

DRAFT

Palm Springs General Plan Update Fiscal Impact Analysis City of Palm Springs

Prepared for:

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EXECUTIVE SUMMARY

The executive summary presents the projected fiscal impacts for the Palm Springs General Plan Update at full buildout. Recurring impacts are projected in constant 2007 dollars, with no adjustment for future inflation.

General Plan Land Uses for Fiscal Analysis

The fiscal analysis of the General Plan land uses at buildout includes development on privately owned lands or development that might be on tribal lands, but assumed to eventually be under private ownership or long-term leases in the future. These later land uses are grouped under the category of “Private Ownership” because from a fiscal point of view, they will be treated the same in terms of public revenue and cost generation as those within the corporate city limits. These include uses on tribal lands classified as “Fee” or “Allotted.” Development on tribal lands classified as “Tribal” or “Other” are assumed to remain under tribal jurisdiction and therefore be subject to negotiated agreements between the City and the tribal council to pay for their future public service delivery costs. These future negotiated agreements are not estimated in the citywide fiscal analysis, but could be viewed as essentially covering any future public service costs associated with tribal development strictly under tribal control.

Land uses within the Redevelopment Areas (RDA) are also identified because they will generate property tax increment for redevelopment. Further, development within the City’s sphere of influence is identified, because such development will be subject to a different property tax rate subject to the property tax transfer agreement upon annexation.

Residential Units and Population: Private Ownership. As shown in Table 1, a total of 31,072 units are estimated for private ownership lands, resulting in a population of 57,125 (this estimate includes a 5 percent vacancy assumption).

A total of 22,149 units generating a residential population of 41,201 are estimated for the Non-RDA parts of the City, while City areas within the RDA generate a total of 5,859 units and a resident population of 10,269. Further, a total of 3,063 units are estimated for private ownership lands in the City Sphere of Influence area, resulting in a resident population of 5,655.

TABLE 1
Palm Springs General Plan Update
Development Summary for Fiscal Analysis

I. Private Ownership¹

Land Use	Incorporated City			Sphere of Influence Area	Total Private
	Non-RDA Area	RDA Area	Total City		
A. RESIDENTIAL DEVELOPMENT					
<u>Residential Units</u>	22,149	5,859	28,009	3,063	31,072
<u>Population</u>	41,201	10,269	51,470	5,655	57,125
B. NON-RESIDENTIAL DEVELOPMENT					
<u>Non-Residential Square Feet</u>					
Retail	3,602,220	4,847,810	8,450,030	103,059	8,553,089
Industrial	11,292,299	977,668	12,269,967	3,273	12,273,240
Office	1,296,346	534,563	1,830,909	1,337	1,832,246
Other	<u>1,452,009</u>	<u>223,027</u>	<u>1,675,036</u>	<u>0</u>	<u>1,675,036</u>
Total	17,642,875	6,583,068	24,225,942	107,669	24,333,611
<u>Total Hotel Rooms</u>	3,229	4,520	7,750	0	7,750
<u>Employment</u>	25,262	15,243	40,505	229	40,735

II. Tribal Ownership²

Land Use	Incorporated City			Sphere of Influence Area	Total Tribal
	Non-RDA Area	RDA Area	Total City		
A. RESIDENTIAL DEVELOPMENT					
<u>Residential Units</u>	15,247	4,884	20,131	82	20,213
<u>Population</u>	28,789	8,666	37,455	163	37,618
B. NON-RESIDENTIAL DEVELOPMENT					
<u>Non-Residential Square Feet</u>					
Retail	668,046	3,131,176	3,799,223	0	3,799,223
Industrial	1,580,375	657,843	2,238,218	0	2,238,218
Office	906,976	1,030,337	1,937,313	0	1,937,313
Other	<u>934,309</u>	<u>240,766</u>	<u>1,175,076</u>	<u>0</u>	<u>1,175,076</u>
Total	4,089,706	5,060,123	9,149,829	0	9,149,829
<u>Total Hotel Rooms</u>	2,970	2,411	5,381	0	5,381
<u>Employment</u>	11,347	14,564	25,911	0	25,911

III. Total General Plan

Land Use	Incorporated City			Sphere of Influence Area	Total General Plan
	Non-RDA Area	RDA Area	Total City		
A. RESIDENTIAL DEVELOPMENT					
<u>Residential Units</u>	37,396	10,744	48,139	3,145	51,285
<u>Population</u>	69,990	18,935	88,925	5,818	94,743
B. NON-RESIDENTIAL DEVELOPMENT					
<u>Non-Residential Square Feet</u>					
Retail	4,270,267	7,978,986	12,249,253	103,059	12,352,312
Industrial	12,872,674	1,635,512	14,508,185	3,273	14,511,458
Office	2,203,322	1,564,900	3,768,222	1,337	3,769,559
Other	<u>2,386,319</u>	<u>463,793</u>	<u>2,850,112</u>	<u>0</u>	<u>2,850,112</u>
Total	21,732,581	11,643,191	33,375,772	107,669	33,483,440
<u>Total Hotel Rooms</u>	6,200	6,931	13,131	0	13,131
<u>Employment</u>	36,609	29,808	66,417	229	66,646

1. Privately owned lands include all non-tribal lands and private ownership or leases on tribal lands. Additionally, all 'alloted' lands are assumed to ultimately be converted to fee or leasehold ownership.

2. Tribal ownership includes all tribal lands excluding those with private ownership or leases.

Source: Stanley R.Hoffman Associates, Inc.

Non- Residential Square Feet and Employment: Private Ownership. As shown in Table 1, a total of 24.33 million square feet of non-residential uses are estimated at buildout on private ownership lands. Additionally, a total of 7,750 hotel rooms are estimated at buildout. The non-residential uses on private ownership lands generate a total of 40,735 jobs at buildout. A total of 25,262 jobs and 3,229 hotel rooms are estimated for the Non-RDA parts of the City. Non-residential land uses in the City RDA are estimated to generate 15,243 jobs and 4,520 hotel rooms. In comparison, the City Sphere is estimated to generate only 229 jobs but no hotel rooms.

Residential Units and Population: Tribal Ownership. Also, as shown in the middle panel of Table 1, a total of 20,213 units are estimated for tribal ownership lands, resulting in a population of 37,618 (this estimate also includes a 5 percent vacancy assumption).

Non- Residential Square Feet and Employment: Tribal Ownership. Similarly, as shown in the middle panel of Table 1, a total of 9.15 million square feet of non-residential uses are estimated at buildout on tribal ownership lands. Additionally, a total of 5,381 hotel rooms are estimated at buildout. The non-residential uses on tribal ownership lands generate a total of 25,911 jobs at buildout. As mentioned above, the fiscal analysis is not prepared for land uses under tribal ownership.

Residential Units and Population: Total General Plan. In summary, as shown in the bottom panel of Table 1, a total of 51,285 units are estimated for the total general plan area, resulting in a buildout population of 94,743.

Non- Residential Square Feet and Employment: Total General Plan. Similarly, as shown in the bottom panel of Table 1, a total of 33.48 million square feet of non-residential uses are estimated at buildout for the total general plan area along with a total of 13,131 hotel rooms. The non-residential uses for the general plan area generate a total of 66,646 jobs.

Recurring Fiscal Impacts

General Fund. As shown in Panel A of Table 2, a recurring surplus of about \$16.15 million is projected at buildout based on recurring revenues of \$74.01 million and recurring costs of \$57.86 million. Property tax, retail sales and use tax and transient occupancy tax are the largest projected recurring revenues for the General Plan at buildout. These three revenues sources account for 59.8 percent of total projected recurring revenues after buildout. Police protection, fire/disaster preparedness, general government and parks and recreation are the largest projected recurring costs and account for 82.2 percent of total projected recurring costs for the General Plan at buildout.

TABLE 2
Palm Springs General Plan Update
Summary of Fiscal Impacts at Buildout: Private Ownership
(In Constant 2007 Dollars)

Item	Incorporated City			Sphere of Influence Area	Total General Plan
	Non-RDA Area	RDA Area	Total City		
A. GENERAL FUND					
Recurring Revenues	\$52,138,355	\$17,852,272	\$69,990,627	\$4,021,559	\$74,012,195
Recurring Costs	<u>\$40,310,129</u>	<u>\$13,138,064</u>	<u>\$53,448,193</u>	<u>\$4,414,300</u>	<u>\$57,862,493</u>
Net Recurring Surplus	\$11,828,226	\$4,714,208	\$16,542,434	(\$392,741)	\$16,149,702
Revenue/Cost Ratio	1.29	1.36	1.31	0.91	1.28
B. REDEVELOPMENT AGENCY					
Recurring Property Tax	n/a	\$13,077,183	n/a	n/a	n/a
C. COMMUNITY PROMOTION FUND					
Recurring Revenues (Transient Occupancy Tax)	\$4,198,336	\$5,876,115	\$10,074,450	\$0	\$10,074,450

Source: Stanley R. Hoffman Associates, Inc.

The net recurring surplus represents a revenue/cost ratio of 1.28. While this indicates a strong fiscal outcome for the general plan, it should be mentioned that it does represent buildout of significant commercial and hotel square footage over a 25 to 30 year planning horizon. This general plan development may take longer to build or may experience land use changes as the market evolves. Also, as the population, visitors and job base grow, the City may determine that additional police, emergency services, public works and community service increases above the current level of service standards are needed. Additionally, some of the projected net surplus may be placed in a reserve fund to replace aging infrastructure over time, such as roads and water and sewer systems. And finally, in all projections there is economic uncertainty and unanticipated events that may be experienced and having a strong net surplus can cushion these potential fluctuations.

Redevelopment Agency. Property tax to the RDA at buildout of the General Plan is estimated at about \$13.08 million, as shown in Panel B of Table 2. This estimate is based on the RDA receiving about 40 percent of the estimated property tax increment for development in the RDA areas after pass-throughs to other agencies and housing set aside. Currently, the redevelopment agency receives about \$5.9 million of property tax increment annually.

Community Promotion Fund. Transient occupancy tax to the Community Promotion Fund at buildout of the General Plan is estimated at \$10.07 million. Currently, the Community Promotion Fund receives about \$8.3 million annually in transient occupancy tax revenues. The Community Promotion Fund receives 7 percent of the total transient occupancy tax (TOT) and the City General Fund receives the remaining TOT.

CHAPTER 1

INTRODUCTION

This report presents the fiscal impact analysis for the City of Palm Springs General Plan Update. The fiscal impact analysis projects recurring revenues and costs to the City's General Fund. Projected recurring property tax increment to the Redevelopment Agency and recurring transient occupancy tax to the Community Promotion fund are also projected. Fiscal impacts are projected in year 2007 constant dollars.

1.1 Introduction

The fiscal analysis of the General Plan is based on development on privately owned lands or development that might be on tribal lands, but assumed to eventually be under private ownership or long-term leases in the future. Development on tribal lands is not included because these lands are assumed to remain under tribal jurisdiction and therefore be subject to negotiated agreements between the City and the tribal council to pay for their future public service delivery costs. These future negotiated agreements are not estimated in the citywide fiscal analysis, but could be viewed as essentially covering any future public service costs associated with tribal development strictly under tribal control.

1.2 Approach

The fiscal analysis is based on data and assumptions from the following sources:

- The fiscal analysis is based on the *City of Palm Springs Adopted Budget FY 2006-2007* and discussions with key City staff.
- Revenue and cost factors are based on the City Budget revenues and expenditures and on the January 1, 2006, City population estimate from the California Department of Finance (DOF) *E-5 City/County Population and Housing Estimates for Cities, Counties and the State, 2001-2006, with 2000 Benchmark*, January 1, 2006 and the 2006 employment estimate from the Southern California Association of Governments (SCAG) *RTP 2004 Projections*.
- Land use information provided by The Planning Center from the City database by traffic analysis zone.
- Fiscal impacts are presented assuming full buildout of the proposed land uses.
- Cost and revenue factors projected in constant 2007 dollars with no adjustment for possible future inflation.

1.3 Organization of the Report

Chapter 2 presents all land uses for the General Plan, including privately owned and tribal lands. Chapter 3 presents the projected fiscal impacts to the City of Palm Springs General Fund from only the privately owned development. The projected property tax increment to the City RDA and the projected TOT to the Community Promotion Fund are also presented in Chapter 3. The fiscal assumptions are presented in Chapter 4 Appendix A presents supporting tables and Appendix B includes the persons and agencies contacted during preparation of the fiscal analysis. The employment projections at buildout of the General Plan are presented in Appendix C.

CHAPTER 2

DEVELOPMENT DESCRIPTION

The following chapter presents the residential and non-residential uses at buildout of the updated City of Palm Springs General Plan. The land uses are presented by land use areas of the General Plan that fall within a combination of geographies that include the city and sphere areas, tribal and non-tribal areas, and community redevelopment areas (CRA). The assumptions used for the land use analysis are presented below, followed by a summary of development by land use type.

2.1 Land Use Assumptions for Fiscal Analysis

The analysis uses the following assumptions to estimate the fiscal impacts of development at buildout proposed under the General Plan Update. These assumptions relate to the jurisdictional areas included in the fiscal analysis, and the basis of estimation of the residential and non-residential uses under the proposed General Plan.

Jurisdictional Issues. The fiscal analysis of the General Plan land uses at buildout will be conducted for all privately owned lands or those that might be on tribal lands, but assumed to eventually be under private ownership or long-term leases in the future. These later land uses are grouped under the category of “Private Ownership” because from a fiscal point of view, they will be treated the same in terms of public revenue and cost generation as those within the corporate city limits. These include uses on tribal lands classified as “Fee” or “Allotted.” The other uses on tribal lands classified as “Tribal” or “Other” are assumed to remain under tribal jurisdiction and therefore be subject to negotiated agreements between the City and the tribal council to pay for their future public service delivery costs. These future negotiated agreements are not estimated in the citywide fiscal analysis, but could be viewed as essentially covering any future public service costs associated with tribal development strictly under tribal control.

Land uses within the Community Redevelopment Areas are also identified in the tables, because they will generate property tax increment for redevelopment. Further, land uses within the sphere areas are identified, because such lands will be subject to a property tax transfer agreement upon annexation.

Residential Land Use Assumptions. Although the current vacancy rate in Palm Springs is about 33.43 percent according the California Department of Finance, the buildout residential population

for the General Plan is calculated assuming a 5 percent vacancy rate for the total housing units in the City. This is based on the assumption that since the study analyzes fiscal impacts at buildout, over the life of the General Plan more and more people will occupy the units on a full time basis. The fiscal study uses a persons-per-household ratio of 2.08 for detached units and 1.78 for attached, with a vacancy rate of 5 percent and a subsequent proposed buildout population of 94,743. These numbers were used for all the other analyses in the General Plan, including the traffic impact analysis.

Non-Residential Land Use and Employment Assumptions. Employment estimates for the General Plan Update were generated from the calculation of land uses by different non-residential categories provided by the Planning Center at the traffic analysis zone (TAZ) level. A detailed memorandum documenting employment factors by land use and the methodology for employment estimation is presented in Appendix C. Employment estimation assumes a vacancy rate of 5 percent for retail, industrial, office, hotel and public/quasi-public land uses.

2.2 Summary of General Plan Land Uses

A summary of the entire General Plan, including both “private ownership” areas and “tribal” areas is presented in this section. Further details of land-use disaggregated by private ownership lands and tribal lands are shown in Section 2.3 and Section 2.4, respectively.

Residential Units. As shown in Table 2-1, a total of 51,285 units are estimated at buildout for the updated General Plan. These units include 28,474 single-family units and 22,811 multi-family units.

Residential Population. The buildout residential development, at an assumed 5 percent vacancy, is estimated to generate a population of 94,743.

Non- Residential Square Feet. As shown in Table 2-2, a total of about 33.48 million square feet of non-residential uses are estimated at buildout. This includes about 12.35 million square feet of retail use, 14.51 million square feet of industrial use, about 3.77 million square feet of office use, and 2.85 million square feet of other uses including: Airport, Public/Quasi-Public and Convention uses. Additionally, a total of 13,131 hotel rooms are estimated at buildout.

TABLE 2-1
Palm Springs General Plan Update
Residential Land Use Summary

Land Use	Single Family	Multi Family	Total Units	Resident Population ¹
Estate Residential	2,570	-	2,570	4,892
Very Low Density	9,410	7	9,417	18,608
Low Density	5,413	-	5,413	10,697
Medium Density ²	7,294	9,217	16,511	29,519
High Density ³	-	13,587	13,587	23,103
All Other ⁴	3,786	-	3,786	7,925
TOTAL	28,474	22,811	51,285	94,743

1. Resident Population is calculated at 95 percent occupancy of total residential units.
2. Medium Density Residential includes MDR, Mixed Use and residential units permitted under the designation SH "Small Hotels"
3. High Density Residential includes HDR and CBD.
4. All Other includes residential units in Open Space-- Conservation, Mountain and Desert, and Special Policy Areas.

Source: Stanley R.Hoffman Associates, Inc.

TABLE 2-2
Palm Springs General Plan Update
Non-Residential Land Use Summary

Land Use	Square Feet	Rooms
Retail	12,352,312	-
Industrial ²	14,511,458	-
Office ³	3,769,559	-
Hotel	n/a	13,131
Public/Quasi Public	899,462	
Airport	1,419,377	
Casino	n/a	
School	n/a	
Church	319,873	
Convention	211,400	
Windfarm	n/a	
TOTAL	33,483,440	13,131

1. Employment is estimated based on a 5 percent vacancy assumption for retail, industrial, office, hotel and public/quasi-public land uses.
2. Industrial land uses include non-residential square feet shown for the IND designation, 65 percent of the land acreage in RBC and RBC* designations, and Windfarm industrial.
3. Office includes non-residential square feet shown for medical, office, and 15 percent of the land acreage in RBC and RBC*, and TRC designations.

Source: Stanley R.Hoffman Associates, Inc.

TABLE 2-3
Palm Springs General Plan Update
Employment Summary by Land Use

Land Use	Employment ¹	Percent Distribution
Retail ²	23,297	35.0%
Industrial	14,168	21.3%
Office	12,769	19.2%
Hotel	8,732	13.1%
Public/Quasi Public	4,272	6.4%
Airport	1,419	2.1%
Casino	1,000	1.5%
School	582	0.9%
Church	256	0.4%
Convention	55	0.1%
Windfarm	<u>95</u>	<u>0.1%</u>
Total	66,646	100.0%

1. Employment is estimated based on a 5 percent vacancy assumption for retail, industrial, office, hotel and public/quasi public land uses.

2. Includes 250 employees estimated for Soak City.

Source: Stanley R.Hoffman Associates, Inc.

Employment. As shown in Table 2-3, the General Plan update non-residential uses at buildout generate a total of 66,646 jobs. The methodology and factor assumptions for the employment estimations are presented in Appendix C. Retail employment, which also includes restaurant, entertainment and recreation, is the largest employment generating land use at 23,297 jobs. Industrial land use related employment results in 14,168 jobs, while office uses generate 12,769 jobs. Hotels constitute an estimated 8,732 jobs.

2.3 Summary of Private Ownership Lands

As stated previously, the study analyzes the fiscal impacts of only the ‘privately owned’ lands under the proposed General Plan. A summary of the residential and non-residential units for private ownership lands (including those on tribal lands under the “Fee” and “Allotted” categories) are shown in Table 2-4 and Table 2-5, respectively. The residential and non-residential uses on private ownership lands are further disaggregated by the City Sphere and City Redevelopment Areas (CRA).

TABLE 2-4
Palm Springs General Plan Update
Residential Units under Private Ownership

A. Sphere and Not in RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population ²
Estate Residential	207	-	207	224
Very Low Density	-	-	-	-
Low Density	2,262	-	2,262	4,470
Medium Density ³	154	69	223	420
High Density ⁴	-	-	-	-
All Other ⁵	371	-	371	541
TOTAL	2,994	69	3,063	5,655

B. City and RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population ²
Estate Residential	436	-	436	861
Very Low Density	230	-	230	454
Low Density	337	-	337	666
Medium Density ³	173	403	575	1,022
High Density ⁴	-	4,276	4,276	7,255
All Other ⁵	5	-	5	11
TOTAL	1,181	4,679	5,859	10,269

C. City and Not in RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population ²
Estate Residential	448	-	448	884
Very Low Density	4,575	-	4,575	9,039
Low Density	1,879	-	1,879	3,713
Medium Density ³	3,744	4,778	8,521	15,477
High Density ⁴	-	4,493	4,493	7,688
All Other ⁵	2,234	-	2,234	4,400
TOTAL	12,879	9,270	22,149	41,201

D. All Private Ownership

Land Use	Single Family	Multi Family	Total Units	Resident Population ²
Estate Residential	1,091	-	1,091	1,969
Very Low Density	4,804	-	4,804	9,493
Low Density	4,478	-	4,478	8,849
Medium Density ³	4,070	5,249	9,319	16,919
High Density ⁴	-	8,769	8,769	14,943
All Other ⁵	2,611	-	2,611	4,952
TOTAL	17,054	14,018	31,072	57,125

1. Privately owned lands include all non-tribal lands and private ownership or leases on tribal lands. Additionally, all 'alloted' lands are assumed to ultimately be converted to fee or leasehold.

2. Resident Population is calculated at 95 percent occupancy of total residential units.

3. Medium Density Residential includes MDR, Mixed Use and residential units permitted under the designation SH "Small Hotels"

4. High Density Residential includes HDR and CBD.

5. All Other includes residential units in Open Space-- Conservation, Mountain and Desert, and Special Policy Areas.

Source: Stanley R.Hoffman Associates, Inc.

Residential Units and Population. As shown in Table 2-4, a total of 31,072 units are estimated for private ownership lands, resulting in a population of 57,125 (based on the 5 percent vacancy). Of the above, as shown in Table 2-4, a total of 22,149 units generating a residential population of 41,201 are estimated for the non-CRA parts of the City, while City areas within the CRA generate a total of 5,859 units and a resident population of 10,269. Further, a total of 3,063 units are estimated for private ownership lands in the Sphere area, resulting in a resident population of 5,655.

Non- Residential Square Feet and Employment. As shown in Table 2-5, a total of 24.33 million square feet of non-residential uses are estimated at buildout on private lands. Additionally, a total of 7,750 hotel rooms are estimated at buildout. The non-residential uses on private ownership lands generate a total of 40,735 jobs at buildout. Of the above, as shown in Table 2-5, a total 25,262 jobs and 3,229 hotel rooms are estimated for the non-CRA parts of the City. Non-residential land uses in the City CRA are estimated to generate 15,243 jobs and 4,520 hotel rooms. In comparison, the City Sphere is estimated to generate only 229 jobs but no hotel development.

2.4 Summary of Tribal Ownership Lands

The buildout summary of residential and non-residential uses on tribal ownership lands are shown in Table 2-6 and Table 2-7, respectively. Though the summary for tribal ownership lands are presented here, the fiscal analysis does not take into account impacts on the City from such lands as they are assumed to be covered through agreements between the City and the tribal council.

Residential Units and Population. As shown in Table 2-6, a total of 20,213 units are estimated for tribal ownership lands, resulting in a resident population (at an assumed 5 percent vacancy rate) estimate of 37,618.

Of the above, as shown in Table 2-6, a total of 15,247 units generating a residential population of 28,789 are estimated for tribal ownership areas in the City outside the CRA, while tribal areas within the CRA generate a total of 4,884 units with a resident population of 8,666. Further, only 82 units are estimated for tribal ownership lands in the Sphere area, resulting in a resident population of 163.

TABLE 2-5
Palm Springs General Plan Update
Non-Residential Uses under Private Ownership

A. Sphere and Not in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	103,059		
Industrial ²	3,273		
Office ³	1,337		
Hotel	n/a	-	
Other ⁴	-		
TOTAL	107,669	-	229

B. City and in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	4,847,810		
Industrial ²	977,668		
Office ³	534,563		
Hotel	n/a	4,520	
Other ⁴	223,027		
TOTAL	6,583,068	4,520	15,243

C. City and Not in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	3,602,220		
Industrial	11,292,299		
Office	1,296,346		
Hotel	n/a	3,229	
Other ⁴	1,452,009		
TOTAL	17,642,875	3,229	25,262

D. All Private Ownership

Land Use	Square Feet	Rooms	Buildout Employment
Retail	8,553,089		
Industrial ²	12,273,240		
Office ³	1,832,246		
Hotel	n/a	7,750	
Other ⁴	1,675,036		
TOTAL	24,333,611	7,750	40,735

1. Privately owned lands include all non-tribal lands and private ownership or leases on tribal lands. Additionally, all 'alloted' lands are assumed to ultimately be converted to fee or leasehold.
2. Industrial land uses include non-residential square feet shown for the IND designation, 65 percent of the land acreage in RBC and RBC* designations, and Windfarm industrial.
3. Office includes non-residential square feet shown for medical, office, and 15 percent of the land acreage in RBC and RBC*, and TRC designations.
4. Other includes Airport, Convention and Public/Quasi Public.

Source: Stanley R.Hoffman Associates, Inc.

TABLE 2-6
Palm Springs General Plan Update
Residential Units under Tribal Ownership

A. Sphere and Not in RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population²
Estate Residential	-	-	-	-
Very Low Density	-	-	-	-
Low Density	-	-	-	-
Medium Density ³	-	-	-	-
High Density ⁴	-	-	-	-
All Other ⁵	82	-	82	163
TOTAL	82	-	82	163

B. City and RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population²
Estate Residential	53	-	53	105
Very Low Density	101	-	101	199
Low Density	134	-	134	265
Medium Density ³	1,006	1,269	2,275	3,885
High Density ⁴	-	2,321	2,321	3,925
All Other ⁵	0	-	0	287
TOTAL	1,294	3,591	4,884	8,666

C. City and Not in RDA

Land Use	Single Family	Multi Family	Total Units	Resident Population²
Estate Residential	1,426	-	1,426	2,818
Very Low Density	4,506	7	4,512	8,916
Low Density	801	-	801	1,583
Medium Density ³	2,218	2,699	4,917	8,715
High Density ⁴	-	2,497	2,497	4,234
All Other ⁵	1,093	-	1,093	2,523
TOTAL	10,044	5,203	15,247	28,789

D. All Tribal Ownership

Land Use	Single Family	Multi Family	Total Units	Resident Population²
Estate Residential	1,479	-	1,479	2,923
Very Low Density	4,606	7	4,613	9,115
Low Density	935	-	935	1,848
Medium Density ³	3,224	3,968	7,192	12,600
High Density ⁴	-	4,819	4,819	8,160
All Other ⁵	1,175	-	1,175	2,973
TOTAL	11,420	8,793	20,213	37,618

1. Tribal ownership includes all tribal lands excluding those with private ownership or leases.

2. Resident Population is calculated at 95 percent occupancy of total residential units.

3. Medium Density Residential includes MDR, Mixed Use and residential units permitted under the designation SH "Small Hotels"

4. High Density Residential includes HDR and CBD.

5. All Other includes residential units in Open Space-- Conservation, Mountain and Desert, and Special Policy Areas.

Source: Stanley R. Hoffman Associates, Inc.

TABLE 2-7
Palm Springs General Plan Update
Non-Residential Uses under Tribal Ownership

A. Sphere and Not in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	-		
Industrial ²	-		
Office ³	-		
Hotel	n/a	-	
Other ⁴	-		
TOTAL	-	-	-

B. City and in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	3,131,176		
Industrial ²	657,843		
Office ³	1,030,337		
Hotel	n/a	2,411	
Other ⁴	240,766		
TOTAL	5,060,123	2,411	14,564

C. City and Not in Community Redevelopment Area

Land Use	Square Feet	Rooms	Buildout Employment
Retail	668,046		
Industrial ²	1,580,375		
Office ³	906,976		
Hotel	n/a	2,970	
Other ⁴	934,309		
TOTAL	4,089,706	2,970	11,347

D. All Tribal Ownership

Land Use	Square Feet	Rooms	Buildout Employment
Retail	3,799,223		
Industrial ²	2,238,218		
Office ³	1,937,313		
Hotel	n/a	5,381	
Other ⁴	1,175,076		
TOTAL	9,149,829	5,381	25,911

1. Tribal ownership includes all tribal lands excluding those with private ownership or leases.

2. Industrial land uses include non-residential square feet shown for the IND designation, 65 percent of the land acreage in RBC and RBC* designations, and Windfarm industrial.

3. Office includes non-residential square feet shown for medical, office, and 15 percent of the land acreage in RBC and RBC*, and TRC designations.

4. Other includes Airport, Convention and Public/Quasi Public.

Source: Stanley R.Hoffman Associates, Inc.

Non-Residential Square Feet and Employment. As shown in Table 2-7, a total of about 9.15 million square feet of non-residential uses are estimated at buildout on lands assumed to remain under tribal control. Additionally, a total of 5,381 hotel rooms are estimated at buildout. The non-residential uses on tribal ownership lands generate a total of 25,911 jobs at buildout.

Of the above, as shown in Table 2-7, a total 11,347 jobs and 2,970 hotel rooms are estimated for the tribal ownership non-CRA lands. Non-residential tribal ownership land uses in the City CRA are estimated to generate 14,564 jobs and 2,411 hotel rooms. There are no non-residential land uses estimated for tribal ownership lands in the City Sphere areas.

CHAPTER 3

FISCAL IMPACTS

This chapter presents the fiscal analysis of the Palm Springs General Plan Update. The demographic and market assumptions based on the land use description in Chapter 2 are first presented. The projected fiscal impacts are then presented in constant 2007 dollars with no adjustment for possible future inflation.

3.1 Demographic and Market Assumptions for Fiscal Analysis

The fiscal impacts of only the “privately owned” lands are projected for General Plan Update. The estimated population and employment for the privately owned development for the General Plan Update are first summarized by jurisdiction and areas within the City. The assessed valuation, property tax, taxable sales and transient occupancy tax for the privately owned land uses are then presented by jurisdiction and areas within the City.

Demographic Summary

Population. As shown in Table 3-1, a population of 57,125 (including a 5 percent vacancy assumption) is estimated for the General Plan Update. The total City population is estimated at 51,470 and the Sphere of Influence (SOI) population is estimated at 5,655.

TABLE 3-1
Palm Springs General Plan Update
Demographic Summary for Privately Owned Land

Item	Incorporated City			Sphere of Influence Area	Total General Plan
	Non-RDA Area	RDA Area	Total City		
Population	41,201	10,269	51,470	5,655	57,125
Employment	25,262	15,243	40,505	229	40,735
Resident Equivalent Population					
Population	41,201	10,269	51,470	5,655	57,125
Employment @ 50% of Total	<u>12,631</u>	<u>7,622</u>	<u>20,253</u>	<u>115</u>	<u>20,368</u>
Total	53,832	17,891	71,723	5,770	77,493

Source: Stanley R. Hoffman Associates, Inc.

Employment. Total employment for the fiscal analysis at buildout of the General Plan is estimated at 40,735, with 40,505 jobs estimated for the City and 229 jobs for the Sphere of Influence (SOI).

Resident Equivalent Population. Several revenues and costs are impacted by both population and employment growth, such as franchise taxes and police costs. Therefore, these fiscal factors are estimated by allocating total budgeted revenues or costs to both population and employment. For these revenues and costs, estimated employment is weighted at 50 percent to account for the estimated less frequent use of City public services by employment versus population. As shown in Table 3-1, a resident equivalent population of 77,493 is estimated for the total General Plan. The resident equivalent population is estimated at 71,723 for the City and at 5,770 for the SOI.

Assessed Valuation

Residential. As shown in Panel A of Table 3-2, total residential valuation after buildout of the General Plan is estimated at about \$13.22 billion with about \$11.57 billion estimated for the City and about \$1.65 billion estimated for the SOI. Within the City, residential valuation in the redevelopment area (RDA) is estimated at about \$1.96 billion. Residential valuation is based on the average value of sales during 2006 in Palm Springs as provided by DataQuick, and is presented in Appendix Table A-1. Single family detached homes are valued at \$544,000 per unit and attached units are valued at \$281,000 per unit.

Non-Residential. Panel B of Table 3-2 presents the non-residential valuation. The total non-residential valuation of the General Plan is estimated at \$4.01 billion, with \$3.99 billion in the City and about \$17.70 million in the SOI. The non-residential valuation in the RDA is estimated at \$1.29 billion. Non-residential valuation is based on the following assumptions:

- Retail \$165 per square foot
- Industrial \$130 per square foot
- Office \$200 per square foot
- Other \$150 per square foot
- Hotel \$50,000 per room

Net Incremental Valuation. Total valuation after buildout for the General Plan is estimated at about \$17.23 billion, as shown in Panel C of Table 3-2. Total valuation for the City is estimated at \$15.56 billion and about \$1.67 billion for the SOI. The total RDA valuation is estimated at \$3.25 billion.

TABLE 3-2
Palm Springs General Plan Update
Valuation at Buildout: Private Ownership
(In Constant 2007 Dollars)

Land Use	Value per Unit, Square Foot or Room	Incorporated City			Sphere of Influence Area	Total General Plan
		Non-RDA Area	RDA Area	Total City		
A. RESIDENTIAL DEVELOPMENT						
Units						
Estate Single Family		448	436	883	207	1,091
Very Low Density Single Family		4,575	230	4,804	0	4,804
Low Density Single Family		1,879	337	2,216	2,262	4,478
Medium Density Single Family		3,744	173	3,916	154	4,070
Medium Density Multi Family		4,778	403	5,180	69	5,249
High Density Multi Family		4,493	4,276	8,769	0	8,769
All Other Single Family		<u>2,234</u>	<u>5</u>	<u>2,240</u>	<u>371</u>	<u>2,611</u>
Total Residential Units		22,149	5,859	28,009	3,063	31,072
Residential Valuation¹						
Single Family Units	\$544,000	\$7,006,118,036	\$642,201,614	\$7,648,319,650	\$1,628,918,915	\$9,277,238,565
Multi Family Units	\$281,000	<u>2,604,947,350</u>	<u>1,314,751,094</u>	<u>3,919,698,444</u>	<u>19,294,328</u>	<u>3,938,992,772</u>
Total Residential Valuation		\$9,611,065,386	\$1,956,952,708	\$11,568,018,094	\$1,648,213,242	\$13,216,231,336
B. NON-RESIDENTIAL DEVELOPMENT						
Square Feet						
Retail		3,602,220	4,847,810	8,450,030	103,059	8,553,089
Industrial		11,292,299	977,668	12,269,967	3,273	12,273,240
Office		1,296,346	534,563	1,830,909	1,337	1,832,246
Other		<u>1,452,009</u>	<u>223,027</u>	<u>1,675,036</u>	0	<u>1,675,036</u>
Total Non-Residential Square Feet		17,642,875	6,583,068	24,225,942	107,669	24,333,611
Hotel Rooms		3,229	4,520	7,750	0	7,750
Non-Residential Valuation²						
Retail	\$165	\$594,366,377	\$799,888,599	\$1,394,254,976	\$17,004,767	\$1,411,259,743
Industrial	\$130	1,467,998,852	127,096,884	1,595,095,736	425,446	1,595,521,182
Office	\$200	259,269,157	106,912,632	366,181,789	267,344	366,449,133
Other	\$150	217,801,422	33,453,984	251,255,406	0	251,255,406
Hotel Rooms	\$50,000	<u>161,474,443</u>	<u>226,004,404</u>	<u>387,478,848</u>	0	<u>387,478,848</u>
Total Non-Residential Valuation		\$2,700,910,252	\$1,293,356,503	\$3,994,266,755	\$17,697,557	\$4,011,964,312
C. TOTAL ASSESSED VALUATION						
Residential		\$9,611,065,386	\$1,956,952,708	\$11,568,018,094	\$1,648,213,242	\$13,216,231,336
Non-Residential		<u>2,700,910,252</u>	<u>1,293,356,503</u>	<u>\$3,994,266,755</u>	<u>17,697,557</u>	<u>\$4,011,964,312</u>
Total Assessed Valuation		\$12,311,975,638	\$3,250,309,211	\$15,562,284,849	\$1,665,910,799	\$17,228,195,648
Existing Valuation		\$9,764,767,000	\$1,465,148,000	\$11,229,915,000	\$0	\$11,229,915,000
Net Incremental Valuation		\$2,547,208,638	\$1,785,161,211	\$4,332,369,849	\$1,665,910,799	\$5,998,280,648

1. New residential valuation is based on 2006 sales in Palm Springs from DataQuick, as presented in Appendix Table A-1.
2. New non-residential valuation is based on valuations in recent analyses prepared for other cities in the Coachella Valley.
3. Existing valuation for the General Fund and the RDA is based on data from the Riverside County Assessor's Office provided by City staff.

Source: Stanley R. Hoffman Associates, Inc.

As also shown in Panel C of Table 3-2, net incremental valuation at buildout of the General Plan is estimated at about \$6.00 billion when the existing valuation of about \$11.23 is subtracted from total buildout valuation of about \$17.23 billion. Net incremental valuation is estimated at about \$1.67 billion for the Sphere of Influence (SOI). The remaining net incremental valuation for the City is estimated at \$4.33 billion based on the following:

Non-RDA Area. As shown in Panel C of Table 3-2, existing assessed valuation for the Non-RDA area of the City is estimated at about \$9.77 billion based on information from the City Finance Department staff. When the existing valuation of \$9.77 billion is subtracted from the total Non-RDA valuation of \$12.31 billion at buildout, net incremental valuation for the Non-RDA area of the City is estimated at about \$2.55 billion.

RDA Area. Panel C of Table 3-2 also presents the estimated net incremental assessed valuation for the RDA. Total assessed valuation for the RDA is estimated at \$3.25 billion at buildout. When the existing assessed valuation of \$1.47 billion for the RDA is subtracted from the buildout total, net incremental RDA valuation is estimated at about \$1.79 billion.

Property Tax

Estimated property tax at buildout is presented in Table 3-3. Based on the net incremental valuation shown in Panel A, net incremental property tax for the total General Plan at buildout is estimated at \$59.98 million; as shown in Panel B. About \$43.32 million of the estimated net incremental property tax is estimated for the City and about \$16.66 million for the SOI. Based on the property tax allocation rates for the specific area, property tax for the General Fund and RDA are estimated as follows:

Non-RDA Area. Based on the net incremental property tax of \$25.47 million and the City average tax rate of 22.7 percent, net incremental property tax is estimated at about \$5.78 for the Non-RDA area of the City. As shown in Panel C of Table 3-3, when this incremental property tax is added to the existing property tax estimate of about \$17.00, total property tax for the Non-RDA area of the City is estimated at about \$22.78 million at buildout. When this amount is added to the SOI estimated property tax of about \$1.71 million, property tax to the General Fund is estimated at \$24.48 million at buildout of the General Plan.

RDA Area. Based on the net incremental valuation of about \$1.79 billion for the RDA, total property tax increment at one percent of valuation is estimated \$17.85 million. Based on estimated existing RDA property tax increment of \$14.65 million and the RDA existing

Sales and Use Tax

Table 3-4 presents the estimated sales tax for the General Plan Update. The non-residential development is first summarized in Panel A. The taxable sales for the land uses are then estimated in Panel B. Total taxable sales for the General Plan Update are estimated at about \$1.54 billion. Taxable sales are estimated based on the following assumptions:

- Retail \$126 per square foot
- Industrial \$31 per square foot
- Group Meeting Hotels \$75 per room
- Other Hotels \$50 per room

As shown in Panel C of Table 3-4, total retail sales and use tax is estimated at about \$11.99 million after buildout. Total industrial sales and use tax for the General Plan is estimated at about \$2.14 assuming that 50 percent of the designated industrial square feet generates taxable sales. Hotel sales and use tax is estimated at about \$865.8 thousand at buildout assuming hotel occupancy at 55 percent.

Transient Occupancy Tax

Total transient occupancy tax (TOT) is collected at a rate of 11.5 percent of lodging receipts for hotels with under 125 rooms and at a rate of 13.5 percent for hotels with 125 or more rooms. The Community Promotion Fund receives 7 percent of the TOT and the remaining TOT goes to the City General Fund. As shown in Panel B of Table 3-5, total General Fund TOT at buildout of the General Plan is estimated at about \$7.75 million. Community Promotion Fund TOT is estimated at \$10.07 million at buildout of the General Plan.

TABLE 3-4
Palm Springs General Plan Update
Taxable Sales and Sales Tax at Buildout: Private Ownership
(In Constant 2007 Dollars)

Land Use	Taxable Sales per Square Foot or Room	Incorporated City			Sphere of Influence Area	Total General Plan
		Non-RDA Area	RDA Area	Total City		
A. NON-RESIDENTIAL DEVELOPMENT						
Square Feet						
Retail		3,602,220	4,847,810	8,450,030	103,059	8,553,089
Industrial		11,292,299	977,668	12,269,967	3,273	12,273,240
Office		1,296,346	534,563	1,830,909	1,337	1,832,246
Other		<u>1,452,009</u>	<u>223,027</u>	<u>1,675,036</u>	<u>0</u>	<u>1,675,036</u>
Total Non-Residential Square Feet		17,642,875	6,583,068	24,225,942	107,669	24,333,611
Hotel Rooms		3,229	4,520	7,750	0	7,750
B. NON-RESIDENTIAL TAXABLE SALES						
Retail ¹	\$126	\$453,755,224	\$610,656,397	\$1,064,411,621	\$12,981,895	\$1,077,393,516
Industrial ¹	\$31	353,916,662	30,641,512	384,558,174	102,570	384,660,744
Office	\$0	0	0	0	0	0
Other	\$0	0	0	0	0	0
Hotel ²	\$50	<u>32,415,995</u>	<u>45,370,384</u>	<u>77,786,379</u>	<u>0</u>	<u>77,786,379</u>
Total Taxable Sales		\$840,087,881	\$686,668,293	\$1,526,756,174	13,084,465	\$1,539,840,639
C. PROJECTED SALES AND USE TAX						
Retail						
Sales Tax (@ 1% of taxable sales)		\$4,537,552	\$6,106,564	\$10,644,116	\$129,819	\$10,773,935
Use Tax (@ 11.3% of sales tax)		<u>512,743</u>	<u>690,042</u>	<u>1,202,785</u>	<u>14,670</u>	<u>1,217,455</u>
Total Retail Sales and Use Tax		\$5,050,296	\$6,796,606	\$11,846,901	\$144,488	\$11,991,390
Industrial (@ 50% of total square feet)³						
Sales Tax (@ 1% of taxable sales)		\$1,769,583	\$153,208	\$1,922,791	\$513	\$1,923,304
Use Tax (@ 11.3% of sales tax)		<u>199,963</u>	<u>17,312</u>	<u>217,275</u>	<u>58</u>	<u>217,333</u>
Total Industrial Sales and Use Tax		\$1,969,546	\$170,520	\$2,140,066	\$571	\$2,140,637
Hotel						
Sales Tax (@ 1% of taxable sales)		\$324,160	\$453,704	\$777,864	\$0	\$777,864
Use Tax (@ 11.3% of sales tax)		<u>36,630</u>	<u>51,269</u>	<u>87,899</u>	<u>0</u>	<u>87,899</u>
Total Hotel Sales and Use Tax		\$360,790	\$504,972	\$865,762	\$0	\$865,762

1. Retail and non-retail taxable sales are projected based on taxable sales from the California Board of Equalization and the estimated existing retail and non-retail square feet as provided in the City land use database by traffic analysis zone. Appendix Table A-2 presents the calculation of the retail and non-retail taxable sales per square foot.
2. Based on the information from the Palm Springs Desert Resorts and Convention and Visitors Authority, hotel taxable purchases are estimated at \$50 per room and assumes a 55 percent occupancy rate.
3. The fiscal analysis assumes that 50 percent of the industrial square feet would be development and research and development uses and would not generate taxable sales. Therefore, industrial taxable sales are projected for 50% of industrial square feet.

Source: Stanley R. Hoffman Associates, Inc.

TABLE 3-5
Palm Springs General Plan Update
Transient Occupancy Tax at Buildout: Private Ownership
(In Constant 2007 Dollars)

Land Use	Room Rate and TOT per Room	Incorporated City			Sphere of Influence Area	Total General Plan
		Non-RDA Area	RDA Area	Total City		
A. HOTEL ROOMS		3,229	4,520	7,750	0	7,750
B. TRANSIENT OCCUPANCY TAX¹						
General Fund²	\$1,000	\$3,229,489	\$4,520,088	\$7,749,577	\$0	\$7,749,577
Community Promotion Fund³	\$1,300	\$4,198,336	\$5,876,115	\$10,074,450	\$0	\$10,074,450

1. Transient occupancy tax (TOT) is allocated between the City General Fund and the City Community Promotion Fund.
2. General Fund TOT is estimated at about \$1,000 per room based on the City 2007-2007 Budget amount of \$6.29 million for the General Fund and the 6,300 existing hotel rooms in the City
3. Community Promotion Fund TOT is estimated at about \$1,300 per room based on the City 2007-2007 Budget amount of \$8.30 million for the Community Promotion Fund and 6,300 existing hotel rooms in the City

Source: Stanley R. Hoffman Associates, Inc.

3.2 Projected Fiscal Impacts At Buildout

Fiscal impacts to the City General Fund are projected at buildout of the General Plan private ownership land uses. The recurring property tax increment to the RDA is also projected as well as the recurring transient occupancy tax to the Community Promotion Fund.

City General Fund. General Fund recurring revenues are projected for both the Non-RDA areas and RDA areas of the City, with the exception of property tax. The estimated property tax increment for development within RDA areas goes to the RDA and not the City General Fund. All other projected revenues generated from development within the RDA areas accrues to the City General Fund. Recurring costs are projected to the General Fund for all areas of the City, that is the Non-RDA areas and the RDA areas. All revenues and costs for the Sphere of Influence (SOI) area are projected to the City General Fund. Property tax for the development in the SOI area is projected based on the property tax exchange agreement between the City and the County of Riverside. All other revenues and costs generated by the development within the SOI area are projected to the City General Fund.

As shown in Panel A of Table 3-6, a recurring surplus of about \$16.15 million is projected for the Palm Springs General Plan Update at buildout. The projected surplus is based on recurring revenues of about \$74.01 million and projected costs of \$57.86 million. The revenue/cost ratio after buildout is 1.28, meaning that for every dollar of costs, \$1.28 of revenues are projected.

Property tax, retail sales and use tax and transient occupancy tax are the largest projected recurring revenues for the General Plan. These three revenues sources account for 59.8 percent of total projected recurring revenues at buildout. Police protection, fire/disaster preparedness, general government and parks and recreation are the largest projected recurring costs and account for 82.2 percent of total projected recurring costs for the General Plan at buildout.

Redevelopment Agency. Property tax increment to the RDA at buildout of the General Plan is estimated at about \$13.08 million, as shown in Panel B of Table 3-6. This estimate is based on the RDA receiving about 40 percent of the estimated property tax increment for development in the RDA areas after pass-throughs to other agencies and housing set aside.

Community Promotion Fund. Transient occupancy tax to the Community Promotion Fund at buildout of the General Plan is estimated at \$10.07 million. The Community Promotion Fund receives 7 percent of the total TOT.

TABLE 3-6
Palm Springs General Plan Update
Recurring Fiscal Impacts at Buildout: Private Ownership
(In Constant 2007 Dollars)

Item	Incorporated City			Sphere of Influence Area	Total General Plan	Percent of Total
	Non-RDA Area	RDA Area	Total City			
A. GENERAL FUND						
<u>Recurring Revenues</u>						
Property tax	\$22,775,401	n/a	\$22,775,401	\$1,707,572	\$24,482,973	33.1%
Property tax - VLF swap	4,813,982	1,270,871	6,084,853	651,371	6,736,224	9.1%
Document transfer tax: turnover	1,035,382	231,263	1,266,644	165,308	1,431,952	1.9%
Retail sales and use tax	5,050,296	6,796,606	11,846,901	144,488	11,991,390	16.2%
Non-Retail sales and use tax	1,969,546	170,520	2,140,066	571	2,140,637	2.9%
Hotel sales and use tax	360,790	504,972	865,762	0	865,762	1.2%
Franchise fees	2,343,163	778,757	3,121,919	251,147	3,373,066	4.6%
Transient occupancy tax	3,229,489	4,520,088	7,749,577	0	7,749,577	10.5%
Utility user tax	5,018,766	1,668,001	6,686,767	537,925	7,224,692	9.8%
Business licenses	673,598	406,462	1,080,060	6,118	1,086,187	1.5%
Licenses and permits	578,901	185,383	764,284	64,587	828,871	1.1%
Fines, forfeits and penalties	358,596	119,180	477,777	38,435	516,212	0.7%
Motor vehicle in-lieu fees	384,289	127,720	512,009	41,189	553,198	0.7%
Police/Fire Service charges	450,015	149,564	599,578	48,234	647,812	0.9%
Administrative service charges	942,219	313,149	1,255,368	100,990	1,356,357	1.8%
Recreation revenue	560,603	139,728	700,331	76,943	777,274	1.1%
Rental revenue	424,401	141,051	565,452	45,489	610,941	0.8%
Miscellaneous revenues	213,409	70,927	284,335	22,874	307,209	0.4%
State gasoline tax ¹	742,161	184,981	927,142	101,862	1,029,004	1.4%
Interest earned on investments	<u>213,349</u>	<u>73,051</u>	<u>286,400</u>	<u>16,456</u>	<u>302,856</u>	<u>0.4%</u>
Total Recurring Revenues	\$52,138,355	\$17,852,272	\$69,990,627	\$4,021,559	\$74,012,195	100.0%
<u>Recurring Costs</u>						
Fire/disaster preparedness	\$7,457,876	\$2,478,646	\$9,936,522	\$799,356	\$10,735,877	18.6%
Police	14,637,782	4,864,907	19,502,689	1,568,918	21,071,607	36.4%
Dispatch services	1,197,982	398,153	1,596,134	128,403	1,724,537	3.0%
Animal control	481,225	119,944	601,169	66,049	667,217	1.2%
Community & economic development	178,722	59,399	238,120	19,156	257,276	0.4%
Planning	930,251	309,171	1,239,422	99,707	1,339,129	2.3%
Public works	507,634	168,714	676,347	54,410	730,757	1.3%
Street maintenance	1,829,065	607,895	2,436,959	196,044	2,633,003	4.6%
Parks and recreation	4,527,792	1,504,824	6,032,617	485,301	6,517,918	11.3%
Library	2,139,969	533,379	2,673,349	293,712	2,967,061	5.1%
General government	<u>6,421,832</u>	<u>2,093,033</u>	<u>8,514,866</u>	<u>703,245</u>	<u>9,218,111</u>	<u>15.9%</u>
Total Recurring Costs	\$40,310,129	\$13,138,064	\$53,448,193	\$4,414,300	\$57,862,493	100.0%
<u>Net Recurring Surplus</u>	\$11,828,226	\$4,714,208	\$16,542,434	(\$392,741)	\$16,149,702	
<u>Revenue/Cost Ratio</u>	1.29	1.36	1.31	0.91	1.28	
B. REDEVELOPMENT PROPERTY TAX						
		\$13,077,183				
C. COMMUNITY PROMOTION FUND						
Transient occupancy tax	\$4,198,336	\$5,876,115	\$10,074,450	\$0	\$10,074,450	

1. Gas tax revenues are earmarked for road related expenditures and are not strictly General Fund revenues. However, these revenues are projected because they are assumed to contribute toward off-setting General Fund street maintenance costs.

Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 4

FISCAL ASSUMPTIONS

This chapter presents the revenue and cost assumptions for the Palm Springs General Plan Update fiscal analysis. General demographic and employment assumptions used for calculating fiscal factors are first presented. The revenues assumptions for projecting recurring revenues are then presented followed by the cost assumptions for projecting recurring costs.

4.1 General Assumptions

A summary of the general assumptions is presented in Table 4-1. These assumptions are based on the California Department of Finance (DOF), *E-5 City/County Population and Housing Estimates* for 2006 and the 2006 employment estimate from the Southern California Association of Governments (SCAG), *RTP 2004 Projections*. City General Fund revenue and cost factors are estimated by dividing the 2006-2007 City budget categories by the appropriate City population, employment or total resident equivalent population estimate.

Population. As shown in Table 4-1, DOF estimates the City's resident population in 2006 at 46,437. This total City population estimate is used for projecting certain revenues and costs on a per capita basis, such as State subvended motor vehicle license fees. Household population is estimated at 45,741 for 2006.

Housing Units. DOF estimates 32,841 housing units and 21,863 occupied housing units or households for the City in 2006.

Persons per Household. Based on the DOF resident household population estimate of 45,741 and the total occupied housing unit estimate of 21,863, the number of persons per household is estimated at 2.092 for the City.

Employment. Based on the SCAG employment projections, the total City employment is estimated at 36,378 for 2006. This estimate is used to calculate fiscal factors based on employment, such as business license tax revenues.

TABLE 4-1
Palm Springs General Plan Update
Summary of General Assumptions

Assumption	Description
<u>Population and Housing¹</u>	
46,437	Total Resident Population
696	Group Quarters Population
45,741	Total Household Population
32,841	Total Housing Units
18,171	Single Family Units
14,670	Multi-Family Units
21,863	Occupied Housing Units
2.092	Average Household Size
<u>Employment²</u>	
36,378	Total City Employment
18,189	Employment Weighted at 50% ³
<u>Population and Employment</u>	
64,626	Resident Equivalent Population (Population + Weighted Employment)

1. Population and housing estimates are from the California Department of Finance (DOF) for January 1, 2006.
2. The 2006 employment estimate is based on the Southern California Association of Governments *RTP 2004 Projections*.
3. This analysis has weighted the employment at 50% to account for the estimated less frequent use of City services by employment versus population.

Sources: Stanley R. Hoffman Associates, Inc.

State of California, Department of Finance, *E-5 City/County Population and Housing Estimates for Cities, Counties and the State, 2001-2006, with 2000 Benchmark*, Sacramento, May 2006
Southern California Association of Governments, *RTP 2004 Projections*

4.2 Revenue Assumptions

The General Fund recurring revenues for Fiscal Year (FY) 2006-2007 summarized by category in Table 4-2 and the general demographic assumptions presented earlier in Table 4-1 are used as the basis for calculating the revenue factors that are summarized in Table 4-3. These revenue factors are used to project revenues generated by the Palm Springs General Plan Update to the General Fund.

General Fund Revenues

Property Tax. Property tax revenues are projected based on the City's estimated share of the 1 percent property tax levy on the estimated valuation of development. For development in the City, the General Fund receives property tax at about 22.7 percent of the basic 1 percent levy, as shown in Table 4-4. The property tax allocation is based on the tax rate area (TRA) allocations for TRA 011-033 which represents the current Citywide average.

For development currently located in the City Sphere of Influence (SOI) and assumed to be annexed to the City for the General Plan Update, the property tax allocation is estimated at about 10.3 percent of the basic 1 percent tax levy, as shown in Table 4-5. The property tax allocation is based on an average of five TRAs in the SOI, as shown in Appendix Table A-3, and the property tax exchange agreement between the City and the County of Riverside. Upon annexation, the County General Fund will shift about 25 percent of the County's current allocation of 13.70 percent (or about 3.70 percent) to the Palm Springs General Fund. The City General Fund will also receive the current allocations to the County Fire Protection District (about 5.72 percent) and the County Library (about 1.10 percent). Upon annexation, the City provides fire protection and library services.

Property Tax in Lieu of VLF. Cities began receiving additional property tax revenue to replace vehicle license fee (VLF) revenue that was lowered when the state reduced vehicle license tax in 2004. Based on information from the State Controller, property tax in lieu of VLF is projected to grow with the change in the citywide gross assessed valuation (AV) from the prior year. Property tax in lieu of VLF revenues is in addition to other property tax apportionments. As shown in Table 4-6, property tax in lieu of VLF revenues are projected at \$391 per \$1.0 million increase in AV Citywide.

Sales Tax. Sales and use tax is projected based on the retail and non-retail taxable sales generated by the Palm Springs General Plan Update. Sales tax revenues to local jurisdiction are projected at one percent of captured taxable sales.

TABLE 4-2
Palm Springs General Plan Update
Summary of General Fund Revenues, 2006-2007
(In Constant 2007 Dollars)

Revenue Category	Total	Non-recurring ¹	Recurring
<u>Tax Revenue</u>			
Property Taxes	\$16,997,000	\$0	\$16,997,000
Homeowners Tax Relief	300,000	0	300,000
Motor Vehicle In Lieu/Property Tax	3,312,435	0	3,312,435
Sales Tax	7,814,220	0	7,814,220
Sales Tax/ERAF Reimbursement	2,485,440	0	2,485,440
Franchises	2,813,000	0	2,813,000
Transient Occupancy Tax	6,290,000	0	6,290,000
Documentary Transfer Tax	800,000	0	800,000
New Development Tax	900,000	900,000	0
Utility Users Tax	6,025,100	0	6,025,100
Parking Tax	<u>70,000</u>	<u>0</u>	<u>70,000</u>
<i>Total Taxes</i>	\$47,807,195	\$900,000	\$46,907,195
<u>Licenses and Permits</u>			
Business Licenses	\$970,000	\$0	\$970,000
Building Permits	1,349,000	1,349,000	0
Construction Permits	310,800	310,800	0
Zoning Fees	207,400	207,400	0
Subdivision Fees	207,400	207,400	0
Building Plan Check Fees	621,800	621,800	0
Engineering Plan Check Fees	673,750	673,750	0
Inspection Fees/Permits	1,062,670	1,062,670	0
Permit Issuance	170,950	170,950	0
Animal Control Fees and Licenses	95,160	0	95,160
Other Licenses and Permits	<u>593,620</u>	<u>0</u>	<u>593,620</u>
<i>Total Licenses & Permits</i>	\$6,262,550	\$4,603,770	\$1,658,780
<u>Fines, Forfeits & Penalties</u>			
Abandoned Vehicle Abatement	\$20,000	\$0	\$20,000
False Alarm Fees	110,000	0	110,000
Vehicle Code Fines	205,500	0	205,500
Towing Fees	<u>95,000</u>	<u>0</u>	<u>95,000</u>
<i>Total Fines, Forfeits & Penalties</i>	\$430,500	\$0	\$430,500
<u>Interest Earnings and Property Rental</u>			
Interest Income	\$215,000	\$0	\$215,000
Building/Facilities/Land Rental	<u>509,500</u>	<u>0</u>	<u>509,500</u>
<i>Total Interest Earnings and Property Rental</i>	\$724,500	\$0	\$724,500
<u>Revenue From Other Agencies</u>			
Motor Vehicle In Lieu Tax	\$331,500	\$0	\$331,500
Landscaping, Lighting & Parkway	129,400	129,400	0
Grant, Contributions, & Intergovernmental	<u>137,251</u>	<u>137,251</u>	<u>0</u>
<i>Total Revenue From Other Agencies</i>	\$598,151	\$266,651	\$331,500
<u>Charges For Current Services</u>			
Administrative Service Charges	\$1,131,147	\$0	\$1,131,147
CRA Administrative Services	150,000	150,000	0
Special Police Department Services	300,000	0	300,000
Special Fire Department Services	240,249	0	240,249
Recreation Program/Facilities Revenue	631,850	0	631,850
Other Charges for Current Services	<u>186,200</u>	<u>0</u>	<u>186,200</u>
<i>Total Charges for Current Services</i>	\$2,639,446	\$150,000	\$2,489,446
<u>Other Revenue</u>			
Tourism Contribution - Tribe	\$434,000	\$434,000	\$0
Casino Agreement	<u>150,000</u>	<u>150,000</u>	<u>0</u>
<i>Total Other Revenue</i>	\$584,000	\$584,000	\$0
<u>Transfers In</u>			
	\$600,000	\$600,000	\$0
General Fund Total	\$59,646,342	\$7,104,421	\$52,541,921

1. Non-recurring revenues represent one-time revenues or revenues that are not projected in the fiscal analysis.

Sources: Stanley R. Hoffman Associates, Inc.
City of Palm Springs, *Adopted Budget Fiscal Year 2006-07*

TABLE 4-3
Palm Springs General Plan Update
Summary of Revenue Assumptions
(In Constant 2007 Dollars)

Revenue Source	FY 2006-07 Budget	Projection Basis ¹	Projection Factor
<u>Tax Revenue</u>			
Property Taxes ²	\$16,997,000	Assessed Valuation	22.7% City share of 1% levy 10.3% City share of 1% levy, annexations
In Lieu Property Tax (VLF) ³	\$3,312,435	Case Study	\$391 per \$1,000,000 assessed valuation
Sales and Use Tax	\$10,299,660	Taxable Sales	1% of taxable sales 11.3% Use tax (@ 11.3 percent of sales tax)
Franchise Fees	\$2,813,000	Resident Equiv. Population	\$43.53 per resident equiv. population
Transient Occupancy Tax (TOT)	\$6,290,000	Average TOT per room	\$1,000 per room
Document Transfer Tax	\$800,000	Property turnover and valuation assumptions	10% Residential turnover rate 5% Non-residential turnover rate
Utility User Tax	\$6,025,100	Resident Equiv. Population	\$0.55 per \$1,000 assessed valuation
Parking Tax	\$70,000	Resident Equiv. Population	\$93.23 per resident equiv. population \$1.08 per resident equiv. population
<u>Licenses and Permits</u>			
Business Licenses	\$970,000	Employment	\$26.66 per employee
Animal Control Fees & Licenses	\$95,160	Population	\$2.05 per capita
Other License & Permits	\$593,620	Resident Equiv. Population	\$9.19 per resident equiv. population
<u>Fines, Forfeits & Penalties</u>			
	\$430,500	Resident Equiv. Population	\$6.66 per resident equiv. population
<u>Revenue From Other Agencies</u>			
Motor Vehicle in Lieu Tax	\$331,500	Population	\$7.14 per capita
<u>Charges for Current Services</u>			
Police/Fire Service Charges	\$540,249	Resident Equiv. Population	\$8.36 per resident equiv. population
Administrative Service Charges	\$1,131,147	Resident Equiv. Population	\$17.50 per resident equiv. population
Recreation Revenue	\$631,850	Population	\$13.61 per capita
Other Current Services	\$186,200	Resident Equiv. Population	\$2.88 per resident equiv. population
<u>Interest and Rentals</u>			
Interest Income	\$215,000	Percent of Recurring Revenues	0.41% of recurring revenues
Rentals	\$509,500	Resident Equiv. Population	\$7.88 per resident equiv. population
<u>State Gasoline Tax¹</u>			
	\$836,482	Population	\$18.01 per capita

1. For fiscal factors that are based on population and employment, an estimated resident equivalent factor is applied, which represents the total population plus 50% of the total employment estimate.
2. The fiscal analysis projects property tax at the Citywide average of 22.7 percent of the basic one percent property tax for development outside redevelopment areas.
3. The State has lowered the MVLF rate, which reduces the amount of MVLF received by cities and counties. However, the State is providing property taxes to offset the MVLF backfill. This amount is estimated to change according to the increase in assessed valuation for the City.
4. Transient occupancy tax (TOT) is collected on room receipts at hotels. General Fund TOT is estimated at about \$1,000 per room based on the \$6.29 million Budgeted TOT and an estimated 6,300 hotel rooms in the City.
5. State gasoline taxes are earmarked for road related expenses.

Source: Stanley R. Hoffman Associates, Inc.
City of Palm Springs, *Adopted Budget Fiscal Year 2006-07*

TABLE 4-4
Palm Springs General Plan Update
City Tax Rate Area (TRA) Property Tax Allocations

Agency ¹	TRA 011-003 Allocation
Riverside County General Fund	0.13343849
City of Palm Springs Debt Sv	0.22685228
Palm Springs Unified School District	0.25001377
Palm Springs Unified B & I 1992-A	0.00000000
Desert Community College	0.07136201
Riverside County Office of Education	0.03882460
Riverside County Regional Park and Open Space	0.00329445
Flood Control Administration	0.00222801
Flood Control Zone 6	0.03471350
CSA 152	0.00000000
Palm Springs Public Cemetery	0.00088955
Desert Hospital	0.01893206
CV Mosquito & Vector Control	0.00926781
Desert Hot Springs County Water	0.00000000
Desert Hot Springs County Water Imp. B	0.00000000
Desert Water Agency 6th Fringe	0.01070629
Citrus Pest Control 2	0.00000000
Coachella Valley Resource Conser	0.00000000
ERAF	<u>0.19947720</u>
Total	1.00000002

1. The City property tax allocation is highlighted in bold print.

Source: Stanley R. Hoffman Associates, Inc.
Riverside County Auditor-Controller, Property Tax Division, *Allocation Percentage, 2006*

TABLE 4-5
Palm Springs General Plan Update
Tax Rate Area (TRA) Property Tax Allocations Upon Annexation

Property Tax Recipient ¹	Prior to Annexation	Upon Annexation	
	Riverside County	Riverside County	Palm Springs ²
General Fund	0.13704794	0.10278596	0.03426199
County Structural Fire Protection	0.05718958	n/a	0.05718958
County Free Library	0.01104924	n/a	<u>0.01104924</u>
Total			<u>0.10250080</u>

1. Only the property tax allocations for the funds analyzed in this report are presented in this table. Tax rate allocations are adjusted for the shift to the Education Realignment Augmentation Fund (ERAF).
2. Pursuant to County Resolution No. 81-86 and City Resolution 13682, post-annexation TRA allocations reflect a shift of property tax allocations to the City of Palm Springs. This shift includes about 3.43 percent of the current allocation to the County General Fund plus the current allocations to the County Library and Fire District.

Source: Stanley R. Hoffman Associates, Inc.
Riverside County Auditor-Controller, Property Tax Division, *Allocation Percentage, 2006*
Riverside County Local Agency Formation Commission (LAFCO).

TABLE 4-6
Palm Springs General Plan Update
Estimated Increase in Vehicle License Fee (VLF) Property Tax
Per Increase in Assessed Valuation

	FY 2004-2005	FY 2005-2006	Change
In Lieu Property Tax - VLF	\$2,515,466	\$2,912,162	\$396,696
Assessed Valuation ¹	\$6,436,752,910	\$7,451,846,014	\$1,015,093,104
VLF Increase divided by Assessed Valuation (AV)			\$0.000391
VLF Increase per \$1,000,000 increase in AV			\$391

Sources: Stanley R. Hoffman Associates, Inc.
State Controller's Office, Division of Accounting and Reporting, *Revenue and Taxation Code*
Section 97.70 (c)1(B)(i) *Vehicle License Fee Adjustment Amounts, 2004-2005 and 2005-2006*

Use Tax. A use tax factor of 11.3 percent is applied to the point-of-sale sales tax (total retail and non-retail sales tax) based on the ratio of total use tax to the total retail and non-retail sales tax for 2005, as presented in Table 4-7. The State BOE assembles the use tax collections into a number of pools. County pools for each county are based on tax proceeds assigned to a county level. A statewide pool is developed for tax proceeds that cannot be assigned to individual counties. These pools of use tax proceeds are then distributed to individual cities and counties on a quarterly basis.

TABLE 4-7
Palm Springs General Plan Update
Calculation of Use Tax Factor

A. Palm Springs Sales Tax

Point-of-Sale	\$8,419,825
County Pool	937,716
State Pool	<u>12,940</u>
Total Sales Tax	\$9,370,481

B. Calculation of Use Tax Factor

County Pool plus State Pool	\$950,656
	<i>divided by</i>
Point-of-Sale	\$8,419,825
	<i>equals</i>
Estimated Use Tax Factor	11.3%

Source: Stanley R. Hoffman Associates, Inc.
Hinderliter de Llamas and Associates, *Sales Tax Allocation Totals*, 3/27/2006

Franchise Fees. Based on FY 2006-2007 estimated franchise fee revenues of \$2.81 million and the City resident equivalent population estimate of 64,626, franchise tax revenues are projected at \$43.53 per resident equivalent population.

Transient Occupancy Tax (TOT). The City collects a tax of 11.5 percent of room receipts on hotels with under 125 rooms within the City and at 13.5 percent for hotels with 125 or more rooms. The TOT is divided between the City General Fund and the City Community Promotion Fund. General Fund TOT is estimated at about \$1,000 per room based on General Fund TOT revenues of \$6.29 million and the 6,300 hotel rooms in the City. Community Promotion Fund TOT is estimated at

about \$1,300 per room based on TOT revenues of \$8.30 million and the 6,300 hotel rooms in the City.

Document Transfer Tax. Sales of real property are taxed by the County of Riverside at a rate of \$1.10 per \$1,000 of property value and divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property value. Development is assumed to change ownership at an average rate of about 10.0 percent per year, or on an average of once every 10 years. Non-residential development is assumed to change ownership at an average rate of about 5.0 percent per year, or at an average of once every 20 years.

Utility User Tax. Based on FY 2006-2007 revenues of about \$6.03 million and the City resident equivalent population estimate of 64,626, utility user tax revenues are projected at \$93.23 per resident equivalent population

Parking Tax. These revenues are projected at \$1.08 per resident equivalent population based on estimated FY 2006-2007 revenues of \$70.0 thousand and the City resident equivalent population.

Business License Tax. These revenues are projected at \$26.66 per employee based on FY 2006-2007 estimated business license taxes of \$970.0 thousand and the City's employment estimate of 36,378.

Animal Control Fees & Licenses. Based on the FY 2006-2007 estimate of about \$95.2 thousand and the City population estimate of 46,437, these revenues are projected at \$2.05 per capita.

Other Licenses and Permits. Based on FY 2006-2007 estimated revenues of about \$593.6 thousand and the City resident equivalent population estimate of 64,626, these revenues are projected at \$9.19 per resident equivalent population.

Motor Vehicle License Fees (MVLf). This category represents the reduced allocation of MVLf by the State. MVLf revenues are projected at \$7.14 per capita based on FY 2006-2007 estimated revenues of \$331.5 thousand and the City population estimate of 46,437.

Police/Fire Service Charges. These revenues are projected at \$8.36 per resident equivalent population based on FY 2006-2007 revenues of \$540.2 thousand and the resident equivalent population.

Administrative Service Charges. Based on the City's FY 2006-2007 budget estimate of \$1.13 million and the City's resident equivalent population estimate of 64,626, these revenues are projected at \$17.50 per resident equivalent population.

Recreation Revenue. These revenues are projected at \$13.61 per capita based on FY 2006-2007 estimated revenues of about \$631.9 thousand and the City population estimate of 46,437.

Other Current Charges. Based on the Budget revenues of \$186.2 thousand and the City resident equivalent population estimate, these revenues are projected at \$2.88 per resident equivalent population.

Rentals. These revenues are projected at \$7.88 per resident equivalent population based on estimated FY 2006-2007 revenues of \$509.5 thousand and the City resident equivalent population estimate of 64,626.

Interest Earned on Investments. Based on FY 2006-2007 estimated revenues of \$215.0 thousand and the General Fund non-interest recurring revenues of about \$52.33 million, interest earned on investments is projected at 0.41 percent of General Fund recurring revenues.

State Gasoline Tax. State gasoline tax revenues are projected at \$18.01 per capita based on estimated FY 2006-2007 revenues of about \$836.5 thousand and the population estimate of 46,437.

4.3 Cost Assumptions

Table 4-8 presents the General Fund FY 2006-2007 recurring costs and the cost factors for each of the cost categories in the General Fund are presented in Table 4-9. As with revenue factors, cost factors become assumptions for the fiscal analysis, and are used to project recurring costs generated by the Palm Springs General Plan Update.

General Government. General government overhead costs are projected at a rate of 19.0 percent of the City's recurring direct General Fund expenditures. As shown in Table 4-8, General government citywide functions include several categories of policy and administration. The general government costs of about \$8.55 million are divided by the City's direct departmental annual recurring expenditures of about \$45.09 million for an estimated annual overhead rate of 19.0 percent.

Fire Protection/Disaster Preparedness. As shown in Table 4-9, fire protection and disaster preparedness costs are projected at the Citywide average of \$138.54 per resident equivalent population based on the FY 2006-2007 costs of \$9.53 million and the City's estimated resident equivalent population of 64,626.

TABLE 4-8
Palm Springs General Plan Update
Summary of General Fund Expenditures, 2006-2007
(In Constant 2007 Dollars)

General Fund Expenditures	Total	General Government	Non-General Government
<u>General Government</u>			
City Council	\$402,688	\$402,688	
City Manager	542,215	542,215	
Public Affairs	124,414	124,414	
Administrative Services	217,340	217,340	
Development Services	128,979	128,979	
Information Technology	1,377,460	1,377,460	
City Clerk	443,064	443,064	
Human Resources	451,729	451,729	
Rent Control	41,238	41,238	
City Attorney	731,141	731,141	
Unallocated Appropriation	866,000	866,000	
PSCTV Operations	171,945	171,945	
Document Management	547,652	547,652	
Finance	2,010,462	2,010,462	
Procurement	489,360	489,360	
<u>Non-General Government</u>			
Community and Economic Development	\$214,481		\$214,481
Police	16,120,520		16,120,520
Jail Operations	729,074		729,074
Downtown Experience - Police	723,271		723,271
Animal Control	542,465		542,465
Dispatch Center	1,438,194		1,438,194
Fire	8,902,520		8,902,520
Disaster	50,766		50,766
Planning Services	1,632,115		1,632,115
Building and Safety	2,397,199		2,397,199
Engineering	1,691,235		1,691,235
Street Maintenance	854,210		854,210
Traffic Maintenance	365,968		365,968
Downtown Experience - Maintenance	540,963		540,963
Street Cleaning	20,000		20,000
PM-10 Removal	22,115		22,115
Street Lighting	955,640		955,640
Railroad Station	46,500		46,500
Park Maintenance	2,769,330		2,769,330
Recreation	2,084,667		2,084,667
Palm Springs Skate Park	133,295		133,295
James O. Jessie DHUC	448,564		448,564
Library	2,411,726		2,411,726
GRAND TOTAL GENERAL FUND	\$53,640,505	\$8,545,687	\$45,094,818

CALCULATION OF GENERAL GOVERNMENT COSTS

Total General Fund Expenditures		\$53,640,505
General Government Costs	<i>minus</i>	
	<i>equals</i>	<u>\$8,545,687</u>
Direct General Fund Costs		\$45,094,818
General Government as a percent of Direct General Fund		19.0%

Sources: Stanley R. Hoffman Associates, Inc.
City of Palm Springs, *Adopted Budget, Fiscal Year 2006-2007*

TABLE 4-9
Palm Springs General Plan Update
Summary of General Fund Cost Assumptions
(In Constant 2007 Dollars)

Cost Category	FY 2006-07 Budget	Projection Basis¹	Cost Factor¹
<u>General Government</u>	\$8,545,687	Percent of General Fund costs	19.0% of direct department costs
<u>Fire/Disaster Preparedness</u>	\$8,953,286	Resident Equiv. Population	\$138.54 per resident equiv. population
<u>Police</u>	\$17,572,865	Resident Equiv. Population	\$271.92 per resident equiv. population
<u>Dispatch Center</u>	\$1,438,194	Resident Equiv. Population	\$22.25 per resident equiv. population
<u>Animal Control</u>	\$542,465	Population	\$11.68 per capita
<u>Community/Economic Development</u>	\$214,481	Resident Equiv. Population	\$3.32 per resident equiv. population
<u>Planning Services²</u>	\$1,632,115	Case Study	\$17.28 per resident equiv. population
<u>Building and Safety²</u>	\$2,397,199	Case Study	n/a
<u>Public Works</u>	\$609,578	Resident Equiv. Population	\$9.43 per resident equiv. population
<u>Parks and Recreation</u>	\$5,435,856	Resident Equiv. Population	\$84.11 per resident equiv. population
<u>Library</u>	\$2,411,726	Population	\$51.94 per capita
<u>Street Maintenance³</u>	\$2,195,818	Resident Equiv. Population	\$33.98 per resident equiv. population

1. For cost factors that are based on population and employment, the estimated City resident equivalent population as shown in Table 4-1 is used to calculate the cost factor. The resident equivalent population factor is applied to the estimated resident equivalent population of the General Plan Update.
2. All building & safety and engineering costs and about \$515.3 thousand of planning costs are assumed to be offset by one-time fees and permits. The calculation of net planning costs is presented in Table 4-10.
3. This category includes traffic maintenance, street cleaning and street lighting costs in addition to street maintenance.

Source: Stanley R. Hoffman Associates, Inc.
City of Palm Springs, *Adopted Budget, Fiscal Year 2006-2007*

Community and Economic Development. The City's FY 2006-2007 costs are estimated about \$214.5 thousand for community and economic development services. These annual costs are projected on a resident equivalent population basis at \$3.32 per resident equivalent population based on the estimated Budget costs and the City resident equivalent population of 64,626.

Planning Services. As shown in Panel A of Table 4-10, one-time development fee and permit revenues are estimated at about \$4.60 million in the FY 2006-2007 Budget. Building and safety costs of about \$2.40 million and engineering costs of \$1.69 million are removed from the projected

one-time fees leaving a balance of \$515.3 thousand. As shown in Panel B of Table 4-9, when the \$515.3 thousand is subtracted from total planning costs of \$1.63 million, net planning costs are estimated at about \$1.12 million. Based on these net planning costs and the City resident equivalent population, ongoing planning costs are estimated at \$17.28 per resident equivalent population.

TABLE 4-10
Palm Springs General Plan Update
Estimated Net Building, Safety, Engineering and Planning Costs
(In Constant 2007 Dollars)

A. Net Building & Safety and Engineering Costs

One-time Development Fees and Permits Revenue		\$4,603,770
	<i>minus</i>	
Building & Safety Costs		\$2,397,199
	<i>minus</i>	
Engineering Costs		\$1,691,235
	<i>equals</i>	
Remaining One-Time Fees and Permits Revenue		\$515,336

B. Net Planning Costs

Planning Costs		\$1,632,115
	<i>minus</i>	
Remaining One-Time Fees and Permits		\$515,336
	<i>equals</i>	
Recurring Net Planning Costs		\$1,116,779
	<i>divided by</i>	
Resident Equivalent Population ²		64,626
	<i>equals</i>	
Net Planning Cost Factor per Resident Equivalent Population		\$17.28

-
1. All building and safety and engineering costs are offset by one-time fees and permits. About \$515,336 of planning costs are offset by one-time fees and permits, leaving net planning costs of \$1,116,779.
 2. The estimated Palm Springs resident equivalent population, which is the City's population plus employment weighted at 50%, as shown in Table 4-1.

Source: Stanley R. Hoffman Associates, Inc.
City of Palm Springs, *Adopted Budget, Fiscal Year 2006-2007*

Public Works. These costs are estimated at \$9.43 per resident equivalent population based on FY 2006-2007 Budget costs of about \$609.6 thousand and the City resident equivalent population estimate of 64,626. This category includes Citywide public works costs for public works administration, Downtown maintenance and PM-10 removal. Engineering costs are not included because one-time fee and permit revenues are assumed to offset engineering costs, as was shown in Panel A of Table 4-10.

Parks and Recreation. Services in this department include park maintenance, recreation, the Palm Springs Skate Park and the James O. Jesse DHUC. Park and recreation costs are projected at \$84.11 per resident equivalent population based on the FY 2006-2007 Budget of about \$5.44 million and the City resident equivalent population estimate of 64,626.

Library. Library services are projected at \$51.94 per capita based on the FY 2006-2007 library costs of about \$2.41 million and the City population estimate of 46,437.

Street Maintenance. This category includes traffic maintenance, street cleaning and street lighting in addition to street maintenance. These costs are estimated at \$33.98 per resident equivalent population based on the FY 2006-2007 Budget costs of about \$2.20 million and the City's resident equivalent population estimate.

APPENDIX A
SUPPORTING TABLES

Table A-1 Estimated Housing Values

Table A-2 Estimated Retail and Non-Retail Taxable Sales Factors

Table A-3 Sphere of Influence Property Tax Allocations by Tax Rate Area (TRA)

TABLE A-1
Palm Springs General Plan Update
Estimated Housing Values
(In Constant 2007 Dollars)

Product Type by Zip Code	Zip Code	Number of Sales	Median Price	Total Valuation
<u>Single Family</u>				
	92262	510	\$495,000	\$252,450,000
	92264	<u>271</u>	\$635,000	<u>\$172,085,000</u>
Subtotal		781		\$424,535,000
Weighted Price				\$544,000
<u>Condominiums</u>				
	92262	316	\$258,000	\$81,528,000
	92264	<u>414</u>	\$299,000	<u>\$123,786,000</u>
Subtotal		730		\$205,314,000
Weighted Price				\$281,000

Source: Stanley R. Hoffman Associates, Inc.
DataQuick, *Southern California Home Sale Activity, Data for the Year 2006*

TABLE A-2
Palm Springs General Plan Update
Estimated Retail and Non-Retail Taxable Sales Factors
(In Constant 2007 Dollars)

A. TAXABLE SALES BY CATEGORY, 2005

Major Business Category	2005	Percent Distribution
Apparel Stores	\$17,962,000	
General Merchandise Stores	67,021,000	
Food Stores	46,233,000	
Eating and Drinking Places	146,492,000	
Home Furnishing and Appliances	17,611,000	
Building Materials and Farm Implements	119,899,000	
Auto Dealers and Auto Suppliers	78,579,000	
Service Stations	85,154,000	
Other Retail	<u>73,856,000</u>	
Retail Taxable Sales	\$652,807,000	79%
Non-Retail Taxable Sales	<u>169,928,000</u>	<u>21%</u>
Total Point-of-Sales Taxable Sales	822,735,000	100%

B. ESTIMATED RETAIL TAXABLE SALES PER SQUARE FOOT

Retail Taxable Sales	\$652,807,000
	<i>divided by</i>
City Retail Square Feet ¹	5,182,430
	<i>equals</i>
Retail Taxable Sales per Square Foot	\$126

C. ESTIMATED NON-RETAIL TAXABLE SALES PER SQUARE FOOT

Non-Retail Taxable Sales	\$169,928,000
	<i>divided by</i>
City Non-Retail Square Feet ¹	5,421,835
	<i>equals</i>
Non-Retail Taxable Sales per Square Foot	\$31

1. The estimated existing retail and non-retail square feet is from the City land use database by traffic analysis zone (TAZ).

Source: Stanley R. Hoffman Associates, Inc.

California State Board of Equalization, *Taxable Sales in California (Sales and Use Tax), 2005*
The Planning Center, City of Palm Springs Land Use Data by Traffic Analysis Zones

TABLE A-3
Palm Springs General Plan Update
Sphere of Influence Property Tax Allocations by Tax Rate Area (TRA)

Agency ¹	Sphere of Influence Area					
	Tax Rate Area (TRA)					
	055-019	061-036	061-065	061-082	061-085	Average
Riverside County General Fund	0.14391	0.16510	0.16440	0.07475	0.13708	0.13705
County Free Library	0.00000	0.01685	0.01678	0.00763	0.01399	0.01105
County Structure Fire Protection	0.06005	0.06890	0.06861	0.03119	0.05720	0.05719
Supervisorial Road District 4	0.00000	0.01179	0.01174	0.00000	0.00000	0.00470
Banning Unified School District	0.40100	0.00000	0.00000	0.00000	0.00000	0.08020
Mt. San Jacinto Junior College	0.04056	0.00000	0.00000	0.00000	0.00000	0.00811
Palm Springs Unified School	0.00000	0.30934	0.30803	0.14005	0.25683	0.20285
Palm Springs Unified B & I 1992-A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Desert Community College	0.00000	0.08830	0.08792	0.03997	0.07331	0.05790
Riverside County Office of Education	0.04187	0.04804	0.04783	0.02175	0.03988	0.03987
County Waste Resource Management District	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Riverside County Regional Park and Open Space	0.00355	0.00408	0.00406	0.00185	0.00338	0.00338
Flood Control Administration	0.00240	0.00000	0.00275	0.00125	0.00229	0.00174
Flood Control Zone 6	0.03744	0.03547	0.04277	0.01945	0.03566	0.03416
CSA 152	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Summit Cemetery District	0.01918	0.00000	0.00000	0.00000	0.00000	0.00384
Palm Springs Cemetery District	0.00000	0.00110	0.00110	0.00050	0.00091	0.00072
Desert Hospital	0.00000	0.02342	0.02333	0.01061	0.01945	0.01536
San Gorgonio Pass Memorial Hospital	0.02066	0.00000	0.00000	0.00000	0.00000	0.00413
CV Mosquito & Vector Control	0.00000	0.01147	0.01142	0.00519	0.00952	0.00752
Banning Unified School District Library	0.04557	0.00000	0.00000	0.00000	0.00000	0.00911
Desert Hot Springs County Water	0.00000	0.00000	0.00000	0.01328	0.02436	0.00753
Desert Hot Springs County Water Imp 2	0.00000	0.00000	0.00000	0.30868	0.06575	0.07488
Desert Water Agency 6th Fringe	0.01155	0.01325	0.00874	0.00774	0.01420	0.01109
Citrus Pest Control 2	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Coachella Valley Resource Conservation	0.00036	0.00041	0.00041	0.00019	0.00034	0.00034
ERAF	0.17189	0.20249	0.20013	0.31594	0.24584	0.22726
Total	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

1. TRA allocations for the agencies discussed in the fiscal analysis are highlighted in bold.

Sources: Stanley R. Hoffman Associates, Inc.
County of Los Angeles Department of Auditor-Controller, 2006

APPENDIX B
PROJECT REFERENCES

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APPENDIX C
GENERAL PLAN EMPLOYMENT PROJECTIONS AT BUILDOUT

Draft Memorandum

DATE: January 30, 2007
TO: John Raymond, Director of Community and Economic Development,
City of Palm Springs
CC: Wendy Grant, The Planning Center
Ken Lyon, Associate Planner, City of Palm Springs
FROM: Stan Hoffman, Stanley R. Hoffman Associates, Inc. (SRHA)
SUBJECT: Palm Springs General Plan Update, Employment Projections at Buildout
JOB No.: 1079

The following presents a projection of employment generated by non-residential land use at build-out under the updated City of Palm Springs General Plan. Employment is summarized by retail, non-retail and other special land-use categories. Also presented in this memo are factors by land-use categories used in the calculation of employment.

A. Employment by Land Use

As shown in Table 1, based on the distribution of non-residential square-feet by land-use categories at build-out, the City of Palm Springs has a projected 66,646 employees.

Table 1
Summary of Employment by Land Use at Build-out

Land Use	Employment ¹	Percent Distribution
Retail ²	23,297	35.0%
Industrial	14,168	21.3%
Office	12,769	19.2%
Hotel	8,732	13.1%
Public/Quasi Public	4,272	6.4%
Airport	1,419	2.1%
Casino	1,000	1.5%
School	582	0.9%
Church	256	0.4%
Convention	55	0.1%
Windfarm	<u>95</u>	<u>0.1%</u>
Total	66,646	100.0%

1. Employment is estimated based on a 5 percent vacancy assumption for retail, industrial, office, hotel and public/quasi public land uses.

2. Includes 250 employees estimated for Soak City.

Source: Stanley R.Hoffman Associates, Inc.

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Retail employment comprises about 35.0 percent of the total employment at 23,297. Industrial employment is the second biggest employment category at 14,168 (21.3 percent), followed by Office employment at 12,769 (19.2 percent). Hotel and Public employment comprise 8,732 (13.1 percent) and 4,272 (6.4 percent), respectively. Employment from other special land-use categories including Airport, Casino, School, Church, Convention and Windfarm generate about 5 percent of the total employment. The assumptions for each non-retail land use are discussed in Section B.

B. Employment Generation Factors by Non-Residential Land Use

Generation factors used in the estimation of build-out employment differ by General Plan land-use categories, as shown in Table 2. Employment for specific land uses spread over multiple General Plan land use designations have been estimated based on special factors, as shown in Table 3.

Airport (A) related land-use is assumed to develop at the same intensity as industrial use or 1,000 square feet per employee.

Church employment factor is estimated at 1,250 square feet per employee based on a case study analysis.

Convention-related employment generation factor is estimated from information provided by the Palm Springs Convention Center.

Casino (Games) employment factor is estimated at 1/2 employee per slot-machine. It is projected that the current number of slot machines (1,000) will expand to 2,000 in the future, based on inputs from the Tribal planning staff.

Hotel employment generation factor is calculated from historic numbers. In 2003, the City had 4,400 Accommodation and Food Services employees and 6,276 hotel rooms or 0.70 employees per room.

Industrial (IND) land-use is estimated to generate employment at an estimated rate of 1,000 square feet per employee.

Medical employment factor is developed using the case-study of the Desert Regional Medical Center located in Palm Springs. The center has 1,650 employees over 515,000 square feet or approximately 310 square feet per employee.

Retail Commercial (NCC and NCC*) land use is estimated to generate employment at the industry standard rate of 500 square feet per employee.

Office land use is estimated to generate employment at the industry standard rate of 250 square feet per employee.

Knott's Soak City is entertainment land-use, and it is included as retail use with a special generation factor of 864 square feet per employee, based on inputs from Soak City staff.

Public and Quasi-Public (P/QP) land-use includes all government-related uses, excluding medical facilities and churches. In 2003, the City had an estimated 2,926 public employees

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spread over 579,000 square feet, resulting in a factor of approximately 200 square feet per employee.

School (Sch) employment factor of 0.11 employee per student is provided by The Planning Center.

Windfarm1 (SRHA designation) denotes all wind farm related land use overlays on non-industrial land (spread over Desert and OS-W). An employment factor of 1 employee per 50 acres is estimated.

Industrial land uses with adjacently located wind farm related activity are designated as Windfarm2 (SRHA designation). Windfarm2 employment is generated based on the assumption that 15 percent of the land is developed for industrial uses at 1,000 square feet per employee, and the remainder 85 percent of the land is used for Windfarm uses at 50 acres per employee.

RBC and RBC* non-retail employment is generated based on the assumption that 60 percent of the land is developed for industrial uses at 1,000 square feet per employee, and 15 percent of the land is developed for office uses at 250 square feet per employee. The remaining 25 percent of the land is assumed to develop as retail use.

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Table 2
Employment Generation Factors by Land Use

Proposed General Plan Landuse	Employment Factor	Basis
A	1,000	Sq.Ft. per Employee
CBD	-	Case Study Basis ¹
Desert	-	
Desert*	-	
ER	-	
ER*	-	
HDR	-	
IND	1,000	Sq.Ft. per Employee
LDR	-	
LDR*	-	
MDR	-	
MDR*	-	
MU	-	
NCC	500	Sq.Ft. per Employee
NCC*	500	Sq.Ft. per Employee
Office	250	Sq.Ft. per Employee
OS-C	-	
OS-C*	-	
OS-M	-	
OS-M*	-	
OS-P	-	
OS-W	-	
OS-W*	-	
P/QP	200	Sq.Ft. per Employee
P/U	-	
RBC	-	Case Study Basis ²
RBC*	-	Case Study Basis ²
RC	-	
ROW	-	
RR	-	
RR*	-	
Sch	0.11	Employee per Student
SH	-	
SPA	-	
TRC	-	
VLDR	-	

1. Retail, office and hotel land uses in CBD are allocated on a case study basis by the Planning Center Staff.

2. RBC and RBC* non-retail employment is generated based on the assumption that 60 percent of the land is developed for industrial uses at 1,000 square feet per employee, and 15 percent of the land is developed for office uses at 250 square feet per employee.

Source: Stanley R.Hoffman Associates, Inc.

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Table 3
Employment Generation Factors by Land Use

Specific Landuses Located in Multiple Landuse Designations¹	Employment Factor	Basis
Church	1,250	Sq.Ft. per Employee
Convention	3,845	Sq.Ft. per Employee
Casino	0.5	Employee per Slot
Hotel	0.7	Employee per Room
Medical	310	Sq.Ft. per Employee
Windfarm1	50	Acres per Employee
Windfarm2 ²	990	Sq.Ft. per Employee

1. These factors have been developed on a case study basis, as described in the memorandum, and follow designations used by SRHA for purpose of analysis.
2. Windfarm2 employment is generated based on the assumption that 15 percent of the land is developed for industrial uses at 1,000 square feet per employee, and the remainder 85 percent of the land is used for Windfarm uses at 50 acres per employee.

Source: Stanley R.Hoffman Associates, Inc.
