annexation, to enforce the provisions of the MSHCP on those lands within the annexation area which are to be conserved. The analysis provided by CVAG included data on the land use designations applicable to these lands, and whether the land was vacant or developed.

As lands within the City are currently available for urban development, in a manner consistent with the City's General Plan, development on these lands would be expected to potentially result in both revenues for the City, in the form of increased property tax, sales tax, motor vehicle license fees, special assessments, and other revenues. Development would also generate additional costs associated with the provision of public services and facilities. As implementation of the MSHCP would result in the conversion of these lands to conservation, revenues associated with future development would be lost. The conversion of vacant, potentially developable land to open space and conservation uses could have fiscal impacts on the City. The purpose of this updated Fiscal Impact Analysis is to determine what the costs and revenues could be if these lands were to develop.

The Plan does allow very limited development of conservation lands under certain circumstances. However, in order to reflect the most conservative analysis in this report, it has been assumed that no development, and therefore no revenue, would be generated on any lands in a conservation area. Some development already exists in the conservation areas proposed in the City. This development is generating revenue and costs, and no change would be expected as a result of the implementation of the Plan, particularly since most of the development consists of energy-related development (wind farms). The existing developed lands are therefore not considered in this report, as they would be revenue and cost neutral for the City.

Fiscal Impact Analysis for the City of Desert Hot Springs' Inclusion in the Coachella Valley Multiple Species Habitat Conservation Plan

II. ASSUMPTIONS

The purpose of the fiscal analysis is to estimate the direct public costs and revenues that would result if vacant lands identified for conservation by the MSHCP were instead allowed to develop consistent with the current General Plan land use designation. With annexation of the lands described above, the City agreed to maintain the land use designations consistent with those applicable under the County prior to annexation. The development potential has been analyzed based on those densities for those lands. If the vacant acreage identified in the MSHCP is conserved, and development does not occur on these lands, potential revenues identified in this fiscal analysis will be lost. Conversely, if these lands are conserved, they will also not generate any costs to the City, as maintenance, public safety and other responsibilities will be eliminated.

Density Assumptions
Consistent with the previously prepared Fiscal Impact Analysis, this report assumes that residential development will occur at a rate of 75% of the maximum density permitted. For example, if 100 acres of Low Density Residential land are available for development, and the maximum density permitted is 4 dwelling units per acre, a maximum of 400 units could potentially be developed. However, to provide a more realistic analysis of development in the City (and region), this report assumes that only 300 units (75% of the maximum permitted) would be developed.

Also consistent with the previous analysis, this report assumes that at buildout, industrial development will result in 34% building coverage (14,810.4 square feet of building space per acre). These estimates were developed on the basis of standard single-story development typical of the Coachella Valley.[1] These assumptions are also consistent with the City's floor area ratio (FAR) limitations, and the realities of development for industrial projects, which require large areas of parking and/or loading in addition to the building coverage generated.

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

Construction Cost Assumptions

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1% of valuation, and the collection rate is 100%. All property values are stated in year 2011 dollars. The value of new residential units is based on the 2^{nd} quarter, 2010 median new home price provided for the City in the "Inland Empire Quarterly Economic Report." The value of new industrial development is assumed to be $60 per square foot, which represents standard industrial development in the Coachella Valley.

Fiscal Impact Analysis for the City of Desert Hot Springs' Inclusion in the Coachella Valley Multiple Species Habitat Conservation Plan

III. FORMAT

All analyses conducted in this report follow the format recommended in the "Riverside County Guide to Preparing Fiscal Impact Reports," which is widely used in the Coachella Valley when jurisdictions prepare annexation applications. The costs and revenues evaluated in the fiscal analysis represent major cost and revenue sources identified in the City's Fiscal Year 2010-2011 Budget. Major General Fund revenue sources associated with the development of land and/or associated population increases include property tax, property transfer tax, sales tax, transient occupancy tax, and motor vehicle in-lieu revenues. Other taxes and fees levied on a city-wide basis, such as Utility Users and Public Safety Taxes, are also included in the analysis. Restricted revenue sources (also known as Special or Non-General Fund revenues), including TUMF fees, highway user gas taxes, Measure A, and special assessment districts are also included where applicable. For this report, it has been assumed that all properties, were they to develop, would be annexed to the City's existing Community Facilities District.

The analysis also evaluates the potential costs of providing general government services, public safety services, and roadway maintenance to future development that could occur on lands being proposed for conservation if the City becomes a permittee under the MSHCP.

The fiscal analysis does not include projections of application processing or permitting fees, such as development review fees, developer impact fees or building permit fees. These fees are largely based on project-specific development criteria that will not be determined until actual development projects are proposed and cannot be adequately estimated at this time. In addition, the following revenue sources are not evaluated: revenues not directly associated with the development of land, inter-governmental grants, capital improvement funds, and geographically limited assessments that are not levied on a city-wide basis. All projected costs and revenues are stated in Year 2011 dollars.

The MSHCP is a long-range plan that is permitted to be in effect for 75 years; conservation lands are to be preserved in their natural condition in perpetuity. For analysis purposes, the buildout of the lands proposed for conservation has been assumed to occur in a 20-year period, divided into four five-year buildout phases. It is assumed that future development will be evenly distributed over the four buildout phases, and that buildout will occur at the end of this period. This approach allows for an incremental analysis of potential fiscal impacts. Cost/revenue projections are cumulative and include the costs/revenues incurred during all previous phases.

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IV. METHODOLOGY

As with the original Fiscal Impact Analysis, this report utilizes two methodologies recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports": the Case Study Method and the Multiplier Method.[2] The Case Study Method is used to calculate the following revenue sources: property tax, property transfer tax, sales tax, transient occupancy tax, TUMF fees, and Measure A revenues. Each of these revenue sources is based on a unique series of mathematical computations and assumptions, which are discussed in more detail below. Other revenues and costs are projected using the Multiplier Method, which is based on a per unit or per capita cost or revenue factor.

A. Potential City Revenues

1. Property Tax Revenue

The County of Riverside collects property taxes for lands in the City of Desert Hot Springs annually at a rate of 1% of assessed valuation. Property tax revenues are allocated between Riverside County, the City, and a variety of other public agencies. It is important to note that Riverside County not only receives property tax revenue from unincorporated lands under its jurisdiction, but also receives a portion of property tax revenue generated in incorporated cities. For Desert Hot Springs, the City receives 16.6% of the 1% collected, and the County 23.1%. Other agencies receive the balance of 60.3%. This allocation has not changed since the preparation of the original Fiscal Impact Analysis.

Approximately 6,448 acres currently designated for urban uses in the City's General Plan are proposed for conservation within City limits. Of this total, 6,233 acres are vacant, and 2,993 acres are designated for Open Space. Open Space lands are assumed to remain undeveloped, and therefore are not studied in this report. When Open Space lands are deducted, a net remaining 3,240 acres of land could be developed in areas proposed for conservation in the MSHCP. To provide the most conservative analysis, the fiscal model assumes that implementation of the

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

MSHCP will prohibit any development from occurring on these lands. The MSHCP does allow for some development within conservation areas. Therefore, the analysis contained in this document is considered conservative. The development potential of these lands and any property tax revenue increases generated by future development is assumed to be "lost."

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

2. Property Transfer Tax Revenue

Property transfer tax revenues will also be "lost" if developable lands are converted to conservation. The Property Transfer Tax is levied by Riverside County upon a change of ownership of property. The tax rate is $1.10 per $1,000 (or 0.11%) of the unencumbered property value.[3] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. If the transfer occurs within the City, the revenue is divided evenly between the County (50%) and the City (50%).[4] Upon implementation of the MSHCP, therefore, both Riverside County and the City will lose potential revenue from lands placed into conservation.

For analysis purposes, estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports." Upon the sale of a new unit, 100% of the unit's market value is subject to the property transfer tax. Upon change of ownership of an existing unit, the unencumbered value (average 80%) of the property is subject to the property transfer tax. Change in ownership is assumed to begin in the fourth year of the first phase, and 10% of existing residential properties are assumed to change ownership per year. Property values are stated in year 2011 dollars, and the same property values used in the property tax revenue evaluation, above, are used in this analysis. A resale rate of 1% is assumed for multi-family and industrial development. For new industrial buildings, it is assumed that only 10% of the property value will change ownership after the structure is built.

3. Sales and Use Tax Revenue

If potentially developable land in the MSHCP planning area is converted to conservation, its ability to generate taxable sales and sales tax revenue will be lost. Sales tax in Riverside County is collected at a rate of 8.75% by the state of California. The table below describes how sales tax revenues are allocated among public agencies. The City receives 1% of the 8.75% for its General

[3] Alicia Gonzales, Riverside County Recorder's Office, personal communication, January 21, 2011.
[4] Ibid.

Fund, and 0.5% is allocated to Measure A, for purposes of regional roadway projects (see discussion below).

The fiscal model projects sales tax revenues for proposed conservation lands that are currently designated for residential development. Taxable sales from industrial development in the Coachella Valley are generally very limited, and the fiscal model assumes that no taxable sales are generated by industrial development.

For vacant residential lands being proposed for conservation, estimates of potential sales tax revenues are based on the discretionary income of future residents. As described in the Riverside County "Guide to Preparing Fiscal Impact Reports," discretionary income calculations are based on the assumption that total monthly housing costs are equal to 30% of household income, and 19% of net household income is available for spending on taxable goods. Monthly housing costs for single-family homes are based on the 2010 median new housing value provided in the "Inland Empire Quarterly Economic Report." This analysis assumes conventional financing with a 30-year fixed rate mortgage. An average mortgage lending rate of 5.06% has been used. When applicable, monthly housing costs for multi-family development are based on the average rental rate for a one or two-bedroom apartments or duplexes in early 2011.

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

4. Transient Occupancy Tax (TOT) Revenue

Only one land use designation in the Desert Hot Springs General Plan would allow the construction of a hotel or motel, which could then generate Transient Occupancy Tax. The location of the Estate Residential lands and the minimum acreage of 10 acres make it unlikely that a hotel could develop on these lands. As a result, no Transient Occupancy tax revenues have been assumed for this report. This represents a reduction from the previous analysis, where Community Commercial lands were assumed to generate a single hotel.

5. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2010, the City was expected to receive $2.94 per capita.[5]

[5] "State of California, Fiscal Year 2009-2010," prepared by State Controller's Office.

6. TUMF Fees

Riverside County Ordinance 673 established a fee mitigation program for funding the engineering, construction, and purchase of right-of-way and other transportation improvements in the Coachella Valley. The program is better known as the Transportation Uniform Mitigation Fee (TUMF), and its mitigation fee is paid by developers of new projects prior to the issuance of building permits. Fee amounts are based on the trips generated by the land use, gross square footage of the new building, number of units, number of rooms, or number of parking spaces. Mitigation fees are collected by Riverside County and disbursed to the Coachella Valley Association of Governments (CVAG), which is responsible for the management and utilization of funds for regional transportation improvement projects. TUMF revenues are a one-time, non-recurrent payment, and do not represent an ongoing revenue source. It can also be argued that if the lands proposed for conservation do not develop, they will also not generate any vehicle trips, and will therefore not impact roadway capacity. In order to provide an accurate representation of potential revenue losses associated with implementation of the MSHCP, however, this report projects potential TUMF revenues that could be lost to conservation.

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

7. Highway User Gas Tax Revenue

Portions of the tax levied per gallon by the State of California on all gasoline purchases are allocated to counties and cities throughout the state. The anticipated per capita apportionment factors for Fiscal Year 2009-2010 for the City was $16.15.

If vacant residential lands are allowed to develop as currently designated, new dwelling units would be constructed, and new residents would move in. The City would receive gas tax revenues, on a per capita basis, for each new resident. Implementation of the MSHCP, however, will remove the development potential from these residential lands, and gas tax revenues will be lost.

8. Measure A Revenue

Of the 8.75% sales tax collected in Riverside County, 0.50% (or .005 cent on the dollar) is contributed to the Measure A fund. Measure A revenues are managed and disbursed by the Riverside County Transportation Commission (RCTC). Of all the Measure A revenues allocated to the Coachella Valley region, 65% is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. The remaining 35% is allocated to local jurisdictions, based on a formula that accounts for the jurisdiction's population and total taxable sales. Measure A revenues are restricted for use in funding local street maintenance, traffic signal installation, and related improvements.

The fiscal model estimates potential Measure A losses by estimating anticipated sales tax revenues, using the same methodology used to project local sales tax revenues. It then extracts the 0.50% designated for Measure A. It further reduces this amount to reflect only that portion (26.9%) which is allocated to the Coachella Valley region. Of the 26.9% allocated to the region, only 35% is allocated to local jurisdictions via the Streets/Roads program. Desert Hot Springs receives 2.9% of the local allocation.

9. County Service Area (CSA)152 Revenue

County Service Area 152 supports the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990. The program requires the adoption and implementation of storm water management plans, which reduce the discharge of pollutants from storm water systems into waters of the United States. Desert Hot Springs participates in the CSA.

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

Table IV-1
County Service Area 152
Benefit Assessment Unit (BAU) Factors

Land Use	BAU Assignment
Single-Family Residential	1 BAU/dwelling unit
Multi-Family Residential	9 BAU/developed acre
Commercial/Industrial	12 BAU/developed acre
Golf Course/Private Park	0.10 BAU/developed acre
Parcels w/miscellaneous structures	0.05 BUA/developed acre
Agriculture, Dairies, Vacant and Undeveloped Parcels	0 BAU/acre

Each city has established its own BAU dollar value. To calculate the assessment for a particular property, the fiscal model multiplies the number of dwelling units or developed acres, by the number of BAUs assigned to the property, and the city's established BAU dollar rate. The BAU rates for Desert Hot Springs is $1.56.

10. Other City Specific Revenues

In addition to those revenue sources applicable throughout the MSHCP area, Desert Hot Springs receives revenues from three additional sources: The Public Safety Tax, the Utility Users Tax, and Community Facilities District 2010-01 (CFD). For purposes of this analysis, it has been assumed that both the Public Safety Tax and the Utility Users Tax will be maintained through the 20 year buildout period. These taxes do have sunsets, but have been renewed by the voters, and would be expected to be renewed again. The CFD has been assumed to be the vehicle which would replace the Landscaping and Lighting Districts previously used by the City. It has further been assumed that all future development on the lands proposed for conservation would be annexed to the CFD. Although the CFD includes a range of potential rates, this report assumes a cost of $400 per unit for maintenance costs, which would appear typical of a residential parcel.

Single family residential units are assessed one Benefit Unit (BU) per unit; apartments are assessed 0.60 BU per unit, and industrial development is assessed 2 BU per acre.

11. Investment Income

If municipal revenues are "lost" to conservation, any investment income that could be generated by these revenues will also be lost. In order to project potential investment earnings on new revenues, the fiscal model applies the historical average interest rate of the 90-Day Treasury Bill, an average interest rate of 5.03%, which is the standard prescribed in the Riverside County "Guide to Preparing Fiscal Impact Reports".

B. Potential City Costs

If lands being proposed for conservation are instead allowed to develop, they will also generate costs to the City for general government services, public safety, and roadway maintenance.

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

Costs of Public Safety Services
Public safety is defined for purposes of this analysis as police, fire and ambulance services, as well as Code Compliance and Animal Control activities, which are conducted under this budget category as well. The costs of providing public safety services are calculated in the same manner as general government costs. The fiscal model translates these expenditures into a per capita factor and applies this factor to the anticipated buildout population.

Costs of Roadway Maintenance
The costs associated with repairing and maintaining future paved public roads are calculated using a per road mile cost factor. The fiscal model first determines the existing number of paved road miles per square mile of land area in the City. The model then identifies the number of square miles of land area designated for conservation and projects the number of potential paved road miles that could be constructed in the conservation area. The model then divides the City's total annual roadway maintenance costs by the number of paved road miles to determine an annual per road mile cost factor. Finally, the annual per road mile cost is applied to the number of potential paved road miles in the conservation area for that jurisdiction. For purposes of this analysis, it is assumed that new road development would occur as development would occur, and would be at the developers' expense. No cost would therefore result for the City.

Fiscal Impact Analysis for the City of Desert Hot Springs' Inclusion in the Coachella Valley Multiple Species Habitat Conservation Plan

V. CITY OF DESERT HOT SPRINGS

A. Land Use in Areas Proposed for Conservation

This chapter discusses potential revenues that the City of Desert Hot Springs would be expected to receive if all currently vacant lands within conservation areas within the City were allowed to develop for urban uses according to their land use designations. Within Desert Hot Springs, a total of 6,233± acres are currently vacant and undeveloped in the proposed conservation areas. Of these, 2,933± acres are designated as Open Space. This analysis assumes that Open Space lands would remain undeveloped, and do not have potential to generate revenues associated with development. Therefore, lands designated as Open Space are not analyzed in this fiscal analysis.

The remaining 3,240± acres are designated for residential and industrial uses in the City's General Plan, as shown in Table V-1, and are the subject of the cost/revenue analyses that follow.

Table V-1 Desert Hot Springs Summary of Potentially Developable Vacant Lands[1]				
Land Use	Description	Acreage	Units	Potential Total Units or SF at Buildout[2]
RD	Rural Desert (0-1 du//10 ac	936	DU	72
R-E-10	Residential Estates (0-1 du/10ac)	233	DU	16
RR	Rural Residential (0-1 du/5ac)	465	DU	68
R-L	Low Density Residential (0-5 du/ac)	259	DU	972
R-L/SP	Low Density Residential, Specific Plan (0-5 du)	1,167	DU	4,376
	Single-Family Residential Subtotals	**3,060**	**DU**	**5,504**
R-M	Medium Density Residential (0-8 du/ac)	16	DU	96
R-H	High Density Residential (0-14 du/ac)	47	DU	492
	Multi-Family Residential Subtotals	**63**	**DU**	**588**
	RESIDENTIAL SUBTOTALS[2]	**3,123**	**DU**	**6,092**
LI	Light Industrial	89	SF	1,318,124
I-L	Light Industrial	28	SF	414,692
	INDUSTRIAL SUBTOTALS	**117**	**SF**	**1,732,816**
	TOTAL	**3,240**		

Source: Coachella Valley Association of Governments, December 10, 2010.
[1]Does not include lands designated for Open Space
[2]For residential development, assumes 75 percent of total du possible at maximum permitted density
[3]For industrial development, assumes 34 percent lot coverage at buildout.

As shown in the table, development of lands designated for residential uses would result in construction of 6,092 single and multi-family dwelling units at buildout. In Desert Hot Springs, the average household size is 2.88 persons, as described by the California Department of Finance.[6] Based on these data, and the previously stated assumption that 100% of these units would be occupied, the buildout population of the subject lands would be 17,545.

B. Property Tax Revenue

As recommended by the Riverside County "Guide to Preparing Fiscal Impact Reports," the model assumes all properties are taxed at a rate of 1 percent of valuation, and the collection rate is 100 percent. All property values are stated in year 2011 dollars. The value of new single-family residential units is based on the 2nd quarter 2010 median new home prices provided in the "Inland Empire Quarterly Economic Report." As shown in that report, the median new home value for Desert Hot Springs is $207,000. The median value of new multi-family residences is assumed to be $98,490 per unit, which represents standard valuation of new multi-family residential development in Desert Hot Springs between July 2008 and March 2010.[7] The value of new industrial development is assumed to be $60 per square foot.[8]

6 Table 2: E-5 City/County Population and Housing Estimates, 1/1/2010, California Department of Finance.
7 Permit Data July 2008 thru March 2010, provided by Martin Magana, City of Desert Hot Springs.
8 As reported in Fiscal Analysis for Annexation 29 into the City of Desert Hot Springs, prepared by Roger Rostvold, Real Property Consultant, January 2011.

Desert Hot Springs, receives 16.6% of the 1% allocation collected by the County.[9] This allocation rate has been used in the fiscal analysis to estimate potential property tax revenues that could be generated on proposed conservation lands within Desert Hot Springs. 23.1% of the 1% allocation goes to the Riverside County General Fund, and 60.3% goes to other agencies.

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

Potential Property Tax Revenues from Residential Development
There are approximately 3,123 developable acres within Desert Hot Springs designated for residential uses. Of these, 3,060± are designated for single-family development, with densities ranging from 1 dwelling unit per 10 acres to 5 dwelling units per acre. The remaining 63± acres are designated for medium and high density, multi-family development (maximum 14 dwelling units per acre).

Based on a median home price of $207,000 for single-family homes, and $98,490 for multi-family residential development, potential annual property tax revenues to the City from residential development would be $1,987,418 at buildout. Table V-2, below, summarizes potential annual property tax revenues for residential development for each of the four buildout phases.

Potential Property Tax Revenues from Industrial Development
There are approximately 117± acres within Desert Hot Springs with developable potential for Industrial uses. Potential property tax revenues to the City from all developable industrial lands in Desert Hot Springs total $172,588 annually. Potential annual property tax revenues for all four buildout phases from potentially developable industrial lands in Desert Hot Springs are summarized in Table V-2.

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

Table V-2
Desert Hot Springs
Property Tax Revenue Summary Table

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$496,855	$993,709	$1,490,564	$1,987,418
Total property tax revenue from industrial development	$43,147	$86,295	$129,441	$172,588
Total property tax revenue from all development	**$540,002**	**$1,080,004**	**$1,620,005**	**$2,160,006**

9 Personal communication with Justina Loeun, Riverside County Auditor-Controller's Office.

As Table V-2 shows, it is estimated that Desert Hot Springs would lose a total of $2,160,006 over the next 20 years in property tax revenues if the vacant lands currently designated for urban uses are conserved.

C. Property Transfer Tax Revenue

The Property Transfer Tax is levied by Riverside County upon a change of ownership, at a rate of $1.10 per $1,000 (or 0.11 percent) of the unencumbered property value.[10] Riverside County collects Property Transfer Taxes on all changes in ownership that occur within its boundaries, including those located in incorporated cities. For transfers within an incorporated city, the revenue is divided evenly between the County (50 percent) and the city (50 percent) in which the property is located.[11] Assumptions for estimated Property Transfer Tax revenues are calculated according to the instructions provided in the Riverside County "Guide to Preparing Fiscal Impact Reports."

In Desert Hot Springs, potential annual property transfer tax revenues have been calculated for approximately 3,240 acres of lands with potential for urban development. These include residential and industrial uses, discussed categorically below.

Potential Revenues from Residential Property Transfer Tax
In Desert Hot Springs, 3,123± acres of developable land are designated for residential development. Based on buildout of these lands at 75 percent of maximum allowable densities, 6,092 new residential units would be constructed. Residential development on these lands would generate $355,544 annually in property transfer tax to the City at buildout.

Potential Revenues from Industrial Property Transfer Tax
For the 117± acres of potentially developable lands designated for industrial use in Desert Hot Springs, and based on the transfer rate assumptions, annual property transfer tax revenues resulting from development of these lands for industrial use would be $16,012 at buildout.

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

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10 Personal communication, Alicia Gonzales, Riverside County Clerk and Recorder's Office, Jan 21, 2011.
11 Ibid.

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

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$172,301	$236,855	$292,053	$355,544
Total tax revenue from industrial development	$14,365	$14,874	$15,440	$16,012
Total property transfer tax revenue from all development	$186,666	$251,729	$307,493	$371,556

D. Sales and Use Tax Revenue

Sales tax in Riverside County is collected at a rate of 8.75% by the State of California. Of that 8.75%, the State retains 7.25%. Local jurisdictions, including the City of Desert Hot Springs, receive 1.0% of the sales tax for sales that occur within that jurisdiction. 0.25% is allocated towards County transportation funds, 0.75% goes to city and county operations. The remaining 0.50% is allocated to the County for Measure A funds. Measure A fund revenues are discussed separately below.

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

Potential Sales Tax Revenues from Residential Development

Of the 3,123± developable acres in Desert Hot designated for residential development, approximately 3,076 acres would be developed for single-family residential dwellings, with densities ranging from one dwelling unit per 10 acres to 5 dwelling units per acre. Residential development in Desert Hot Springs would yield annual sales tax revenues to the City of $445,532 at buildout.

Summary

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

Table V-4 Desert Hot Springs Sales Tax Revenue Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total sales tax revenue from single-family residential development	$106,358	$212,715	$319,073	$425,430
Total sales tax revenue from multi-family residential development	$5,025	$10,051	$15,076	$20,102
Total sales tax revenue from all development	**$111,383**	**$222,766**	**$334,149**	**$445,532**

E. Motor Vehicle In-Lieu Revenue

Motor Vehicle In-Lieu Fees (also referred to as Motor Vehicle License Fees) are imposed on motorists in-lieu of a local property tax. These revenues are collected by the State of California, and a portion of the total revenue is allocated to each local jurisdiction on a monthly basis. Estimated apportionments payable to California cities and counties have been converted to annual per capita factors. For Fiscal Year 2009-2010, Desert Hot Springs was expected to receive $2.94 per capita.[12]

Approximately 3,123 acres of vacant land are currently designated for residential development and would be conserved. If these lands were allowed to develop as currently designated, 6,092 new single and multi-family residential units would be constructed. Based on an average household size of 2.88 persons,[13] it is estimated that at buildout, these new residential units would result in a total of 17,545 new residents. Desert Hot Springs would annually receive motor vehicle in-lieu revenues of $51,582 at buildout. The following table summarizes potential annual Motor Vehicle In-Lieu revenues to Desert Hot Springs for all four buildout phases.

Table V-5 Desert Hot Springs Motor Vehicle In-Lieu Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Motor Vehicle In-Lieu Revenue from all development	**$12,896**	**$25,791**	**$38,687**	**$51,582**

F. TUMF Fees

As previously discussed, Desert Hot Springs participates in the Transportation Uniform Mitigation Fee (TUMF) program. TUMF fees, which fund regional transportation improvement

12 Per Fiscal Year 2009-2010 Motor Vehicle License Fees, as reported on http://www.sco.ca.gov/ard_payments_mvlf_fy0910.html ," prepared by State Controller's Office.

13 Table 2: E-5 City/County Population and Housing Estimates, 1/1/2010, California Department of Finance.

projects in the Coachella Valley, are paid by developers of new projects prior to the issuance of building permits.

Because all TUMF fees are allocated to CVAG for regional transportation improvements, and none are retained by the jurisdiction in which they were collected, the TUMF fees are also identified as a cost in the Restricted Fund Costs section. The direct fiscal impacts of MSHCP implementation on Desert Hot Springs will therefore be zero.

TUMF Fee Potential from Residential Development

TUMF fees for residential development are calculated per dwelling unit. Fees for single-family dwelling units are $1,837.44 per unit, and $1,276.80 per multi-family dwelling unit. In Desert Hot Springs, the 3,123± acres with residential development potential would result in construction of 5,504 single-family residences and 588 multi-family residences, for a total of 6,092 residential units. Based on these data, CVAG would collect a total of $2,729,462 in TUMF fees for residential development during each phase of residential development in Desert Hot Springs. This is not annual revenue, but a one-time revenue which would occur at the time each unit is built.

Industrial Development TUMF Fee Potential

For industrial development, TUMF fees are collected at a rate of $1,031.56 per 1,000 square feet of gross floor area for industrial. There are approximately 117 acres of vacant lands with potential for 433,204 square feet of industrial space per phase. CVAG would collect $446,876 in TUMF fees per phase. This is not annual revenue, but a one-time revenue which would occur at the time each building is built.

Summary

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

Table V-6
Desert Hot Springs
TUMF Revenue Summary Table

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total TUMF revenue from residential development	$2,729,462	$2,729,462	$2,729,462	$2,729,462
Total TUMF revenue from industrial development	$446,876	$446,876	$446,876	$446,876
Total TUMF revenue from all development	**$3,176,339**	**$3,176,339**	**$3,176,339**	**$3,176,339**

G. Highway User Gas Tax Revenue

Desert Hot Springs received a per capita apportionment factor for fiscal year 2009-2010 of $16.15.[14] Based on a total potential population of 17,545, total annual gas tax revenue from all development in Desert Hot Springs would be $283,351 at buildout.

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

Table V-7
Desert Hot Springs
Highway User Gas Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Gas Tax Revenue from all development	$70,838	$141,676	$212,513	$283,351

H. Measure A Revenue

Of the 8.75% sales tax collected in Riverside County, 0.50% is contributed to the Measure A fund. These revenues are managed and dispersed by the Riverside County Transportation Commission (RCTC). For Measure A revenues allocated to the Coachella Valley region, 65% is specifically designated for regional transportation projects, including highway and arterial improvements and public transit programs. Of the remaining 35% allocated to local jurisdictions for use in funding local street maintenance, traffic signal installation, and related improvements, 24% is allocated to the Coachella Valley region. Of that 24%, Desert Hot Springs receives a 3% allocation, based on the City's population and total taxable sales. [15]

Potential Measure A Revenues from Residential Development
This analysis projects that potential residential development in Desert Hot Springs would result in approximately 6,092 residential dwellings. Potential residential development in Desert Hot Springs would yield $561 in annual Measure A Revenues at buildout.

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

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14 Source: Monthly Highway Users Tax, Fiscal Year 2009-2010, prepared by State Controller's Office, http://www.sco.ca.gov/ard_payments_highway_fy0910.html, accessed Jan. 20,2011.

15 Source: "Fiscal Year 2010/2011 Budget", Riverside County Transportation Commission, June 9,2010.

Table V-8 Desert Hot Springs Measure A Revenue Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Measure A revenue from single-family resid. development	$134	$268	$402	$536
Total Measure A revenue from multi-family resid. development	$6	$13	$19	$25
Total Measure A revenue from all development	**$140**	**$281**	**$421**	**$561**

I. County Service Area (CSA) 152 Revenue

As discussed in Chapter IV, Desert Hot Springs is one of four Coachella Valley cities that participate in CSA 152, to support the National Pollution Discharge Elimination System (NPDES), a program that implements the federal Clean Water Act of 1990. Riverside County collects, manages, and reimburses to the participating cities 100% of the CSA 152 assessments collected.

Desert Hot Springs' BAU dollar rate is $1.56.[16] The assessment for residential lands is based on the BAU dollar rate multiplied by the number of dwelling units on a parcel, and the number of BAUs assigned to the property. The same formula is used to determine the assessment for industrial lands, with the exception that the assessment is based on the number of developed acres on a parcel instead of dwelling units per parcel. CSA 152 revenue assessments are discussed for residential and industrial development, below.

Potential CSA 152 Revenue from Residential Development

There are approximately 3,123 vacant acres in conservation areas with potential for residential development. If allowed to develop under their current designations, these 3,123 acres would result in construction of 6,092 units at buildout. Potential annual CSA 152 revenues from residential development would be $9,504 at buildout.

Potential CSA 152 Revenue from Industrial Development

There are a total of 117± undeveloped acres with potential for industrial development. Those 117± acres of developed industrial lands would yield $2,190 in annual CSA 152 revenues at buildout. The following table summarizes potential annual CSA 152 revenues from all vacant lands with potential for urban development in Desert Hot Springs.

[16] Personal communication, Michael Franklin at Riverside County EDA, February 15, 2011.

Table V-9 Desert Hot Springs CSA 152 Revenue Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total CSA 152 Revenue from Residential Development	$2,376	$4,752	$7,128	$9,504
Total CSA 152 Revenue from Industrial Development	$548	$1,095	$1,643	$2,190
Total CSA 152 Revenue from all Development	**$2,923**	**$5,847**	**$8,770**	**$11,694**

J. Special Revenue Sources

1. Desert Hot Springs Utility Tax

As discussed in Chapter IV, the City of Desert Hot Springs levies a Utility Tax on all users of electricity, natural gas, cable and other utilities. The tax is equal to 7% of each utility bill.[17] Utility Tax revenues for fiscal year 2009-2010 were $2,529,180.[18] With approximately 9,223 occupied dwelling units in the City in 2010, this equates to approximately $274.23 per dwelling unit per year.

To determine potential utility tax revenues, this analysis multiplies the annual per dwelling unit factor ($274.23) by the number of units that could be constructed on proposed conservation lands. The model does not project potential utility tax revenues generated by future industrial development, because the per dwelling unit factor shown above ($274.23) accounts for all utility users in the City, including industrial development.

As has been stated, it is projected that a total of 6,092 residential units would be constructed in Desert Hot Springs at buildout. As previously stated, it is assumed that 100 percent these units would be occupied. Applying the $274.23 per dwelling unit factor, annual Utility Tax revenues would be $1,670,581 at buildout. Table V-10, below, summarizes this information.

Table V-10 Desert Hot Springs Utility Tax Revenue Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Total Utility Tax Revenue from all residential development	**$417,645**	**$835,290**	**$1,252,936**	**$1,670,581**

17 Jason Simpson, City of Desert Hot Springs, March 31,2011.
18 Jason Simpson, City of Desert Hot Springs, March 31,2011.

2. *Desert Hot Springs Public Safety Tax*

The City of Desert Hot Springs collects a Public Safety Tax, recently renewed by the voters. This tax is a restricted revenue source which provides for police, fire, code compliance and animal control services and programs. The following tax rates are applied to future development that could occur on proposed conservation lands.

Table V-11
Desert Hot Springs
Public Safety Tax Rates

Land Use	Annual Public Safety Tax Rate
Residential	
Single family	$120.87/unit
Duplexes/R-2	$67.60/unit
Apartments	$38.72/unit
Vacant Acres (all densities)	$8.57/acre
Industrial	
Developed Acres (all categories)	$521.91/acre
Vacant Acres (all categories)	$2.36/acre
Source: City of Desert Hot Springs, Fiscal Year 2010-2011.	

Potential Public Safety Tax Revenues from Residential Development
Lands proposed for conservation could yield 6,092 units, of which 5,504 would be single family homes, 96 medium density (duplex, R-2) units, and 492 apartments. The resulting calculations show that for all lands designated for residential development annual public safety tax revenues would be $690,815.

Potential Public Safety Tax Revenues from Industrial Development
There are 117 acres proposed for industrial development within the conservation areas. Based on the rates shown above, the City would receive $20,762 at buildout from industrial development for its public safety tax.

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

Table V-12
Desert Hot Springs
Public Safety Tax Revenue Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total tax revenue from residential development	$211,861	$371,511	$531,163	$690,815
Total tax revenue from industrial development	$5,398	$10,519	$15,641	$20,762
Total Public Safety tax revenue from all development	**$217,259**	**$382,030**	**$546,804**	**$711,577**

3. *Desert Hot Springs Community Facilities District*

The City previously relied on landscaping and lighting districts to fund parkway maintenance for new development. Since the preparation of the last Fiscal Impact Analysis, the City has established a Community Facilities District, to which all new development will be annexed. Therefore, lands proposed for conservation, should they be developed, would participate in the CFD when development occurred. The CFD includes a broad range of annual assessments, based on the maintenance category of each parcel. Since it impossible to estimate the maintenance category of the potential development on conservation lands, a mid-range value of $400.00 per parcel for residential development, and $950.00 for industrial development have been estimated. The CFD further prescribes that single family residential units are charged a Benefit Unit of 1, multi-family units a Benefit Unit of 0.6, and industrial development is charged at 2 Benefit Units. These assumptions were used to calculate the potential revenues to the City resulting from development of the conservation lands.

Potential LLD Revenues from Residential Development
The 5,504 single family residential units would generate a total of $2,201,600 at buildout for the CFD, while multi-family units would generate $141,120, for a total residential contribution of $2,342,720 to the CFD at buildout.

Potential LLD Revenues from Industrial Development
There are 117± acres with potential for development for industrial uses in Desert Hot Springs. Based on the assumptions shown above, total annual CFD revenues would be $95,043 at buildout.

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

Table V-13 Desert Hot Springs Community Facilities District Revenue Summary				
	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total CFD Revenue from Single-Family Resid. Development	$550,400	$1,100,800	$1,651,200	$2,201,600
Total CFD Revenue from Multi-Family Resid. Development	$35,280	$70,560	$105,840	$141,120
Total CFD Revenue from Industrial Development	$95,043	$95,043	$95,043	$95,043
Total Annual CFD Revenue from all development	**$680,723**	**$1,266,403**	**$1,852,083**	**$2,437,763**

K. Investment Income

Revenues lost to conservation will also result in loss of any investment income that could be generated by these revenues. Potential investment earnings on new revenues are projected using the historical average interest rate of the 90-Day Treasury Bill. During the 29-year period from 1982 through April 2011, the average interest earned on the 90-Day Treasury Bill was 5.03%.[19] Potential annual investment income for each land use is shown below.

L. Summary of Revenues

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

[19] "3-Month Treasury Constant Maturity Rate", Board of Governors of the Federal Reserve System, as reported on http://www.forecasts.org/data/data/GS3M.htm, accessed June 23, 2011.

Table V-14
City of Desert Hot Springs
Total Potential Revenues Associated with
Development of Conservation Lands
Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$540,002	$1,080,004	$1,620,005	$2,160,006
Property Transfer Tax	$186,666	$251,729	$307,493	$371,556
Local Sales Tax	$111,383	$222,766	$334,149	$445,532
Transient Occupancy Tax	$0	$0	$0	$0
Utility Tax	$417,645	$835,290	$1,252,936	$1,670,581
Motor Vehicle In-Lieu Revenue	$12,896	$25,791	$38,687	$51,582
Restricted Funds:				
TUMF Fees	$3,176,339	$3,176,339	$3,176,339	$3,176,339
Highway Users Gas Tax	$70,838	$141,676	$212,513	$283,351
Measure A	$140	$281	$421	$561
CSA 152 (NPDES)	$2,923	$5,847	$8,770	$11,694
Community Facilities District	$680,723	$1,266,403	$1,852,083	$2,437,763
Public Safety Tax	$217,259	$382,030	$546,804	$711,577
SUMMARY OF REVENUES:				
Revenues:				
Total Annual General Fund Revenues	$1,268,592	$2,415,581	$3,553,269	$4,699,257
Total Annual Restricted Fund Revenues	$4,148,221	$4,972,575	$5,796,930	$6,621,284
Revenue Subtotal	$5,416,814	$7,388,155	$9,350,199	$11,320,541
Average Interest Rate on 90-Day Treasury Bills	5.03%	5.03%	5.03%	5.03%
Anticipated Interest Earned on Revenues	$272,466	$371,624	$470,315	$569,423
Total Annual Revenues at Phase Buildout	**$5,689,279**	**$7,759,780**	**$9,820,514**	**$11,889,964**

M. Potential Costs to the City of Desert Hot Springs

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

1. Costs of General Government

General government costs represent the costs of providing a city's employee salaries and benefits, postage, printing, travel, equipment maintenance and repairs, contract services, computers, vehicles and other items necessary for the day-to-day functioning of city government. These items are typically funded through the General Fund.

According to the 2010-2011 Fiscal Year Budget, General Fund Expenditures in Desert Hot Springs are proposed at $4,119,709.00.[20] The California Department of Finance, Desert Hot Springs had a population of 26,811. Based on these data, the annual per capita cost of providing general government services is $153.66 per person.

In Desert Hot Springs, development of the approximately 3,123 acres of vacant lands designated for residential uses would result in a total 6,092 new single and multi-family residential units, which would increase Desert Hot Springs' population by 17,545 persons at buildout. Based on the per capita figure cited above ($153.66), annual cost for the provision of general government services to the buildout population of potentially developable lands in Desert Hot Springs would be $2,695,913. Annual general government costs for each buildout phase are summarized in the following table.

Table V-15
Desert Hot Springs
Costs of General Government Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Annual Costs of General Gov. for all development	**$673,978**	**$1,347,957**	**$2,021,935**	**$2,695,913**

2. Costs of Public Safety Services

The costs of providing public safety to future residents are calculated in the same manner as general government costs. Public safety expenditures include those associated with the police and fire departments, as well as code compliance and animal control departments. Public safety expenditures for fiscal year 2010-2011 are proposed at $9,573,455, or $357.07 per capita. As

[20] City of Desert Hot Springs Two Year Operating Budget, Proposed Fiscal Year 2010-2011.

previously stated, a buildout population of 17,545 would result from development of 6,092 new residential dwellings on the vacant lands proposed for conservation. Therefore, annual costs for provision of public safety services to the buildout population would be $6,264,812. Annual public safety costs for each buildout phase are summarized in Table V-16, below.

Table V-16
Desert Hot Springs
Costs of Public Safety Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Costs of Public Safety for all development	**$1,566,203**	**$3,132,406**	**$4,698,609**	**$6,264,812**

3. *Costs of Roadway Maintenance*

A per mile road cost factor is used to determine costs associated with repair and maintenance of future paved public roads in the conservation area.

In Desert Hot Springs, there are approximately 29.3 square miles of land and 134.96 paved road miles within the incorporated City limits, which equates to 4.6 road miles per square mile of land area. A total of approximately 10.1 square miles are designated for conservation, including both developed and vacant lands. Using the average of 4.6 road miles per square mile of land area, the potentially developable area proposed for conservation in Desert Hot Springs are estimated to include 46.45 miles of paved roadways at buildout.

In Desert Hot Springs, an estimated annual expenditure of $88,777 is required to maintain the 135 existing miles of paved roadway annually.[21] This equates to an annual maintenance cost of approximately $658 per road mile. In Desert Hot Springs, the potential 46.5 road miles in the conservation area would require maintenance expenditures of approximately $30,602 per year at buildout. The following table summarizes projected annual roadway maintenance costs for Desert Hot Springs for each phase. Should lands identified for conservation under the MSCHP be conserved, it is assumed no roadways will be required to serve those lands, and these costs will not be incurred.

Table V-17
Desert Hot Springs
Costs of Roadway Maintenance Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	Phase II (Yrs 6-10)	Phase III (Yrs 11-15)	Phase IV (Yrs 16-20)
Annual Cost of Roadway Maintenance at Phase Buildout	**$7,651**	**$15,301**	**$22,952**	**$30,602**

21 Provided by Martin Magana, Community Development Director at City of Desert Hot Springs, May 4, 2011.

N. Summary of Costs

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

Table V-18
Desert Hot Springs
Total Potential Costs Associated with Development of Conservation Lands
Summary

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL COSTS				
General Fund:				
General Government Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Restricted Funds:				
Public Safety Costs	$1,566,203	$3,132,406	$4,698,609	$6,264,812
Roadway Maintenance Costs	$7,651	$15,301	$22,952	$30,602
TUMF Allocation to CVAG	$3,176,339	$3,176,339	$3,176,339	$3,176,339
SUMMARY OF COSTS:				
Costs:				
Total Annual General Fund Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Total Annual Restricted Fund Costs	$4,750,192	$6,324,046	$7,897,900	$9,471,753
TOTAL ANNUAL COSTS AT PHASE BUILDOUT	**$5,424,171**	**$7,672,002**	**$9,919,834**	**$12,167,666**

O. Cost/Revenue Summary

The following table summarizes all potential revenues and costs the City will realize if all of the 3,240± acres of potentially developable conservation lands within Desert Hot Springs are allowed to develop. The table also summarizes costs that will be expended if these lands are developed.

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

	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
ANNUAL REVENUES				
General Fund:				
Property Tax	$540,002	$1,080,004	$1,620,005	$2,160,006
Property Transfer Tax	$186,666	$251,729	$307,493	$371,556
Local Sales Tax	$111,383	$222,766	$334,149	$445,532
Transient Occupancy Tax	$0	$0	$0	$0
Utility Tax	$417,645	$835,290	$1,252,936	$1,670,581
Motor Vehicle In-Lieu Revenue	$12,896	$25,791	$38,687	$51,582
Restricted Funds:				
TUMF Fees	$3,176,339	$3,176,339	$3,176,339	$3,176,339
Highway Users Gas Tax	$70,838	$141,676	$212,513	$283,351
Measure A	$140	$281	$421	$561
CSA 152 (NPDES)	$2,923	$5,847	$8,770	$11,694
Community Facilities District	$680,723	$1,266,403	$1,852,083	$2,437,763
Public Safety Tax	$217,259	$382,030	$546,804	$711,577
ANNUAL COSTS				
General Fund:				
General Government Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Restricted Funds:				
Public Safety Costs	$1,566,203	$3,132,406	$4,698,609	$6,264,812
Roadway Maintenance Costs	$7,651	$15,301	$22,952	$30,602
TUMF Allocation to CVAG	$3,176,339	$3,176,339	$3,176,339	$3,176,339
SUMMARY OF REVENUES/COSTS:				
Revenues:				
Total Annual General Fund Revenues	$1,268,592	$2,415,581	$3,553,269	$4,699,257
Total Annual Restricted Fund Revenues	$4,148,221	$4,972,575	$5,796,930	$6,621,284
Revenue Subtotal	$5,416,814	$7,388,155	$9,350,199	$11,320,541
Historic Average Interest Rate on 90-Day Treasury Bills	5.03%	5.03%	5.03%	5.03%
Anticipated Interest Earned on Revenues	$272,466	$371,624	$470,315	$569,423
Total Annual Revenues at Phase Buildout	$5,689,279	$7,759,780	$9,820,514	$11,889,964
Costs:				
Total Annual General Fund Costs	$673,978	$1,347,957	$2,021,935	$2,695,913
Total Annual Restricted Fund Costs	$4,750,192	$6,324,046	$7,897,900	$9,471,753
Total Annual Costs at Phase Buildout	$5,424,171	$7,672,002	$9,919,834	$12,167,666
Annual Cashflow at Phase Buildout	**$265,109**	**$87,777**	**-$99,320**	**-$277,702**

P. Conclusion

Based on the summary table, currently vacant lands with potential for urban development in Desert Hot Springs would, if developed, result in a negative cash flow for the City over the long term. This is attributable to the fact that residential development does not generate sufficient municipal revenues to cover associated costs, particularly in areas such as Desert Hot Springs, where housing is affordable. Therefore, conservation of these potentially developable lands under the proposed MSHCP will benefit Desert Hot Springs over the long term.

Appendix A

Detailed Cost and Revenue Tables

Property Tax Revenue from Residential Development				
Land Use Designation: Rural Desert (0-1 du/10 ac) ***Total No. Acres Lost to Conservation: 936 acres*** ***No. of Potential Buildout Units: 72***	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	234	234	234	234
Maximum density permitted (units/acre)	0.1	0.1	0.1	0.1
Maximum potential units constructed during this phase [1]	18	18	18	18
Number of total potential units constructed at phase buildout	18	36	54	72
Average value per unit	$207,000	$207,000	$207,000	$207,000
Total Value of acres lost to conservation	$3,726,000	$7,452,000	$11,178,000	$14,904,000
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at phase buildout	$37,260	$74,520	$111,780	$149,040
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at phase buildout	$6,185	$12,370	$18,555	$24,741
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at phase buildout	$8,607	$17,214	$25,821	$34,428

1= Assumes 75% of the total number of units possible, at maximum permitted density.

* =variable data to be determined and entered into table

Land Use Designation: Residential Estates (0-1 du/10 ac) *Total No. Acres Lost to Conservation: 233 acres* *No. of Potential Buildout Units: 16*	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	58.25	58.25	58.25	58.25
Maximum density permitted (units/acre)	0.1	0.1	0.1	0.1
Maximum potential units constructed during this phase [1]	4	4	4	4
Number of total potential units constructed at phase buildout	4	8	12	16
Average value per unit	$207,000	$207,000	$207,000	$207,000
Total Value of acres lost to conservation	$828,000	$1,656,000	$2,484,000	$3,312,000
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at phase buildout	$8,280	$16,560	$24,840	$33,120
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at phase buildout	$1,374	$2,749	$4,123	$5,498
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at phase buildout	$1,913	$3,825	$5,738	$7,651

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Land Use Designation: Rural Residential (0-1 du/5ac) ***Total No. Acres Lost to Conservation: 465 acres*** ***No. of Potential Buildout Units: 68***	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	116.25	116.25	116.25	116.25
Maximum density permitted (units/acre)	0.2	0.2	0.2	0.2
Maximum potential units constructed during this phase [1]	17	17	17	17
Number of total potential units constructed at buildout	17	34	51	68
Average value per unit	$207,000	$207,000	$207,000	$207,000
Total Value of all acres lost to conservation	$3,519,000	$7,038,000	$10,557,000	$14,076,000
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	$35,190	$70,380	$105,570	$140,760
Percent of Property Tax Allocated to this City	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$5,842	$11,683	$17,525	$23,366
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$8,129	$16,258	$24,387	$32,516

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Land Use Designation: Low Density (0-5 du/ac) ***Total No. Acres Lost to Conservation: 259 acres*** ***No. of Potential Buildout Units: 972***	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	64.75	64.75	64.75	64.75
Maximum density permitted (units/acre)	5	5	5	5
Maximum potential units constructed during this phase [1]	243	243	243	243
Number of total potential units constructed at buildout	243	486	729	972
Average value per unit	$207,000	$207,000	$207,000	$207,000
Total Value of all acres lost to conservation	$50,301,000	$100,602,000	$150,903,000	$201,204,000
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	$503,010	$1,006,020	$1,509,030	$2,012,040
Percent of Property Tax Allocated to this City	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$83,500	$166,999	$250,499	$333,999
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$116,195	$232,391	$348,586	$464,781

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Land Use Designation: Low Density, Specific Plan (0-5 du/ac) Total No. Acres Lost to Conservation: 1,167 acres No. of Potential Buildout Units: 4376	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	291.75	291.75	291.75	291.75
Maximum density permitted (units/acre)	5	5	5	5
Maximum potential units constructed during this phase [1]	1,094	1,094	1,094	1,094
Number of total potential units constructed at buildout	1,094	2,188	3,282	4,376
Average value per unit	$207,000	$207,000	$207,000	$207,000
Total Value of all acres lost to conservation	$226,458,000	$452,916,000	$679,374,000	$905,832,000
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	$2,264,580	$4,529,160	$6,793,740	$9,058,320
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$375,920	$751,841	$1,127,761	$1,503,681
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$523,118	$1,046,236	$1,569,354	$2,092,472

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Land Use Designation: Medium Density (0-8 du/ac) ***Total No. Acres Lost to Conservation: 16 acres*** ***No. of Potential Buildout Units: 96***	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	4	4	4	4
Maximum density permitted (units/acre)	8	8	8	8
Maximum potential units constructed during this phase [1]	24	24	24	24
Number of total potential units constructed at phase buildout	24	48	72	96
Average value per unit	$98,490	$98,490	$98,490	$98,490
Total Value of acres lost to conservation	$2,363,760	$4,727,520	$7,091,280	$9,455,040
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	$23,638	$47,275	$70,913	$94,550
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$3,924	$7,848	$11,772	$15,695
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$5,460	$10,921	$16,381	$21,841

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Land Use Designation: High Density, Specific Plan (0-14 du/ac) Total No. Acres Lost to Conservation: 47 acres No. of Potential Buildout Units: 492	**Buildout Phase**			
	Phase I (Yrs. 1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	11.75	11.75	11.75	11.75
Maximum density permitted (units/acre)	14	14	14	14
Maximum potential units constructed during this phase [1]	123	123	123	123
Number of total potential units constructed at phase buildout	123	246	369	492
Average value per unit	$98,490	$98,490	$98,490	$98,490
Total Value of acres lost to conservation	$12,114,220	$24,228,439	$36,342,659	$48,456,878
Property Tax Rate	1%	1%	1%	1%
Total Property Tax Collected at Phase Buildout	$121,142	$242,284	$363,427	$484,569
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$20,110	$40,219	$60,329	$80,438
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$27,984	$55,968	$83,952	$111,935

1= Assumes 75% of the total number of units possible, at maximum permitted density.

Property Tax Revenue from Industrial Development				
Land Use Designation: Light Industrial (LI)	**Buildout Phase**			
Total No. Acres Lost to Conservation: 89 acres ***Potential Square Feet at Buildout:1,318,124***	**Phase I (Yrs. 1-5)**	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	22.25	22.25	22.25	22.25
Number of square feet constructed during this phase[1]	329,531	329,531	329,531	329,531
Total square feet constructed at phase buildout	329,531	659,062	988,593	1,318,124
Average value per square foot	$60.00	$60.00	$60.00	$60.00
Total average value of all property lost to conservation	$19,771,860	$39,543,720	$59,315,580	$79,087,440
Property Tax Rate	1.00%	1.00%	1.00%	1.00%
Total Property Tax Collected at Phase Buildout	$197,719	$395,437	$593,156	$790,874
Percent of Property Tax Allocated to this city	16.6%	16.6%	16.6%	16.6%
Total Property Tax Allocated to this city at Phase Buildout	$32,821	$65,643	$98,464	$131,285
Percent of Property Tax Allocated to Riverside Co. General Fund	23.1%	23.1%	23.1%	23.1%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$45,673	$91,346	$137,019	$182,692

1 assumes 34% building coverage.

Land Use Designation: Light Industrial (I-L) ***Total No. Acres Lost to Conservation: 28 acres*** ***Potential Square Feet at Buildout: 414,692***	**Buildout Phase** **Phase I (Yrs. 1-5)**	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
Number of acres developed during phase	7	7	7	7
Number of square feet constructed during this phase[1]	103673	103673	103673	103673
Total square feet constructed at phase buildout	103673	207346	311019	414692
Average value per square foot	60	60	60	60
Total average value of all property lost to conservation	$6,220,380	$12,440,760	$18,661,140	$24,881,520
Property Tax Rate	1.00%	1.00%	1.00%	1.00%
Total Property Tax Collected at Phase Buildout	$62,204	$124,408	$186,611	$248,815
Percent of Property Tax Allocated to this city	16.60%	16.60%	16.60%	16.60%
Total Property Tax Allocated to this city at Phase Buildout	$10,326	$20,652	$30,977	$41,303
Percent of Property Tax Allocated to Riverside Co. General Fund	23.10%	23.10%	23.10%	23.10%
Total Amount Allocated to Riverside Co. General Fund at Phase Buildout	$14,369	$28,738	$43,107	$57,476
1 assumes 34% building coverage				

CITY Property Tax Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$496,855	$993,709	$1,490,564	$1,987,418
Total property tax revenue from industrial development	$43,147	$86,295	$129,441	$172,588
Total property tax revenue from all development	**$540,002**	**$1,080,004**	**$1,620,005**	**$2,160,006**

RIVERSIDE COUNTY Property Tax Revenue Summary Table				
	Buildout Phase			
	Phase I (Yrs 1-5)	**Phase II (Yrs 6-10)**	**Phase III (Yrs 11-15)**	**Phase IV (Yrs 16-20)**
Total property tax revenue from residential development	$691,406	$1,382,812	$2,074,218	$2,765,624
Total property tax revenue from industrial development	$60,042	$120,084	$180,126	$240,168
Total property tax revenue from all development	**$751,448**	**$1,502,896**	**$2,254,344**	**$3,005,792**

Property Transfer Tax from Residential Development

Land Use Designation: Rural Desert (0-1 du/10 ac) ***Total No. Acres Lost to Conservation: 936 acres*** ***No. of Potential Buildout Units: 72***	**Buildout Phase**			
	Phase I (Yrs.1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
New Units (100% of market value is subject to tax)				
Number of acres developed during phase	234	234	234	234
Maximum density permitted (units/acre)	0.1	0.1	0.1	0.1
Number of new units during this phase[1]	18	18	18	18
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Amount Subject to Property Transfer Tax for all new units sold	$3,726,000	$3,726,000	$3,726,000	$3,726,000
Existing Units(80% of market value is subject to tax)				
Number of units constructed in 1st year of this phase	4	4	4	4
Number of existing units changing ownership in 1st year of this phase	Ø	1	3	5
Number of units constructed in 2nd year of this phase	4	4	4	4
Number of existing units changing ownership in 2nd year of this phase	Ø	2	4	6
Number of units constructed in 3rd year of this phase	4	4	4	4
Number of existing units changing ownership in 3rd year of this phase	Ø	2	4	6
Number of units constructed in 4th year of this phase	4	4	4	4
Number of existing units changing ownership in 4th year of this phase	0	2	4	6
Number of units constructed in 5th year of this phase	3	4	4	4
Number of existing units changing ownership in 5th year of this phase	1	3	5	7
Total number of units constructed during this phase	19	20	20	20
Total number of existing units changing ownership during this phase	1	10	20	30
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Unencumbered Value per unit (80% of market value)	$165,600	$165,600	$165,600	$165,600
Amount subject to Property Transfer Tax for all existing units changing ownership during this phase	$165,600	$1,656,000	$3,312,000	$4,968,000

1= Assumes 75% of the total number of units possible, at maximum permitted density
*= Variable data to be determined and entered into table

New Units & Existing Units Combined				
Total amount subject to Property Transfer Tax (includes all new units sold & all existing units changing ownership)	$3,891,600	$5,382,000	$7,038,000	$8,694,000
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at phase buildout	$4,281	$5,920	$7,742	$9,563
Percent of Property Transfer Tax allocated to City	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at phase buildout	$2,140	$2,960	$3,871	$4,782
Percent of Property Transfer Tax allocated to Riverside County	50%	50%	50%	50%
Total Property Transfer Tax Allocated to Riverside Co. at phase buildout	$2,140	$2,960	$3,871	$4,782

Land Use Designation: Residential Estates (0-1 du/10 ac) *Total No. Acres Lost to Conservation: 233 acres* *No. of Potential Buildout Units: 16*	Buildout Phase Phase I (Yrs.1-5)	Phase II (Yrs. 6-10)	Phase III (Yrs. 11-15)	Phase IV (Yrs. 16-20)
New Units (100% of market value is subject to tax)				
Number of acres developed during phase	58.25	58.25	58.25	58.25
Maximum density permitted (units/acre)	0.1	0.1	0.1	0.1
Number of new units during this phase[1]	4	4	4	4
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Amount Subject to Property Transfer Tax for all new units sold	$828,000	$828,000	$828,000	$828,000
Existing Units(80% of market value is subject to tax)				
Number of units constructed in 1st year of this phase	1	1	1	1
Number of existing units changing ownership in 1st year of this phase	Ø	0	1	1
Number of units constructed in 2nd year of this phase	1	1	1	1
Number of existing units changing ownership in 2nd year of this phase	Ø	0	1	1
Number of units constructed in 3rd year of this phase	1	1	1	1
Number of existing units changing ownership in 3rd year of this phase	Ø	0	1	1
Number of units constructed in 4th year of this phase	1	1	1	1
Number of existing units changing ownership in 4th year of this phase	0	1	1	2
Number of units constructed in 5th year of this phase	0	1	1	1
Number of existing units changing ownership in 5th year of this phase	0	1	1	2
Total number of units constructed during this phase	4	5	5	5
Total number of existing units changing ownership during this phase	0	2	5	7
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Unencumbered Value per unit (80% of market value)	$165,600	$165,600	$165,600	$165,600
Amount subject to Property Transfer Tax for all existing units changing ownership during this phase	$0	$331,200	$828,000	$1,159,200

1= Assumes 75% of the total number of units possible, at maximum permitted density

New Units & Existing Units Combined				
Total amount subject to Property Transfer Tax (includes all new units sold & all existing units changing ownership)	$828,000	$1,159,200	$1,656,000	$1,987,200
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at phase buildout	$911	$1,275	$1,822	$2,186
Percent of Property Transfer Tax allocated to City	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at phase buildout	$455	$638	$911	$1,093
Percent of Property Transfer Tax allocated to Riverside County	50%	50%	50%	50%
Total Property Transfer Tax Allocated to Riverside Co. at phase buildout	$455	$638	$911	$1,093

Land Use Designation: Rural Residential (0-1 du/5ac) *Total No. Acres Lost to Conservation: 465 acres* *No. of Potential Buildout Units: 68*	**Buildout Phase**			
	Phase I (Yrs.1-5)	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
New Units (100% of market value is subject to tax)				
Number of acres developed during phase	116.25	116.25	116.25	116.25
Maximum Density permitted (units/acre)	0.2	0.2	0.2	0.2
Number of new units during this phase[1]	17	17	17	17
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Amount Subject to Property Transfer Tax for all new units sold	$3,519,000	$3,519,000	$3,519,000	$3,519,000
Existing Units(80% of market value is subject to tax)				
Number of units constructed in 1st year of this phase	3	3	3	3
Number of existing units changing ownership in 1st year of this phase	Ø	1	3	4
Number of units constructed in 2nd year of this phase	3	3	3	3
Number of existing units changing ownership in 2nd year of this phase	Ø	5	3	5
Number of units constructed in 3rd year of this phase	3	3	3	3
Number of existing units changing ownership in 3rd year of this phase	Ø	5	3	5
Number of units constructed in 4th year of this phase	4	4	4	4
Number of existing units changing ownership in 4th year of this phase	0	2	4	6
Number of units constructed in 5th year of this phase	4	4	4	4
Number of existing units changing ownership in 5th year of this phase	1	2	4	6
Total number of units constructed during this phase	17	17	17	17
Total number of existing units changing ownership during this phase	1	15	17	26
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Unencumbered Value per unit (80% of market value)	$165,600	$165,600	$165,600	$165,600
Amount subject to Property Transfer Tax for all existing units changing ownership during this phase	$165,600	$2,484,000	$2,815,200	$4,305,600

1= Assumes 75% of the total number of units possible, at maximum permitted density

New Units & Existing Units Combined				
Total amount subject to Property Transfer Tax (includes all new units sold & all existing units changing ownership)	$3,684,600	$6,003,000	$6,334,200	$7,824,600
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at Phase Buildout	$4,053	$6,603	$6,968	$8,607
Percent of Property Transfer Tax allocated to City	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at Phase Buildout	$2,027	$3,302	$3,484	$4,304
Percent of Property Transfer Tax allocated to Riverside County	50%	50%	50%	50%
Total Property Transfer Tax Allocated to Riverside Co. at phase buildout	$2,027	$3,302	$3,484	$4,304

	Buildout Phase			
Land Use Designation: Low Density (0-5 du/ac) ***Total No. Acres Lost to Conservation: 259 acres*** ***No. of Potential Buildout Units: 972***	**Phase I (Yrs.1-5)**	**Phase II (Yrs. 6-10)**	**Phase III (Yrs. 11-15)**	**Phase IV (Yrs. 16-20)**
New Units (100% of market value is subject to tax)				
Number of acres developed during phase	64.75	64.75	64.75	64.75
Maximum Density permitted (units/acre)	5	5	5	5
Number of new units during this phase[1]	243	243	243	243
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Amount Subject to Property Transfer Tax for all new units sold	$50,301,000	$50,301,000	$50,301,000	$50,301,000
Existing Units(80% of market value is subject to tax)				
Number of units constructed in 1st year of this phase	49	49	49	49
Number of existing units changing ownership in 1st year of this phase	Ø	15	39	64
Number of units constructed in 2nd year of this phase	49	49	49	49
Number of existing units changing ownership in 2nd year of this phase	Ø	64	44	68
Number of units constructed in 3rd year of this phase	49	49	49	49
Number of existing units changing ownership in 3rd year of this phase	Ø	69	49	73
Number of units constructed in 4th year of this phase	49	49	49	49
Number of existing units changing ownership in 4th year of this phase	5	29	54	78
Number of units constructed in 5th year of this phase	49	49	49	49
Number of existing units changing ownership in 5th year of this phase	10	34	59	83
Total number of units constructed during this phase	245	245	245	245
Total number of existing units changing ownership during this phase	15	211	245	366
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Unencumbered Value per unit (80% of market value)	$165,600	$165,600	$165,600	$165,600
Amount subject to Property Transfer Tax for all existing units changing ownership during this phase	$2,484,000	$34,941,600	$40,572,000	$60,609,600

1= Assumes 75% of the total number of units possible, at maximum permitted density

New Units & Existing Units Combined				
Total amount subject to Property Transfer Tax (includes all new units sold & all existing units changing ownership)	$52,785,000	$85,242,600	$90,873,000	$110,910,600
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at Phase Buildout	$58,064	$93,767	$99,960	$122,002
Percent of Property Transfer Tax allocated to City	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at Phase Buildout	$29,032	$46,883	$49,980	$61,001
Percent of Property Transfer Tax allocated to Riverside County	50%	50%	50%	50%
Total Property Transfer Tax Allocated to Riverside Co. at phase buildout	$29,032	$46,883	$49,980	$61,001

Land Use Designation: Low Density, Specific Plan (0-5 du/ac) *Total No. Acres Lost to Conservation: 1,167 acres* *No. of Potential Buildout Units: 4,376*	**Buildout Phase** **Phase I (Yrs.1-5)**	 **Phase II (Yrs. 6-10)**	 **Phase III (Yrs. 11-15)**	 **Phase IV (Yrs. 16-20)**
New Units (100% of market value is subject to tax)				
Number of acres developed during phase	291.75	291.75	291.75	291.75
Maximum Density permitted (units/acre)	5	5	5	5
Number of new units during this phase[1]	1094	1094	1094	1094
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Amount Subject to Property Transfer Tax for all new units sold	$226,458,000	$226,458,000	$226,458,000	$226,458,000
Existing Units(80% of market value is subject to tax)				
Number of units constructed in 1st year of this phase	219	219	219	219
Number of existing units changing ownership in 1st year of this phase	Ø	66	175	285
Number of units constructed in 2nd year of this phase	219	219	219	219
Number of existing units changing ownership in 2nd year of this phase	Ø	88	197	307
Number of units constructed in 3rd year of this phase	219	219	219	219
Number of existing units changing ownership in 3rd year of this phase	Ø	109	219	328
Number of units constructed in 4th year of this phase	219	219	219	219
Number of existing units changing ownership in 4th year of this phase	22	131	241	350
Number of units constructed in 5th year of this phase	219	219	219	219
Number of existing units changing ownership in 5th year of this phase	44	153	263	372
Total number of units constructed during this phase	1095	1095	1095	1095
Total number of existing units changing ownership during this phase	66	547	1,095	1,642
Market Value per unit	$207,000	$207,000	$207,000	$207,000
Unencumbered Value per unit (80% of market value)	$165,600	$165,600	$165,600	$165,600
Amount subject to Property Transfer Tax for all existing units changing ownership during this phase	$10,913,040	$90,583,200	$181,332,000	$271,915,200

1= Assumes 75% of the total number of units possible, at maximum permitted density

New Units & Existing Units Combined				
Total amount subject to Property Transfer Tax (includes all new units sold & all existing units changing ownership)	$237,371,040	$317,041,200	$407,790,000	$498,373,200
Property Transfer Tax Rate	0.11%	0.11%	0.11%	0.11%
Total Property Transfer Tax Collected at Phase Buildout	$261,108	$348,745	$448,569	$548,211
Percent Tax allocated to City*	50%	50%	50%	50%
Total Property Transfer Tax Allocated to City at phase buildout	$130,554	$174,373	$224,285	$274,105
Percent of Property Transfer Tax allocated to Riverside County	50%	50%	50%	50%
Total Property Transfer Tax Allocated to Riverside Co. at phase buildout	$130,554	$174,373	$224,285	$274,105