



# Fiscal Impact Analysis – Riverwalk Marketplace Phase II

CITY OF PORTERVILLE | OCTOBER 15, 2008



# CITY OF PORTERVILLE

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## EXECUTIVE SUMMARY

### Background

As part of the Environmental Impact Report effort directed by Impact Sciences, RCLCO (Robert Charles Lesser & Co.) was retained to conduct a fiscal impact analysis of Riverwalk Marketplace Phase II, a proposed 227,000-square foot power center located at the southeast corner of West Springville Avenue and South Indiana Street. As conceived, Riverwalk Marketplace Phase II would be anchored by an 184,000-square foot Wal-Mart Supercenter. Phase I of Riverwalk Marketplace is 360,000 square feet and is partially open, anchored by a Lowe's Home Improvement. In conjunction with the fiscal impact analysis, RCLCO also conducted an economic impact analysis to determine whether or not market support would exist for the proposed Riverwalk Marketplace Phase II.

This report provides a detailed analysis of the annual General Fund revenues and expenditures generated to the City of Porterville on a recurring basis by the proposed development. For the purposes of this report, we define fiscal impact as the direct, incremental effect that the fully completed project would have on the City' of Porterville's General Fund.

### Objectives

Against this background, the objective of this assignment is to determine the net fiscal impact of Riverwalk Marketplace Phase II, as described above. The analysis utilizes the Average Cost Approach, which examines the project's recurring costs to the City based on existing city-wide relationships. General Fund revenues reflect the development characteristics of the proposed development.

Impacted departments/functions are expected to be Legislative, Administrative, Finance, City Attorney, Police, Fire, Community Development, and Public Works. The project is expected to generate recurring annual revenues in the form of Property Tax, Real Property Transfer Tax, Sales Tax, Utility Users Tax, and Business License Tax.

The results of this analysis would enable the City of Porterville to understand the net fiscal impact of the development on the City's General Fund at full build-out.

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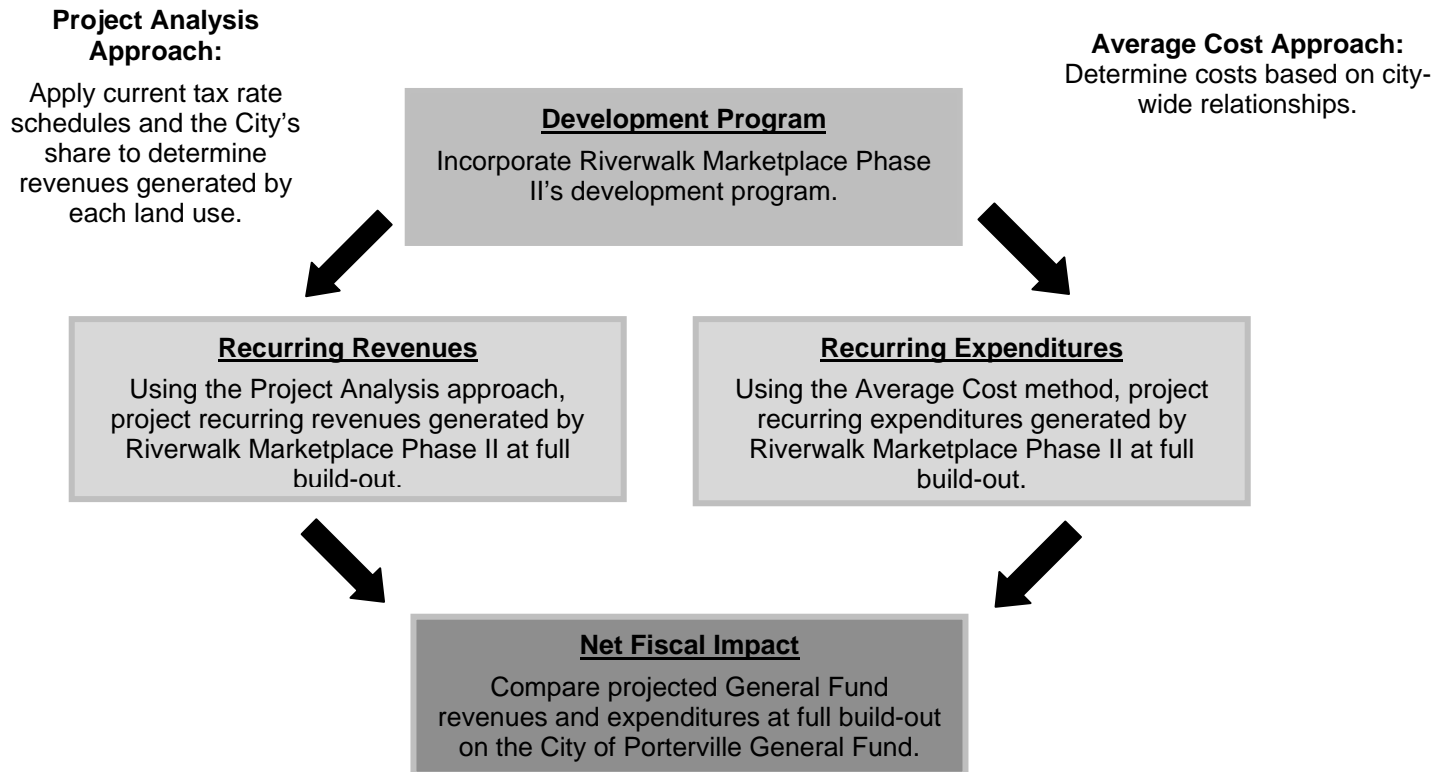
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## Methodology

To meet the stated objective, RCLCO conducted the following methodology:

**Figure 1**

**Methodology Flow Chart  
Riverwalk Marketplace Phase II – Fiscal Impact Analysis**



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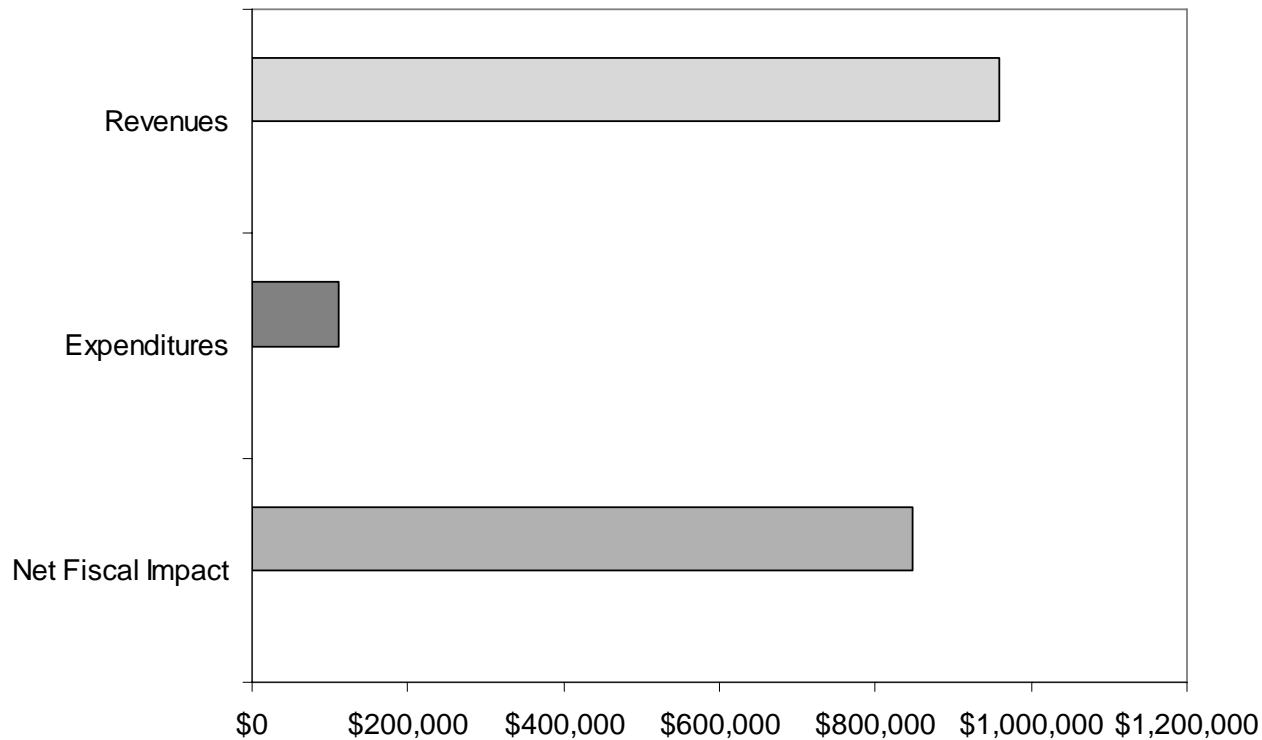
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## Major Conclusions

The proposed Riverwalk Marketplace Phase II is expected to yield at full development a net fiscal impact of approximately \$850,000 annually to the City of Porterville (constant 2008 dollars). The projected net fiscal impact is equivalent to about 4% of the City's General Fund revenues.<sup>1</sup> The ratio of projected revenues to expenditures is 8.6 to 1.0, i.e., the proposed development would generate \$8.60 in new General Fund revenues for each additional \$1.00 in expenditures (municipal services).

**Net Annual Fiscal Impact, City of Porterville General Fund  
Riverwalk Marketplace Phase II**

**Figure 2**



<sup>1</sup> Per the City of Porterville budget for FY 2008-2009, the total General Fund revenue is projected to be \$22.6 million.

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- Total General Fund revenues generated by Riverwalk Marketplace Phase II are projected at \$960,000 annually (constant 2008 dollars).

Sales tax would be the largest contributor to total annual revenues at \$734,000 or 76%. Property Tax and Utility Users Tax would be the next largest contributors at \$89,000 and \$87,000, respectively, or 9% each. Business License Tax would contribute \$47,000 or approximately 5% and Real Property Transfer Tax would contribute \$3,000 (on average assuming a sale every 10 years) or approximately 1%.

- The proposed development's annual municipal service demands would be approximately \$112,000, utilizing the Average Cost Approach where municipal costs are divided between residential and commercial users and then allocated to commercial uses on a per acre basis.

The largest projected expenditure category is Police, accounting for \$50,000 or 44% of total expenditures related to the project. The next largest category is Fire, accounting for \$24,000 or 21%. General Government and Public Works account for \$19,000 and \$15,000 in annual expenditures, or 17% and 13%, respectively. Finally, Community Development accounts for \$5,000, or 5% of total annual expenditures.

## Report Organization

The remainder of this report is organized into the following sections and provides a detailed discussion of each topic:

- Project Description: Describes the proposed development plans and selected characteristics.
- Fiscal Impact Analysis: Examines in detail the proposed revenues (by source) and expenditures (by department) associated with the proposed plan.

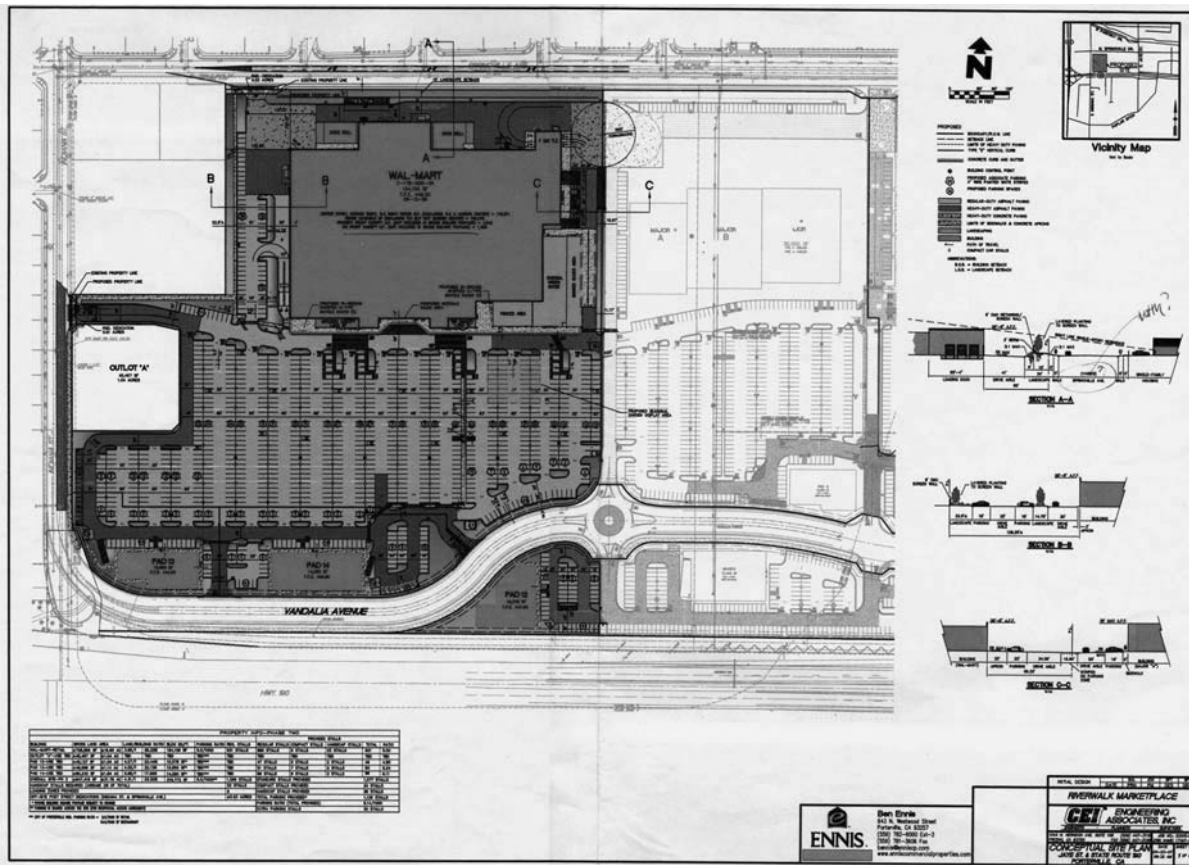
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## PROJECT DESCRIPTION

Riverwalk Marketplace Phase II is a proposed 21.8-acre power center development located at the southeast corner of West Springville Avenue and South Indiana Street, just east of the Highway 65 West Poplar Avenue exit in Porterville, California. The center would total 227,000 square feet at build-out, comprised of a 184,000 square foot Wal-Mart Supercenter along with one outparcel and three pad sites, totaling an additional 43,000 square feet.

Figure 3

Site Plan and Retail Program  
Riverwalk Marketplace Phase II; Porterville, CA



SITE PLAN	
BUILDING NAME	TOTAL SF
Wal-Mart Retail	184,109
Outlot "A"	7,000
PAD 12	10,578
PAD 13	10,995
PAD 14	14,090
<b>TOTAL</b>	<b>226,772</b>

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Riverwalk Marketplace Phase II's site plan is typical of power centers, with a big-box tenant (a Wal-Mart Supercenter) anchoring the site along the northern portion of the parcel. Spread along the western and southern portions of the parcel are four additional retail pads or out-parcels. A large surface parking area occupies the center of the site. See Figure 3 below for the visual representation of the property.

The primary retailer, a Wal-Mart Supercenter, which includes a fresh produce and grocery section, would comprise approximately 184,000 of the 227,000 square feet planned, with the balance in restaurants and pad sites fronting the arterial roads. Loading docks, trash management, services and a small amount of parking are located behind the Wal-Mart Supercenter. Parking is configured primarily at 90 degrees to maximize parking spaces, and landscaping and walkways are provided as required.

## **Market Value**

The estimated market value at build-out is \$54.3 million, utilizing an income capitalization approach. Refer to Exhibit II-3 for further details.

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## FISCAL IMPACT ANALYSIS

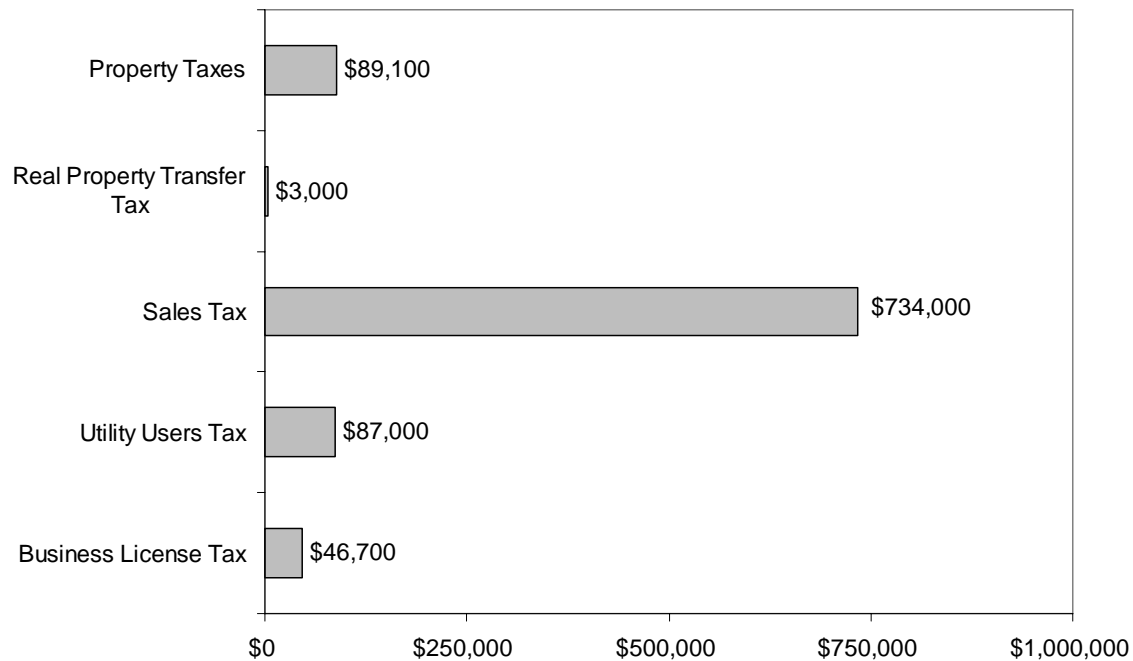
This section examines the potential revenues and expenditures to the City's General fund assuming full build out of the proposed development.

### General Fund Revenues

Riverwalk Marketplace Phase II is expected to generate City General Fund revenues in several categories. They include: Property Tax; Real Property Transfer Tax; Sales Tax; Utility Users Tax (UUT); and Business License Tax.

**Total Projected General Fund Revenues by Category  
Riverwalk Marketplace Phase II; Porterville, CA**

**Figure 4**



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At full development, the total annual recurring revenues generated to the City of Porterville by Riverwalk Marketplace Phase II is estimated at \$960,000 (constant 2008 dollars). Sales Tax comprises the bulk of revenues, representing 76%. The next largest revenue categories are Property Tax and Utility Users Tax, both at 9%. Figure 4 provides a summary of total revenues by category (Exhibit II-2).

## *Property Tax*

Property Taxes are levied on the assessed value of all real property. Tulare County collects the tax and then distributes these revenues to cities, school districts, and the County. Under Proposition 13, adopted by state voters in 1978, new development is taxed based on total sales price, at a rate of 1.0% of assessed value. From this base assessment, subsequent annual increases are limited to a maximum of 2.0%. Increases to full value occur upon change of ownership or property improvements. Of the 1.0% property tax levy on Riverwalk Marketplace Phase II, the City of Porterville would receive 16.4%.

Applying the 1.0% tax levy to the center's estimated value of \$54.3 million and the City's 16.4% share results in estimated Property Tax revenues of \$89,000 (constant 2008 dollars) (Exhibit II-4).

## *Real Property Transfer Tax*

When real property is sold or transferred, the County levies a Real Property Transfer Tax at a rate of \$1.10 per \$1,000 of sales price, and the City's General Fund receives 50% of the tax revenue. Commercial properties are estimated to have a sale every 10 years on average, or a turnover rate of 10%.

On an average annual basis, Riverwalk Marketplace Phase II is projected to generate \$3,000 in Real Property Transfer Tax (constant 2008 dollars) (Exhibit II-4).

## *Sales Tax*

The State of California levies sales tax on gross receipts from the sale of tangible property other than property sold for resale. Food intended for preparation at home and prescription drugs are exempt from Sales Tax. The City of Porterville would receive Sales Tax revenue equal to 1.25% of total taxable sales.

At build-out, the City of Porterville would receive \$734,000 in Sales Tax revenues (constant 2008 dollars) (Exhibit II-5). We have assumed that 59% of sales at the Wal-Mart Supercenter would be taxable, as the remaining 41% are estimated to originate from non-taxable grocery sales, per Wal-Mart 10-K data.

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## *Utility Users Tax*

The City of Porterville levies a Utility Users Tax (UUT) at a rate of 6% of revenues for electricity, natural gas, water, and telecommunications.

Utility consumption estimates for electricity, natural gas, and water are based on rates utilized in EIRs for similar projects. Annual expenditures for telecommunications among households are based on national consumer expenditure patterns. Annual telecommunications expenditures for commercial uses are based on the proportion of expenditures relative to a business's total gross revenues, based on information from the Federal Communications Commission.

Based on the above assumptions, Riverwalk Marketplace Phase II is projected to generate annual UUT revenues of \$87,000 (constant 2008 dollars) (Exhibit II-2).

## *Business Tax*

Business License Taxes are levied on all business establishments located within the City of Porterville. Businesses must pay a flat annual fee of \$700 for the first \$1 million in gross receipts. Thereafter, every \$200,000 in gross receipts over \$1 million incurs an additional \$100 annual fee.

Riverwalk Marketplace Phase II is anticipated to generate annual Business License Tax revenues of \$47,000 (constant 2008 dollars) (Exhibit II-7).

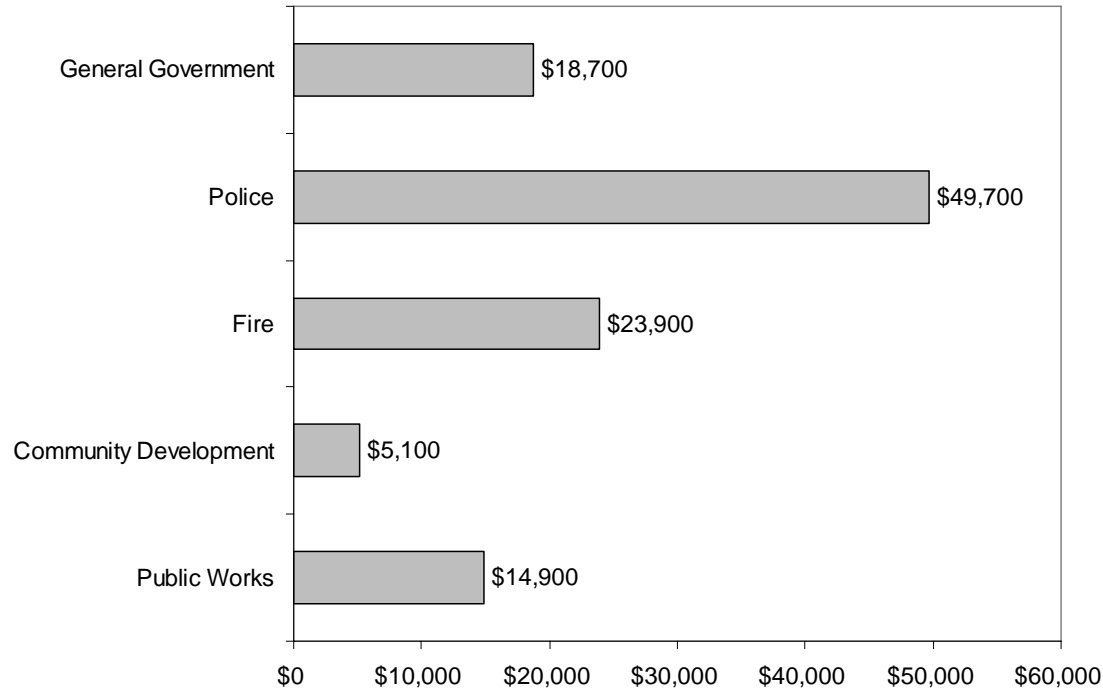
## **General Fund Expenditures**

Riverwalk Marketplace Phase II will require various municipal services, resulting in increased General Fund costs for the City of Porterville. We employed an Average Cost Approach to determine annual expenditures incurred by the City. Under the Average Cost Approach, RCLCO determined average city-wide per acre department costs by analyzing the City's budget and applying those factors to Riverwalk Marketplace Phase II. The Average Cost factors are derived from net commercial and residential acres within the City (excluding open space, airport, private and public rights-of-way) and applied to net acres at Riverwalk Marketplace Phase II.

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## Total Projected General Fund Expenditures by Department/Department Grouping Riverwalk Marketplace Phase II; Porterville, CA

Figure 5



We anticipate that most departments/department groupings would incur increased expenditures in meeting the likely municipal services generated by Riverwalk Marketplace Phase II. The affected city department would include General Government, Police, Fire, Community Development, and Public Works. At build-out, the total annual recurring expenditures generated by the proposed Riverwalk Marketplace Phase II development is estimated at \$112,000 (Exhibit II-8).

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## *General Government*

This grouping of functions is comprised of the following departments within the City of Porterville: Legislative, Administrative, Finance, and City Attorney. The FY2008 preliminary budget allocates \$2.8 million to the General Government functions. Using the current acreage distribution within the City of Porterville, approximately \$859 is attributed to each commercial acre within the City of Porterville.

Given that Riverwalk Marketplace Phase II encompasses approximately 22 acres of commercial land, the estimated General Government costs associated with servicing Riverwalk Marketplace Phase II totals approximately \$18,700 (Exhibit II-8).

## *Police*

The FY2008 preliminary budget allocates \$7.5 million to the Police Department. Using the current acreage distribution within the City of Porterville, approximately \$2,300 is attributed to each commercial acre within the City of Porterville.

The estimated Police Department costs associated with Riverwalk Marketplace Phase II would total approximately \$49,700 (Exhibit II-8).

## *Fire*

The FY2008 preliminary budget allocates \$3.6 million to the Fire Department. Using the current acreage distribution within the City of Porterville, approximately \$1,100 is attributed to each commercial acre within the City of Porterville.

The estimated Fire Department costs associated with Riverwalk Marketplace Phase II would total approximately \$23,900 (Exhibit II-8).

## *Community Development*

The FY2008 preliminary budget allocates \$763,000 to Community Development. Using the current acreage distribution within the City of Porterville, approximately \$230 is attributed to each commercial acre within the City of Porterville.

The estimated Community Development costs associated with Riverwalk Marketplace Phase II would total approximately \$5,100 (Exhibit II-8).

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## *Public Works*

The FY2008 preliminary budget allocates \$2.2 million to Public Works. Using the current acreage distribution within the City of Porterville, approximately \$690 is attributed to each commercial acre within the City of Porterville.

The estimated Public Works costs associated with Riverwalk Marketplace Phase II would total approximately \$14,900 (Exhibit II-8).

## **General Fund, Net Fiscal Impact**

A comparison of projected revenues and expenditures attributable to Riverwalk Marketplace Phase II would produce a net annual surplus of roughly \$850,000 to the City's General Fund (Exhibit II-1).

The ratio of projected General Fund revenues to expenditures is 8.6 to 1.0, i.e., the proposed development would generate \$8.60 in new General Fund revenues for each additional \$1.00 in expenditures (municipal services).

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This engagement was conducted by Bob Gardner, Managing Director; Bernard Lee, Senior Consultant; and Joshua Boren, Associate. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCO advisory services, please call (310) 914-1800.

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## CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing conclusions and making the appropriate recommendations. However, given the fluid and dynamic nature of the economy and real estate markets, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that, in the future, the economy and real estate markets will grow at a stable and moderate rate. However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Our analysis does not necessarily take into account the potential impact of major economic "shocks" on the national and/or local economy and does not necessarily account for the potential benefits from a major "boom." Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. The future is always difficult to predict, particularly given changing consumer and market psychology. Therefore, we recommend the close monitoring of the economy and the marketplace. The project and investment economics should be "stress tested" to ensure that potential fluctuations in the economy and real estate market conditions will not cause failure.

In addition, we assume that economic, employment, and household growth will occur more or less in accordance with current expectations, along with other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth); or in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should any of the above change, this analysis should probably be updated, with the conclusions and recommendations summarized herein reviewed accordingly (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand. Finally, we assume that major public works projects occur and are completed as planned.

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## GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

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## *Exhibit II-1*

**NET ANNUAL INCREMENTAL FISCAL IMPACT  
UTILIZING AVERAGE COST APPROACH  
RIVERWALK MARKETPLACE -- PHASE II  
PORTERVILLE, CA  
OCTOBER 2008**

CITY OF PORTERVILLE	TOTAL
<b>General Fund Impacts</b>	
Revenues <sup>1</sup>	\$960,000
Expenditures <sup>1</sup>	<u>\$112,000</u>
<b>Net Fiscal Impact</b>	<b>\$848,000</b>

<sup>1</sup> See Exhibit II-2.

SOURCE: City of Porterville; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-2

### SUMMARY OF PROJECTED ANNUAL INCREMENTAL GENERAL FUND IMPACT, CITY OF PORTERVILLE RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

CATEGORY	TOTAL	PCT. TOTAL
<b>REVENUES</b>		
Property Taxes <sup>1</sup>	\$89,121	9%
Real Property Transfer Tax <sup>1</sup>	\$2,986	0%
Sales Tax <sup>2</sup>	\$733,978	76%
Utility Users Tax <sup>3</sup>	\$87,026	9%
Business License Tax <sup>4</sup>	\$46,743	5%
<b>TOTAL ANNUAL INCREMENTAL RECURRING REVENUES</b>	<b>\$959,854</b>	<b>100%</b>
<b>EXPENDITURES <sup>5</sup></b>		
General Government	\$18,678	17%
Police	\$49,684	44%
Fire	\$23,891	21%
Community Development	\$5,058	5%
Public Works	\$14,917	13%
<b>TOTAL ANNUAL INCREMENTAL RECURRING EXPENDITURES</b>	<b>\$112,228</b>	<b>100%</b>
<b>NET FISCAL IMPACT</b>	<b>\$847,626</b>	

<sup>1</sup> See Exhibit II-4.

<sup>2</sup> See Exhibit II-5.

<sup>3</sup> See Exhibits II-6A, II-6B, II-6C, and II-6D.

<sup>4</sup> See Exhibit II-7.

<sup>5</sup> See Exhibit II-8 for detail of estimated 2008-2009 general fund expenditures from the City of Porterville.

SOURCE: City of Porterville; RCLCO

# CITY OF PORTERVILLE

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## Exhibit II-3

### DEVELOPMENT CHARACTERISTICS AND PROJECTED MARKET VALUE RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

PRODUCT TYPE	TOTAL SF	PROJECTED MARKET VALUE (2008 \$)
Retail	226,772	\$54,289,217
<b>TOTAL</b>	<b>226,772</b>	<b>\$54,289,217</b>

#### Market Value Calculation

Monthly Rent Per SF (NNN) <sup>1</sup>	\$1.47
Total Rentable SF	226,772
Vacancy Factor	5.0%
Annual NOI	\$3,800,245
Capitalization Rate	7.0%
Total Value	\$54,289,217
Value Per Square Foot	\$239

<sup>1</sup> Average rental rate of current retail listings in Porterville found on Loopnet.com, as of July 15, 2008

SOURCE: Loopnet; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-4

### PROJECTED INCREMENTAL PROPERTY TAX AND PROPERTY TRANSFER TAX REVENUE RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	ASSESSED VALUE <sup>1</sup>	REAL PROPERTY TAX <sup>2</sup>		REAL PROPERTY TRANSFER TAX <sup>3</sup>	
		TOTAL	GENERAL FUND SHARE	TURNOVER RATE	CITY SHARE
		1.0%	16.4%	10.0%	\$0.275 per \$500 of value
Retail	\$54,289,217	\$542,892	\$89,121		\$2,986
<b>TOTAL</b>	<b>\$54,289,217</b>	<b>\$542,892</b>	<b>\$89,121</b>		<b>\$2,986</b>

<sup>1</sup> See Exhibit 3 for retail projected market values.

<sup>2</sup> Applies 1% property tax levy on total assessed value. City of Porterville receives 16.4% of the 1% property tax levy.

<sup>3</sup> Assessed at \$0.275 per \$500 of sales price of real property, according to the City of Porterville Finance Department.

SOURCE: City of Porterville; RCLCO

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## Exhibit II-5

### PROJECTED INCREMENTAL SALES TAX REVENUE RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

RETAIL	SQUARE FEET	ESTIMATED SALES PER SF <sup>1</sup>	PERCENT OF SALES TAXABLE <sup>2</sup>	SALES TAXABLE	CITY SHARE <sup>3</sup>
					1.25%
Wal-Mart Retail	184,109	\$450	59%	\$48,880,940	\$611,012
Outlot "A"	7,000	\$231	100%	\$1,614,067	\$20,176
Pad 12	10,578	\$231	100%	\$2,439,086	\$30,489
Pad 13	10,995	\$231	100%	\$2,535,239	\$31,690
Pad 14	14,090	\$231	100%	\$3,248,887	\$40,611
<b>TOTAL</b>					<b>\$733,978</b>

<sup>1</sup> Sales per square foot represents information from SEC 10-K filings if available, otherwise representative of the top ten percent of stores at community centers in the US, per ULI Dollars & Cents of Shopping Centers (2008).

<sup>2</sup> Assumes that 41% of Wal-Mart sales are non-taxable items (grocery).

<sup>3</sup> 1.25% of taxable sales are returned to the City of Porterville.

SOURCE: City of Porterville; ULI Dollars & Cents of Shopping Centers (2008); RCLCO

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## Exhibit II-6A

### PROJECTED INCREMENTAL UTILITY USERS TAX (UUT) REVENUE -- ELECTRICITY RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	PROPOSED BUILD-OUT <sup>1</sup>		ELECTRICITY <sup>3</sup>				ELECTRICITY <sup>3</sup>				UTILITY USERS TAX REVENUE	
	SF	EST. NO. OF ACCTS.	PEAK DEMAND CAPACITY		PROJECTED ELECTRICITY CONSUMPTION		ESTIMATED COSTS					
			PEAK DEMAND FACTOR	TOTAL KILOWATT (KW)	CONSUMPTION FACTOR	ANNUAL KILOWATT HOUR (KWH)	DAILY SERVICE CHARGE/ ACCOUNT	DAILY FACILITIES CHARGE (PER KW)	PER UNIT COST (PER KWH)	TOTAL ANNUAL COST		
Utility Users Tax (UUT) Rate <sup>2</sup>												6.0%
Retail	SF	226,772	5	0.0042 KW/SF	952	13.55 KWh/SF/yr	3,072,761	\$2.8192	\$0.2827	\$0.14175	\$538,986	<b>\$32,339</b>

<sup>1</sup> See Exhibit II-5 for proposed project build-out and estimated number of accounts/businesses.

<sup>2</sup> The City of Porterville's Utility Users Tax Rate is 6.00% for electricity.

<sup>3</sup> Project peak demand based on rates utilized in EIRs for similar projects. Annual consumption per South Coast Air Quality Management District CEQA Air Quality Handbook (PCR consumption factors used in the EIR represent peak consumption annual consumption estimates which are higher than typical). Electrical rates per Southern California Edison based on rates as of February 2008. Assumes: General Service Demand rates for Retail, rate is within 200 KW demand

SOURCE: Southern California Edison; City of Porterville Finance Department; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-6B

### PROJECTED INCREMENTAL UTILITY USERS TAX (UUT) REVENUE -- NATURAL GAS RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	PROPOSED BUILD-OUT <sup>1</sup>		PROJECTED NATURAL GAS CONSUMPTION				NATURAL GAS <sup>3</sup> ESTIMATED COSTS			UTILITY USERS TAX REVENUE
	SF	EST. NO. OF ACCOUNTS	CONSUMPTION FACTOR	ANNUAL		DAILY SERVICE CHARGE/ACCOUNT	PER UNIT COST (PER THERM)	TOTAL ANNUAL COST		
				CUBIC FEET	THERM					
Utility Users Tax (UUT) Rate <sup>2</sup>										6.0%
Retail	SF	226,772	5	2.9 cu. ft./SF/mo.	7,891,666	8,128	\$0.8775	\$0.4698	\$5,420	<b>\$325</b>

<sup>1</sup> See Exhibit II-5 for proposed project build-out and estimated number of accounts/businesses.

<sup>2</sup> The City of Porterville's Utility Users Tax Rate is 6.00% for natural gas.

<sup>3</sup> Project usage factors based on rates utilized in EIRs for similar projects. . Gas rates per The Gas Company (Southern California Gas Company) based on rates effective August 1, 2008. Rates are per Therm: 1 Therm = 1,000 cubic feet . Retail rate is based on Tier I rate (defined as 0 to 20,833 Therms) for Small Commercial & Industrial.

SOURCE: The Gas Company (Southern California Gas Company) ; City of Porterville Finance Department; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-6C

### PROJECTED INCREMENTAL UTILITY USERS TAX (UUT) REVENUE -- WATER RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	PROPOSED BUILD-OUT <sup>1</sup>		PROJECTED WATER CONSUMPTION				ESTIMATED COSTS			UTILITY USERS TAX REVENUE
	SF	EST. NO. OF ACCOUNTS	CONSUMPTION FACTOR	ANNUAL		BILLING UNIT (BU)	DAILY SERVICE CHARGE/ACCOUNT	PER UNIT COST (PER BU)	TOTAL ANNUAL COST	
				GALLONS						
	WATER <sup>3</sup>									
Utility Users Tax (UUT) Rate <sup>2</sup>										6.0%
Retail	SF	226,772	5	200 gal/1,000 sf/day	16,554,356	22,131	\$0.1667	\$0.720	\$16,238	<b>\$974</b>

<sup>1</sup> See Exhibit II-5 for proposed project build-out and estimated number of accounts/businesses.

<sup>2</sup> The City of Porterville's Utility Users Tax Rate is 6.00% for water.

<sup>3</sup> Project usage factors based on rates utilized in EIRs for similar projects. . Water rates per City of Porterville Water, Sewer, & Refuse Services based on rates effective August 1, 2008. Rates are per Billing Unit: 1 Billing Unit = 100 cubic assumptions based on \$5.00 monthly minimum, divided by average days in a month.

SOURCE: City of Porterville Water, Sewer, & Refuse Services; City of Porterville Finance Department; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-6D

### PROJECTED INCREMENTAL UTILITY USERS TAX (UUT) REVENUE -- TELECOM RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	PROPOSED BUILD-OUT <sup>1</sup>		TELEPHONE <sup>3</sup>		UTILITY USERS TAX REVENUE	
	SF	EST. NO. OF ACCOUNTS	ESTIMATED COSTS			
			COMM. EXPEND. AS PERCENT OF OUTPUT	TOTAL ANNUAL COST		
Utility Users Tax (UUT) Rate <sup>2</sup>					6.0%	
Retail	SF	226,772	5	0.96%	\$889,789	<b>\$53,387</b>

<sup>1</sup> See Exhibit II-5 for proposed project build-out and estimated number of accounts/businesses.

<sup>2</sup> The City of Porterville's Utility Users Tax Rate is 6.00% for telecommunications.

<sup>3</sup> Broadcasting and telecommunications expenditures based on average communications purchases, per the Benchmark Input-Output Accounts of the U.S. Economy (2005), per FCC, calculated as a percentage of gross receipts.

SOURCE: City of Porterville Finance Department; Federal Communications Commission; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-7

### PROJECTED BUSINESS LICENSE TAX REVENUE RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

LAND USE	PROPOSED BUILD-OUT <sup>1</sup>	AVERAGE OCCUPANCY	NUMBER OF BUSINESSES		SALES ESTIMATES		BUSINESS LICENSE TAX RATES <sup>3</sup>		TOTAL BUSINESS LICENSE TAX REVENUE
			AVG. SIZE OF BUSINESS <sup>2</sup>	NUMBER OF BUSINESSES	PER SF	ANNUAL GROSS RECEIPTS	FEE PER FIRST \$1M IN RECEIPTS	FEE PER EACH \$200K OVER \$1M	
Wal-Mart Retail	184,109 SF	100%	184,109 SF	1	\$450	\$82,849,050	\$700.00	\$100.00	\$41,625
All Other Retail	42,663 SF	95%	5,000 SF	8	\$231	\$9,837,279	\$700.00	\$100.00	\$5,119
<b>TOTAL</b>									<b>\$46,743</b>

<sup>1</sup> See Exhibit 5 for proposed project build-out.

<sup>2</sup> RCLCO estimate.

<sup>3</sup> Business license fees determined by estimated annual gross receipts by business, on a sliding scale, depicted below:

GROSS RECEIPTS	FEE
\$0.01 - \$25,000	\$25
\$25,000 - \$50,000	\$50
\$50,000 - \$75,000	\$75
\$75,000 - \$100,000	\$100
\$100,000 - \$150,000	\$125
\$150,000 - \$200,000	\$150
\$200,000 - \$300,000	\$200
\$300,000 - \$400,000	\$300
\$400,000 - \$600,000	\$400
\$600,000 - \$800,000	\$500
\$800,000 - \$1,000,000	\$600
\$1,000,000 and over	\$700

Plus an additional \$100 fee for each additional \$200,000 in gross receipts in excess of \$1,000,000

SOURCE: City of Porterville; RCLCO

# CITY OF PORTERVILLE

## Exhibit II-8

### TOTAL INCREMENTAL PROJECTED ANNUAL EXPENDITURES AVERAGE COST APPROACH RIVERWALK MARKETPLACE -- PHASE II OCTOBER 2008

BUDGET ITEM	CITY-WIDE					RIVERWALK MARKETPLACE -- PHASE II		
	ESTIMATED EXPENDITURES <sup>1</sup>	RESIDENTIAL LAND USE		COMMERCIAL LAND USE		TOTAL	RESIDENTIAL LAND USE	COMMERCIAL LAND USE
		TOTAL	PER RESIDENT	TOTAL	PER ACRE			
General Government <sup>2</sup>	\$2,816,774	\$2,061,054	\$34	\$755,720	\$859	\$18,678	\$0	\$18,678
Police	\$7,492,607	\$5,482,395	\$90	\$2,010,212	\$2,284	\$49,684	\$0	\$49,684
Fire	\$3,602,801	\$2,636,196	\$43	\$966,605	\$1,098	\$23,891	\$0	\$23,891
Community Development	\$762,709	\$558,080	\$9	\$204,629	\$233	\$5,058	\$0	\$5,058
Public Works	\$2,249,511	\$1,645,984	\$27	\$603,527	\$686	\$14,917	\$0	\$14,917
Parks & Leisure Services <sup>3</sup>	\$4,584,539	\$4,584,539	\$76	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$21,508,941</b>	<b>\$16,968,248</b>	<b>\$280</b>	<b>\$4,540,693</b>	<b>\$5,160</b>	<b>\$112,228</b>	<b>\$0</b>	<b>\$112,228</b>

INCREMENTAL LAND USE AND DEVELOPMENT ASSUMPTIONS		
LAND USE	RIVERWALK MARKETPLACE	
	CITY	PHASE II <sup>4</sup>
Commercial (Acres)	880	21.8
Residential (Acres)	2,400	0.0
Total (Acres) <sup>5</sup>	3,280	21.8
Population <sup>6</sup>	60,660	0

<sup>1</sup> Based on FY 2008-2009 preliminary budget estimates.

<sup>2</sup> Includes Legislative, Administrative, Finance, and City Attorney.

<sup>3</sup> This department has a primarily residential orientation.

<sup>4</sup> Per CEI Engineering Associates.

<sup>5</sup> Assumes that commercial and residential acreage will require city services.

<sup>6</sup> 2005 estimate per Tulare County Association of Governments

SOURCE: City of Porterville; CEI Engineering Associates; RCLCO