



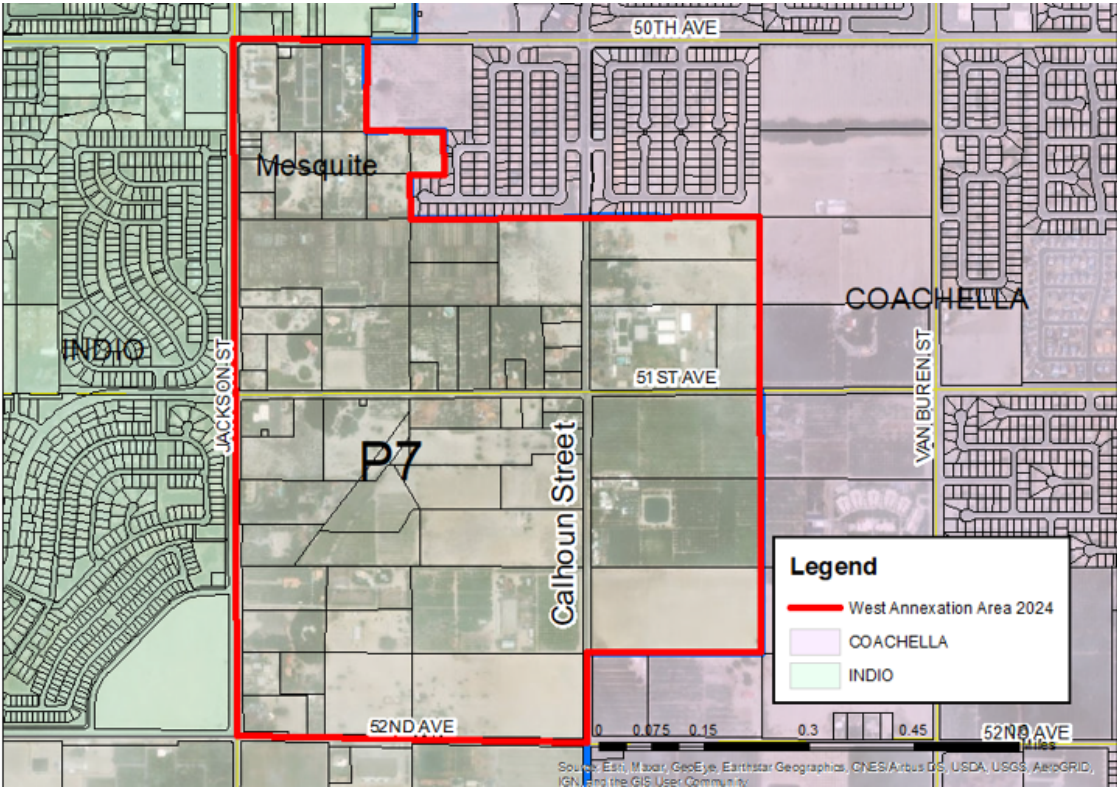
SUMMARY MEMORANDUM

November 7, 2024

To: City of Coachella, Gabriel Martin, Ph.D.
From: David Taussig and Jerry Wen, DTA
Subject: Fiscal Impacts Resulting from the Proposed Annexation of West Annexation Area 2024 (P7 and Mesquite)

The Local Agency Formation Commission ("LAFCO") for the County of Riverside (the "County") requires the preparation and certification of a study when a jurisdiction is affected by a proposed change of organization or reorganization. The City of Coachella (the "City") is in the process of annexing certain areas designated as West Annexation Area 2024 (the "Annexation Area"), commonly known as P7 and Mesquite, depicted in Figure 1 below, currently located in unincorporated County and the City's Sphere of Influence ("SOI").

Figure 1: Boundaries of the Annexation Area



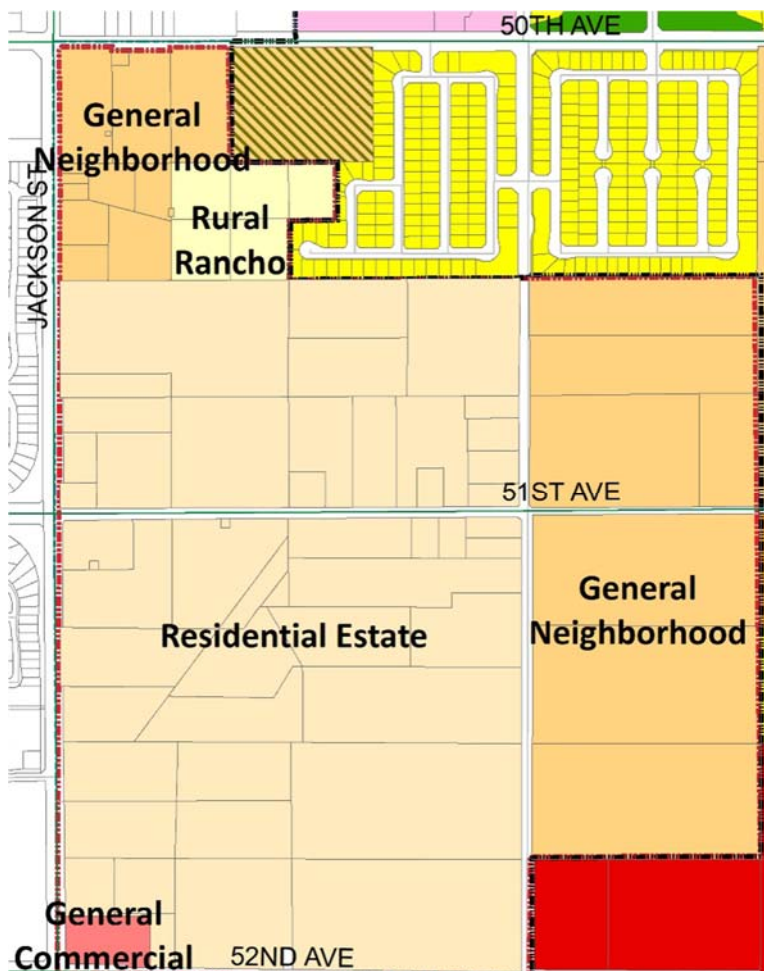
DTA has been retained to prepare a Fiscal Impact Analysis ("FIA") to evaluate whether the Annexation Area at its build-out is likely to generate an incremental net fiscal surplus or a net fiscal deficit to the City General Fund upon its annexation into the City. The intent of this memorandum ("memo") is for DTA to provide a brief summary of the projected fiscal impacts to the City's General Fund that would result from the proposed annexation of the Annexation Area.

A Description of Annexation Area

The Annexation Area encompasses approximately 355.87 acres of land abutting the City's western boundaries and is generally bounded on the north by 50th Avenue, on the west by Jackson Street, and on the south by 52nd Avenue. Pursuant to the City 2035 General Plan Update and illustrated in Figure 2 below, the Annexation Area is comprised of the following zoning designations:

- Rural Rancho: Allows for 0.4 to 1 dwelling unit ("DU") per acre in residential density;
- Residential Estate: Permissible dwelling density ranges from 1 to 2.2 DUs per acre;
- General Neighborhood: Allows for 7 to 25 DUs per acre in residential density, with 12 DUs per acre anticipated to be the average density for new projects therein; and
- General Commercial: Allows for commercial development up to the maximum floor area ratio ("FAR") of 1.00.

Figure 2: Zoning Designations within the Annexation Area



The Annexation Area is currently comprised of both developed and vacant parcels. To evaluate the fiscal impact of the Annexation Area upon its annexation into the City, DTA developed a build-out land use projection for the Annexation Area. Utilizing the 2024 County Assessor’s Roll, DTA first determined if a parcel could be developed or redeveloped in the future based on its current development status and nature of such development. Pursuant to the direction from LAFCO, DTA applied applicable development density factors¹ to project the maximum allowed residential DUs and non-residential building square feet (“BSF”) at the build-out of areas that are deemed developable. Table 1 below lists the projected land uses and their respective development unit count for the current developed property (the “Current Developed Area”), i.e., existing development, and future developable lands (the “Future Developable Area”) within the Annexation Area.

Table 1: Projected Land Uses at Annexation Area Build-out

Zoning Designation	Gross Acres	Development Density Factor	DUs/Business/BSF
Current Developed Area			
Rural Rancho	11.92	N/A	5 DUs
Residential Estate	148.34	N/A	36 DUs and 5 Businesses
General Neighborhood	86.91	N/A	13 DUs and 3 Businesses
General Commercial	3.12	N/A	1 Business
Subtotal Non-Developable Area	250.29	N/A	54 DUs and 9 Businesses
Future Developable Area			
Rural Rancho	0.00	1 DU/Acre	0 DUs
Residential Estate	74.01	2.2 DUs/Acre	163 DUs
General Neighborhood	31.57	12 DUs/Acre	379 DUs
General Commercial	0.00	1.00 FAR	0 BSF
Subtotal Developable Area	105.58	N/A	542 DUs
Grand Total Annexation Area	355.87	N/A	596 DUs and 9 Businesses

B Analytic Methodology and Assumptions

Notably, only recurring revenues and costs are analyzed in this FIA. Costs that are considered non-recurring, such as capital expenditures, are excluded from the analysis. This is because new development is generally required to construct its own new capital improvements, such as roads or parks, or pay Development Impact Fees (“DIFs”) that enable the City or another developer to construct these improvements. As these are one-time costs that will not recur, there is no expectation that new development will need to pay for these capital expenditures a second time. Likewise, revenues that are non-recurring, such as DIFs paid by developers, are also excluded from the FIA. In sum, the model reflects the estimated recurring annual deficit or surplus to the City’s General Fund that will result from the annexation of the Annexation Area into the City.

¹ The City indicates that homebuilders within the General Neighborhood zoning have elected to build at a dwelling density toward the lower end of the permissible range, as illustrated by the new community adjacent to the Annexation Area currently being constructed by Pulte Homes at 7.7 DUs per acre. The City deems the average residential density at 12 DUs per acre to be an appropriate metric to project the maximum DUs at the build-out of developable lands within the General Neighborhood zoning.

DTA chooses its analytical assumptions in accordance with industry standards and documents those decisions carefully. The following list explains how some of these assumptions were derived:

- **Discounting Revenues:** Certain revenues are not expected to increase one-to-one with new development. Thus, a 15% discount rate has been applied to various General Fund revenues to reflect the estimated ratio of fixed revenues (not impacted by future development) to variable revenues. In addition, DTA conservatively applies a 100% discount on the intergovernmental revenues received by the City given that the allotment of such revenues generally involves complex socioeconomic and demographic factors that are difficult to forecast. A 100% discount is also applied to miscellaneous General Fund revenues since DTA conservatively deemed those revenues to be static.
- **Discounting Expenses:** Certain expenditures are not expected to increase one-to-one with new development. Thus, a 15% discount rate has been applied to various General Fund expenditures to reflect the estimated ratio of fixed expenditures (not impacted by future development) to variable expenditures. Even though the public safety service costs are not expected to increase one-to-one with new development, DTA has conservatively assumed that **no discount factors** would be applied to such expenditures.
- **Residential Population:** There are currently approximately 159 residents residing within the Annexation Area². Future residential population projection at the build-out of the Future Developable Area is based on the current Citywide average household size of 4.15 persons³.
- **Tax Sharing (Secured Property Taxes):** Property tax revenue estimates were derived using apportionment factors provided by the County Auditor-Controller as applied to the general 1% *ad valorem* property tax levy. Currently, total secured property tax revenues received by the County General Fund from the Annexation Area will equal approximately 13.04% of the basic 1% [Proposition ("Prop") 13] property tax levy from the Tax Rate Area ("TRA") encompassing the Annexation Area. Please note that the gross tax increment, as calculated by the County Auditor-Controller, has been reduced to account for the projected Education Revenue Augmentation Fund ("ERAF") property tax shifts. Although the City and County have not entered into a property tax sharing agreement, the County indicated that it would retain 75% of its current 1% property tax apportionment from the Annexation Area after its annexation into the City, with the City receiving the remaining 25%.

Notably, the Annexation Area is located within the boundaries of the County's Eastern Coachella Valley Enhanced Infrastructure Financing District (the "ECV EIFD"), with the County proposing to dedicate 20% of its annual property tax increment therefrom to the ECV EIFD. Although the County has not officially determined whether the 20% ECV EIFD property tax increment dedication would occur before or after the property tax sharing has been initiated with the City, DTA conservatively

² Source: Environics Analytics, EmploymentProfiles by NAICS Codes 2024 for the Annexation Area.

³ Source: California Department of Finance, Housing and Population Information, January 1, 2024.

assumed the County will first pledge 20% of its 1% property tax increment from the Annexation Area to the ECV EIFD and apportion 25% of the remaining 1% property tax increment to the City. Under this framework, the City is assumed to receive approximately 2.61% of the basic 1% property tax levy from the Annexation Area for the purpose of this FIA.

In addition, the Coachella Fire Protection District, a component unit of the City for financial reporting purposes, will receive approximately 5.44% of the basic 1% property tax levy from the Annexation Area.

- Property Tax In Lieu of Vehicle License Fees (“VLFs”): The approval of Prop 1A in California in 2004 enacted a constitutional amendment that introduced a new methodology to calculate property taxes in lieu of VLFs. Per California Revenue and Taxation Code §97.70, the property tax in lieu of VLF amount now grows in proportion to the growth rate of gross assessed valuation in a city or county. Property taxes in lieu of VLF revenues are projected to grow with the change in the Citywide gross assessed valuation of taxable property from the prior Fiscal Year (“FY”). Property taxes in lieu of VLF revenues constitute an addition to other property tax apportionments and were calculated for the purposes of this FIA at \$2.19 per \$1,000 increase in assessed valuation on a Citywide basis.
- Valuation: The estimated valuation of future DUs is based on the projected sales price per DU for comparable home products being proposed in the KPC Coachella Specific Plan, with 10% and 20% discount factors applied to reflect the difference in the potential amenities offered by the residential developments within the Annexation Area and KPC Coachella Specific Plan.
- Taxable Sales: Of the nine businesses currently within the Annexation Area, Moon Valley Nurseries is deemed to be the only establishment that generates meaningful taxable sales. For the purpose of this FIA, the \$8.51M average annual sales per store is utilized to estimate the annual sales taxes to the City after the annexation of the Annexation Area.
- Transient Occupancy Tax (“TOT”): There are currently three venues within the Annexation Area that will generate TOTs to the City General Fund after its annexation into the City:
 - Old Polo Estate: An upscale private estate wedding venue located at 51270 Jackson Street;
 - The Ranch at Coachella: A gated private luxury vacation rental estate on a 5-acre site located at 51600 Jackson Street; and
 - Rancho 51 Festival Campgrounds: An 8-acre date ranch located at 83272 51st Avenue providing glamping experience.
- Water and Sewer Services: The Annexation Area is located within the service area of the Coachella Water Authority and Coachella Sanitary District. The City indicated that existing development within the Annexation Area currently do not receive water and sewer services from the City. For the purpose of this FIA, DTA assumes that future residential development will receive water and sewer services from the City

through the construction of the necessary water and sewer improvements to connect to the existing City water and sewer systems.

For additional details regarding the specific assumptions and methodology utilized to calculate the fiscal impacts for the Project, please see Attachment 1 below.

C The City’s General Fund – Net Fiscal Impact Summary

As listed in Table 2 below, the overall net fiscal impact to the City's General Fund resulting from the revenues anticipated to be generated by the build-out of Annexation Area, as compared with the cost of public services associated with the build-out of Annexation Area, will be an annual recurring fiscal surplus of \$773,534 upon its annexation into the City.

Table 2: General Fund Fiscal Impact Summary

Fiscal Impact Category	Amount	Percent of Total
Recurring City Funds Revenues [1]		
Secured Property Tax	\$337,553	13.3%
Unsecured Property Tax	\$9,708	0.4%
Property Transfer Tax	\$22,248	0.9%
Property Tax In Lieu of Vehicle License Fee	\$918,571	36.1%
Direct Sales Tax	\$170,213	6.7%
Indirect Sales Tax	\$182,807	7.2%
Transient Occupancy Tax	\$630,823	24.8%
Utility Users' Tax	\$197,464	7.8%
Business Licenses	\$9,096	0.4%
Franchise Fees	\$53,028	2.1%
Licenses and Permits	\$667	0.0%
Fines and Forfeitures	\$11,045	0.4%
Investment Income	\$2,186	0.1%
Subtotal	\$2,545,409	100.0%
Recurring City Funds Expenditures [2]		
Public Works	\$337,094	19.0%
Development Services	\$167,040	9.4%
Police Services	\$585,825	33.1%
Animal Control	\$22,733	1.3%
Emergency Services	\$4,151	0.2%
Fire Services	\$239,366	13.5%
General Government	\$415,666	23.5%
Subtotal	\$1,771,875	100.0%
Net Fiscal Impact		
Total Annual Recurring General Fund Surplus/(Deficit)	\$773,534	NA
Total Annual Revenue/Expenditure Ratio	1.44	NA

NOTES:

[1] Please see Attachments 1-D through 1-I for the derivation of these calculations.

[2] Please see Attachments 1-J and 1-K for the derivation of these calculations.

* *All figures subject to rounding*

As reflected in Figure 3 below, the largest two projected City General Fund revenue sources attributable to the Annexation Area at build-out are property taxes (including property tax in lieu of VLFs) and Transient Occupancy Tax (“TOT”). Property taxes alone will generate 50.6% of the City’s revenues from the Project, with TOT adding an additional 24.8%. Conversely, the largest projected City General Fund expenditures will be for police (33.1%) and general government (23.5%), as reflected in Figure 4 below.

Figure 3: Recurring General Fund Revenues at Annexation Area Build-Out

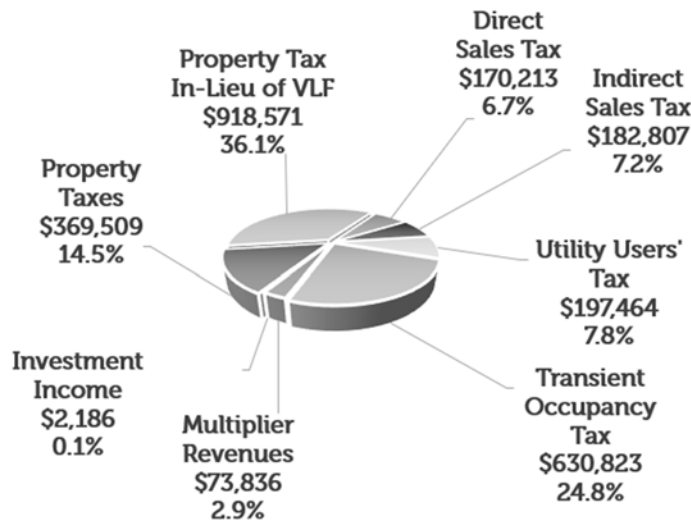
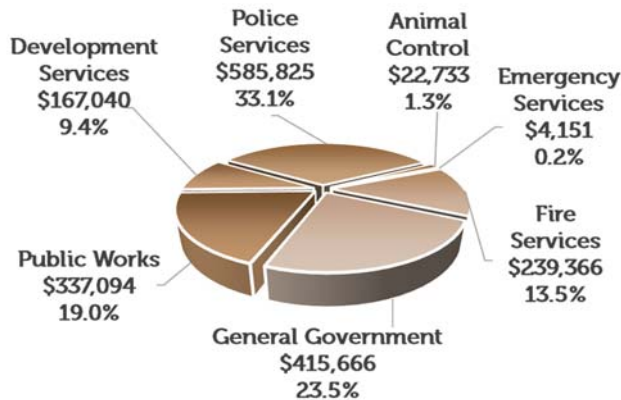


Figure 4: Recurring General Fund Expenditures at Annexation Area Build-Out



If you have any further questions regarding this Executive Summary, please feel free to contact David Taussig or Jerry Wen at (800) 969-4DTA.

Enclosures:

1. Attachment 1 – FIA

ATTACHMENT 1

City of Coachella

Fiscal Impacts Resulting from the Proposed Annexation of West Annexation Area 2024



FIA

ATTACHMENT 1-A

COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024

BASE PROGRAM

CITY FUND REVENUES (BY TYPE)

I Demographics and Other Data

2024 Estimated City Population [1]	43,173
2024 Estimated City Employees [2]	8,711
2024 Persons Served Population [3]	47,529

Notes:

[1] California Department of Finance, Housing and Population Information, January 1, 2024.

[2] Environics Analytics, EmploymentProfiles by NAICS Codes 2024 for the City of Coachella.

[3] Assumes City population plus 50% of employees.

II City Revenue Sources (by Type)

Revenue Type	General Fund	Revenue Type	Fiscal Impact Basis	Discount	Fiscal Impact Revenue Factor
Tax Revenue	\$15,913,912		Persons Served		\$0.00
Property Tax - Secured	\$587,583	Recurring	Case Study	0%	NA
Property Tax - Supplemental	\$120,000	Recurring	Case Study	0%	NA
Property Tax - Unsecured	\$25,000	Recurring	Case Study	0%	NA
Property Tax In Lieu	\$213,016	Recurring	Case Study	0%	NA
RPTTF Residual	\$322,000	Recurring	Case Study	0%	NA
Real Property Transfer Tax	\$110,000	Recurring	Case Study	0%	NA
Transient Occupancy Tax	\$1,150,000	Recurring	Case Study	0%	NA
Sales and Use Tax - Measure U	\$6,967,462	Recurring	Case Study	0%	NA
Sales Tax	\$5,575,992	Recurring	Case Study	0%	NA
Delinquent Tax	\$10,000	Recurring	Case Study	0%	NA
Construction Tax	\$832,859	Recurring	Case Study	0%	NA
Utility Users Tax	\$3,400,000	Recurring	Case Study	0%	NA
Business Licenses	\$734,000	Recurring	Per Employee	15%	\$71.62
Franchise Fees	\$1,200,000	Recurring	Persons Served	15%	\$21.46
Interest Income	\$75,000	Recurring	Case Study	0%	NA
Charges for Service	\$697,752	Recurring	NA	100%	NA
Building/Planning/Engineering Fees	\$503,195	Recurring	NA	100%	NA
Licenses and Permits	\$15,000	Recurring	Persons Served	15%	\$0.27
VLF/Property Tax Compensation	\$6,408,020	Recurring	Case Study	0%	NA
Fines and Forfeitures	\$250,000	Recurring	Persons Served	15%	\$4.47
Intergovernmental	\$814,890	Recurring	NA	100%	NA
Motor Vehicle License Fees	\$54,000	Recurring	Case Study	NA	NA
Other / Miscellaneous	\$491,750	Recurring	Persons Served	100%	\$0.00
Cannabis Business Tax	\$900,000	Recurring	Case Study	0%	NA
Transfers In	\$5,891,519	Non-Recurring	NA	0%	NA
Total Revenues	\$37,349,038	NA	NA	NA	NA
Total Recurring Revenues	\$31,457,519	NA	NA	NA	NA

ATTACHMENT 1-B

COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024

BASE PROGRAM

CITY FUND EXPENDITURES (BY TYPE)

I Demographics and Other Data

2024 Estimated City Population [1]	43,173
2024 Estimated City Employees [2]	8,711
2024 Persons Served Population [3]	47,529

Notes:

- [1] California Department of Finance, Housing and Population Information, January 1, 2024.
- [2] Environics Analytics, EmploymentProfiles by NAICS Codes 2024 for the City of Coachella.
- [3] Assumes City population plus 50% of employees.

II City Expenditures (by Type)

Expenditure Type	General Fund	Fire Protection District [1]	Total Expenditures	Expenditure Type	Fiscal Impact Basis	Discount	Fiscal Impact Expenditure Factor
General Government							
City Council	\$267,195	NA	\$267,195	Recurring	Case Study	0%	NA
City Clerk	\$167,548	NA	\$167,548	Recurring	Case Study	0%	NA
City Attorney	\$810,600	NA	\$810,600	Recurring	Case Study	0%	NA
City Manager	\$305,999	NA	\$305,999	Recurring	Case Study	0%	NA
Public Information Officer	\$363,761	NA	\$363,761	Recurring	Case Study	0%	NA
General Government	\$4,411,341	NA	\$4,411,341	Recurring	Case Study	0%	NA
Finance	\$1,405,070	NA	\$1,405,070	Recurring	Case Study	0%	NA
Information Technology	\$1,040,051	NA	\$1,040,051	Recurring	Case Study	0%	NA
Human Resources	\$399,094	NA	\$399,094	Recurring	Case Study	0%	NA
Economic Development	\$475,828	NA	\$475,828	Recurring	Case Study	0%	NA
Engineering	\$1,188,400	NA	\$1,188,400	Recurring	Case Study	0%	NA
Non-General Government							
Public Works	\$7,627,932	NA	\$7,627,932	Recurring	Persons Served	15%	\$136.42
Development Services	\$3,780,084	NA	\$3,780,084	Recurring	Persons Served	15%	\$67.60
Police Services	\$11,268,079	NA	\$11,268,079	Recurring	Persons Served	0%	\$237.08
Animal Control	\$514,500	NA	\$514,500	Recurring	Persons Served	15%	\$9.20
Emergency Services	\$80,000	NA	\$80,000	Recurring	Persons Served	0%	\$1.68
Fire Services	\$3,242,928	\$1,361,311	\$4,604,239	Recurring	Persons Served	0%	\$96.87
Total Expenditures	\$37,348,410	\$1,361,311	\$38,709,721	NA	NA	NA	NA
Total Recurring Expenditures	\$37,348,410	\$1,361,311	\$38,709,721	NA	NA	NA	NA

Notes:

- [1] Represents the net expenditures reflecting revenues from the General Fund transfers-in of \$3,242,928 and allocated CFD special taxes of 1,163,299.

ATTACHMENT 1-C
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 LAND USE AND DEMOGRAPHICS SUMMARY

Land Use Data

I Developable Land Use Description		
A Projected Residential Land Uses	Number of Units [1]	
General Neighborhood		379
Residential Estate		163
II Existing Land Use Description		
A Existing Residential Land Uses	Number of Households [2]	
General Neighborhood		13
Rural Rancho		5
Residential Estate		36
B Existing Non-Residential Land Uses	Number of Gross Acres [3]	
General Neighborhood		61.29
Residential Estate		64.21
General Commercial		3.12

Demographic Data

I Residential Land Use Population		
A Projected Residential Land Uses	Persons per Household [4]	
General Neighborhood		4.15
Residential Estate		4.15

Population and Employees (Calculations)

I Residential Population		
A Projected Residential Land Uses	Number of Units	Estimated Residential Population
General Neighborhood	379	1,572
Residential Estate	163	676
B Existing Residential Land Uses		Projected Residential Population [6]
General Neighborhood		38
Rural Rancho		15
Residential Estate		106
II Direct Employees		
A Existing Non-Residential Land Uses		Estimated Direct Employees [6]
General Neighborhood		81
Residential Estate		40
General Commercial		6

Population and Employees (Totals)

I Total Projected Residential Population	2,407
II Total Projected Direct Employees	127
III Total Persons Served Population [7]	2,471

ATTACHMENT 1-C

COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)

BASE PROGRAM

LAND USE AND DEMOGRAPHICS SUMMARY

NOTES:

- [1] Based on the residential density of 12 and 2.2 dwelling units per acre for the General Neighborhood and Residential Estate zonings, respectively.
 - [2] Source: Environics Analytics, EmploymentProfiles by NAICS Codes 2024 for the Annexation Area.
 - [3] Source: County of Riverside Assessor Office.
 - [4] California Department of Finance, Housing and Population Information, January 1, 2024.
 - [6] Source: Environics Analytics, EmploymentProfiles by NAICS Codes 2024 for the Annexation Area.
 - [7] An employee is typically assumed to be equivalent to 50% of a resident given they would spend only eight active hours in the City per day versus a resident who is active for 16 hours per day.
- * *All figures subject to rounding*

ATTACHMENT 1-D
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 PROPERTY TAX REVENUE ANALYSIS

General Property Tax Assumptions

I	Property Tax Allocation (as a Portion of the 1% General Property Tax Levy) [1]	Prior to Annexation to City		Upon Annexation to City	
		County of Riverside [2]	County of Riverside	City of Coachella [3]	
A	Category / Code				
	General Fund	10.437341%	7.828006%	2.609335%	
	Coachella Fire Protection District	NA	NA	5.442458%	
	Total			8.051793%	
II	Homeowner's Exemption				
	Homeowner's Exemption (Annually)				\$7,000
	Percent of Sale Units Taking Homeowner's Exemption [4]				90%

Assessed Valuation Assumptions

I	Projected Residential Land Uses		
A	General Neighborhood		
	Number of Units [5]		379
	Estimated Sales Price per Unit [6]		\$511,875
	Total Estimated Net Taxable Value		\$191,612,925
B	Residential Estate		
	Number of Units [5]		163
	Estimated Sales Price per Unit [6]		\$1,184,000
	Total Estimated Net Taxable Value		\$191,965,100
II	Existing Residential Land Uses		
A	General Neighborhood		
	Total Net Taxable Value [7]		\$3,237,339
B	Rural Rancho		
	Total Net Taxable Value [7]		\$1,311,868
C	Residential Estate		
	Total Net Taxable Value [7]		\$10,074,690
I	Existing Non-Residential Land Uses		
A	General Neighborhood		
	Total Net Taxable Value [7]		\$7,591,063
B	Residential Estate		
	Total Net Taxable Value [7]		\$10,600,084
C	General Commercial		
	Total Net Taxable Value [7]		\$2,834,185
II	Total Land Use Net Taxable Value (Includes Takeout from Homeowner's Exemption)		\$419,227,254

Other Property Tax Revenue Assumptions

I	Unsecured Property Taxes - Assumptions [8]	
A	Unsecured Taxes as a % of Secured	
	Residential Property	2.50%
	Non-Residential Property	10.00%
II	Property Tax Transfer - Assumptions [8]	
A	Turnover Rate	
	Residential Property	10.00%
	Non-Residential Property	3.00%
B	Other Assumptions	
	Transfer Tax as a % of Assessed Value [9]	0.11%
	Property Transfer Tax Passed Through to City of Coachella [10]	50.00%
III	Motor Vehicle Licensing Fees - Assumptions	
	Vehicle Licensing Fees per Capita	NA
IV	Property Tax In-Lieu of Vehicle License Fee - Assumptions	

ATTACHMENT 1-D
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 PROPERTY TAX REVENUE ANALYSIS

Total City of Coachella Gross Assessed Value [11]	\$2,924,559,096
City of Coachella Property Tax In-Lieu of Vehicle License Fee [12]	\$6,408,020
Property Tax In-Lieu of Vehicle License Fee Increase per \$1,000 Assessed Value	\$2.19

Fiscal Impact Calculation

I	Fiscal Impact Category	Annual Fiscal Impact Amount
A	Secured Property Tax	
A.1	Projected Residential Land Uses	
	General Neighborhood	\$154,283
	Residential Estate	\$154,566
A.2	Existing Residential Land Uses	
	General Neighborhood	\$2,607
	Rural Rancho	\$1,056
	Residential Estate	\$8,112
A.3	Existing Non-Residential Land Uses	
	General Neighborhood	\$6,112
	Residential Estate	\$8,535
	General Commercial	\$2,282
B	Unsecured Property Tax	
B.1	Projected Residential Land Uses	
	General Neighborhood	\$3,857
	Residential Estate	\$3,864
B.2	Existing Residential Land Uses	
	General Neighborhood	\$65
	Rural Rancho	\$26
	Residential Estate	\$203
B.3	Existing Non-Residential Land Uses	
	General Neighborhood	\$611
	Residential Estate	\$854
	General Commercial	\$228
C	Property Transfer Tax	
C.1	Projected Residential Land Uses	
	General Neighborhood	\$10,539
	Residential Estate	\$10,558
C.2	Existing Residential Land Uses	
	General Neighborhood	\$178
	Rural Rancho	\$72
	Residential Estate	\$554
C.3	Existing Non-Residential Land Uses	
	General Neighborhood	\$125
	Residential Estate	\$175
	General Commercial	\$47
D	Property Tax In-Lieu of Vehicle License Fee	
	Projected Residential and Non-Residential Land Uses [13]	\$918,571
II	Total Property Tax Revenues	\$1,288,080

ATTACHMENT 1-D
COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
BASE PROGRAM
PROPERTY TAX REVENUE ANALYSIS

NOTES:

- [1] Based on Tax Rate Area (TRA) data provided by the County of Riverside Auditor-Controller's Office. TRA allocations adjusted for the Educational Revenue Augmentation Fund ("ERAF").
 - [2] Assumes the County of Riverside will first pledge 20% of its 1% property tax increment from the Annexation Area to the Eastern Coachella Valley Enhanced Infrastructure Financing District ("ECV EIFD").
 - [3] Assumes the City of Coachella will receive 25% of County of Riverside's remaining 1% property tax increment after the aforementioned dedication to the ECV EIFD in Note No. 2.
 - [4] Estimate, subject to change.
 - [5] Please see Attachment 1-C. Subject to change.
 - [6] Based on the comparable assessed value assumptions utilized in the KPC Coachella Specific Plan Project.
 - [7] Source: County of Riverside Assessor Office.
 - [8] Based on typical DTA baseline assumptions.
 - [9] Source: California Revenue & Taxation Code §11901, et seq.
 - [10] City of Coachella Municipal Code §4.20.020.
 - [11] Source: County of Riverside Auditor-Controller Office.
 - [12] Source: City of Coachella Fiscal Year 2024/2025 Adopted Budget.
 - [13] Property Tax in-lieu of Vehicle Licensing Fees applies to incremental property value.
- * ***All figures subject to rounding***

ATTACHMENT 1-E
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 SALES TAX REVENUE ANALYSIS

Indirect Sales Tax Assumptions

I	Indirect Sales Tax Assumptions - Residential	
A	Projected Residential Land Use Mortgage/Rent Assumptions	
A.1	General Neighborhood	
	Projected Sales Price per Unit [1]	\$511,875
	Average Mortgage (20% Down Payment)	\$409,500
	Annual Mortgage Payment (5% for 30 Years)	\$26,379
	Additional Annual Taxes & Insurance (2.00%)	\$10,238
A.2	Residential Estate	
	Projected Sales Price per Unit [1]	\$1,184,000
	Average Mortgage (20% Down Payment)	\$947,200
	Annual Mortgage Payment (5% for 30 Years)	\$61,017
	Additional Annual Taxes & Insurance (2.00%)	\$23,680
B	Existing Residential Land Use Mortgage/Rent Assumptions	
B.1	General Neighborhood	
	Projected Sales Price per Unit [2]	\$249,026
	Average Mortgage (20% Down Payment)	\$199,221
	Annual Mortgage Payment (5% for 30 Years)	\$12,834
	Additional Annual Taxes & Insurance (2.00%)	\$4,981
B.2	Rural Rancho	
	Projected Sales Price per Unit [2]	\$262,374
	Average Mortgage (20% Down Payment)	\$209,899
	Annual Mortgage Payment (5% for 30 Years)	\$13,521
	Additional Annual Taxes & Insurance (2.00%)	\$5,247
B.3	Residential Estate	
	Projected Sales Price per Unit [2]	\$279,853
	Average Mortgage (20% Down Payment)	\$223,882
	Annual Mortgage Payment (5% for 30 Years)	\$14,422
	Additional Annual Taxes & Insurance (2.00%)	\$5,597
C	Projected Residential Land Use Disposable Income Assumptions	
C.1	General Neighborhood	
	Average Household Income (3:1 Income to Household Payment Ratio)	\$109,851
	Retail Taxable Expenditures (as a % of Disposable Income) [3]	23.92%
C.2	Residential Estate	
	Average Household Income (3:1 Income to Household Payment Ratio)	\$254,092
	Retail Taxable Expenditures (as a % of Disposable Income) [3]	15.46%
D	Existing Residential Land Use Disposable Income Assumptions	
D.1	General Neighborhood	
	Average Household Income (3:1 Income to Household Payment Ratio)	\$53,442
	Retail Taxable Expenditures (as a % of Disposable Income) [3]	30.52%
D.2	Rural Rancho	
	Average Household Income (3:1 Income to Household Payment Ratio)	\$56,307
	Retail Taxable Expenditures (as a % of Disposable Income) [3]	30.52%
D.3	Residential Estate	
	Average Household Income (3:1 Income to Household Payment Ratio)	\$60,058
	Retail Taxable Expenditures (as a % of Disposable Income) [3]	30.52%
I	Indirect Sales Tax Assumptions - Employees	
	Annual Spending per Employee [4]	\$7,540
II	Retail Taxable Sales Capture	
	City of Coachella Retail Taxable Purchase Capture [5]	50%

ATTACHMENT 1-E
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 SALES TAX REVENUE ANALYSIS

Direct Sales Tax Assumptions

I Existing Non-Residential Direct Sales Tax Assumptions

A Existing Non-Residential Land Uses	<u>Taxable Sales per Acre [5]</u>
General Neighborhood	\$0.00
Residential Estate	\$132,544
General Commercial	\$0.00

Other Sales Tax Assumptions

I Percent to the City of Coachella General Fund

City of Coachella Municipal Code §4.24.050	1.00%
Measure U	1.00%
Total	2.00%

Fiscal Impact Calculation

I <u>Fiscal Impact Category</u>	<u>Annual Fiscal Impact Amount</u>
A Indirect Sales Tax	
A.1 <u>Projected Residential Land Uses</u>	
General Neighborhood	\$99,608
Residential Estate	\$64,046
A.2 <u>Existing Residential Land Uses</u>	
General Neighborhood	\$2,120
Rural Rancho	\$859
Residential Estate	\$6,598
A.3 <u>Employee Taxable Sales</u>	
Direct Employees	\$9,576
B Direct Sales Tax	
B.1 <u>Existing Non-Residential Land Uses</u>	
General Neighborhood	\$0
Residential Estate	\$170,213
General Commercial	\$0
II Total Sales Tax Revenues	\$353,020

NOTES:

- [1] Based on the comparable assessed value assumptions utilized in the KPC Coachella Specific Plan Project.
- [2] Based on the average assessed valuation per dwelling unit. Source: County of Riverside Assessor Office.
- [3] Source: Bureau of Labor Statistics, 2022 Consumer Expenditure Survey.
- [4] Based on the average daily spending of \$29 on coffee, breakfast, and lunch.
Source: "State of Hybrid Work 2023, United States," Owl Labs.
- [5] Based on typical DTA baseline assumptions.

* *All figures subject to rounding*

**ATTACHMENT 1-F
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 TRANSIENT OCCUPANCY TAX REVENUE ANALYSIS**

Transient Occupancy Tax Assumptions

I	Venue Assumptions [1]	
A	<u>Old Polo Estate</u>	
	Rental Rate (per Night)	\$6,516
	Occupancy Rate	50.00%
B	<u>Rancho 51 [1]</u>	
	Average Weekly Visitors	600
	Visitor Rate (per Night)	\$175
C	<u>The Ranch at Coachella</u>	
	Rental Rate (per Night)	\$1,973
	Occupancy Rate	50.00%
II	<u>Transient Occupancy Tax Rate Assumptions</u>	
	City of Coachella Municipal Code §4.28.030	9.00%
IV	<u>Annual Revenue</u>	
	Old Polo Estate	\$1,189,134
	Rancho 51	\$5,460,000
	The Ranch at Coachella	\$360,013

Fiscal Impact Calculation

I	Fiscal Impact Category	Annual Fiscal Impact Amount
A	<u>Transient Occupancy Tax</u>	
	Old Polo Estate	\$107,022
	Rancho 51	\$491,400
	The Ranch at Coachella	\$32,401
II	Total Transient Occupancy Tax Revenues	\$630,823

NOTES:

[1] Source: DTA research.

ATTACHMENT 1-G
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 UTILITY USERS' TAX REVENUE ANALYSIS

Utility Assumptions

I Utility Usage Assumptions					
	Telephone (\$ per Unit) [1]	Electricity (\$ per Unit) [2]	Natural Gas (\$ per Unit) [2]	Water (\$ per Unit) [2]	Sewer (\$ per Unit) [3]
A Projected Residential Land Uses					
General Neighborhood	\$1,920	\$2,412	\$720	\$624	\$597
Residential Estate	\$1,920	\$2,412	\$720	\$624	\$597
B Existing Residential Land Uses					
	Telephone (\$ per Unit) [1]	Electricity (\$ per Unit) [2]	Natural Gas (\$ per Unit) [2]	Water (\$ per Unit) [4]	Sewer (\$ per Unit) [5]
General Neighborhood	\$1,920	\$2,412	\$720	\$0	\$0
Rural Rancho	\$1,920	\$2,412	\$720	\$0	\$0
Residential Estate	\$1,920	\$2,412	\$720	\$0	\$0
C Existing Non-Residential Land Uses					
	(\$ per Business) [1]	(kWh per Sq. Ft.) [6]	(Cu. Ft. per Sq. Ft.) [7]	(Gal. per Unit) [4]	(Gal. per Unit) [5]
General Neighborhood	\$1,920	9.0	21.9	\$0	\$0
Residential Estate	\$1,920	0.00	0.00	\$0	\$0
General Commercial	\$1,920	7.6	39.1	\$0	\$0
II Energy Price Assumptions					
A Non-Residential Land Uses					Commodity Charge
Electricity Costs per kWh [8]					\$0.1181
Natural Gas Rate per 1,000 Cu. Ft. [9]					\$13.19

Gross Utility Receipts

I Projected Residential Land Uses		
A General Neighborhood		
Telephone		\$727,680
Electricity		\$914,148
Natural Gas		\$272,880
Sewer		\$226,218
Water		\$236,496
B Residential Estate		
Telephone		\$312,960
Electricity		\$393,156
Natural Gas		\$117,360
Sewer		\$97,291
Water		\$101,712
II Existing Residential Land Uses		
A General Neighborhood		
Telephone		\$24,960
Electricity		\$31,356
Natural Gas		\$9,360
B Rural Rancho		
Telephone		\$9,600
Electricity		\$12,060
Natural Gas		\$3,600
C Residential Estate		
Telephone		\$69,120
Electricity		\$86,832
Natural Gas		\$25,920
III Non-Residential Land Uses		
A General Neighborhood		
Telephone		\$19,200
Electricity		\$178,208
Natural Gas		\$48,431
B Residential Estate		
Telephone		\$9,600
Electricity		\$0
Natural Gas		\$0
C General Commercial		
Telephone		\$1,920
Electricity		\$12,198
Natural Gas		\$7,009

Utility Users' Tax Assumptions

I Utility Users' Tax Rate Assumptions		
Telephone (Municipal Code §4.30.040)		5.00%
Electricity (Municipal Code §4.30.050)		5.00%
Natural Gas (Municipal Code §4.30.060)		5.00%
Sewer (Municipal Code §4.30.090)		5.00%
Water (Municipal Code §4.30.080)		5.00%

ATTACHMENT 1-G
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 UTILITY USERS' TAX REVENUE ANALYSIS

Fiscal Impact Calculation

I Fiscal Impact Category	Annual Fiscal Impact Amount
A Utility User's Tax - Telephone	
A.1 Projected Residential Land Uses	
General Neighborhood	\$36,384
Residential Estate	\$15,648
A.2 Existing Residential Land Uses	
General Neighborhood	\$1,248
Rural Rancho	\$480
Residential Estate	\$3,456
A.1 Existing Non-Residential Land Uses	
General Neighborhood	\$960
Residential Estate	\$480
General Commercial	\$96
B Utility User's Tax - Electricity	
B.1 Projected Residential Land Uses	
General Neighborhood	\$45,707
Residential Estate	\$19,658
B.2 Existing Residential Land Uses	
General Neighborhood	\$1,568
Rural Rancho	\$603
Residential Estate	\$4,342
B.3 Existing Non-Residential Land Uses	
General Neighborhood	\$8,910
Residential Estate	\$0
General Commercial	\$610
C Utility User's Tax - Natural Gas	
C.1 Projected Residential Land Uses	
General Neighborhood	\$13,644
Residential Estate	\$5,868
C.2 Existing Residential Land Uses	
General Neighborhood	\$468
Rural Rancho	\$180
Residential Estate	\$1,296
C.1 Existing Non-Residential Land Uses	
General Neighborhood	\$2,422
Residential Estate	\$0
General Commercial	\$350
D Utility User's Tax - Sewer	
D.1 Projected Residential Land Uses	
General Neighborhood	\$11,311
Residential Estate	\$4,865
E Utility User's Tax - Water	
E.1 Projected Residential Land Uses	
General Neighborhood	\$11,825
Residential Estate	\$5,086
II Total Utility Users' Tax Revenues	\$197,464

NOTES:

- [1] Based on the current base cost of AT&T Family Cell Phone plan and Business Unlimited Premium plan with two lines.
- [2] Source: DTA research.
- [3] Source: Coachella Sanitary District.
- [4] Existing properties do not currently receive water services from the Coachella Water Authority.
- [5] Existing properties do not currently receive sewer services from the Coachella Sanitary District.
- [6] Source: Table C15, 2018 Commercial Buildings Energy Consumption Survey, U.S. Energy Information Administration.
- [7] Source: Table C25, 2018 Commercial Buildings Energy Consumption Survey, U.S. Energy Information Administration.
- [8] Source: <https://www.electricitylocal.com/states/california/coachella/>
- [9] Source: <https://naturalgaslocal.com/states/california/coachella/>

* All figures subject to rounding

ATTACHMENT 1-H
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 MULTIPLIER REVENUE SOURCES ANALYSIS

Multiplier Revenue Assumptions

I	Revenue Category	Multiplier Factor [1]	Revenue Projection Basis
	Business Licenses	\$71.62	Per Employee
	Franchise Fees	\$21.46	Persons Served
	Licenses and Permits	\$0.27	Persons Served
	Fines and Forfeitures	\$4.47	Persons Served

Fiscal Impact Calculation

I	Fiscal Impact Category	Annual Fiscal Impact Amount
	Business Licenses	\$9,096
	Franchise Fees	\$53,028
	Licenses and Permits	\$667
	Fines and Forfeitures	\$11,045
II	Total Multiplier Revenues	\$73,836

NOTES:

[1] Source: City of Coachella Approved Budget, Fiscal Year 2024-2025.

* *All figures subject to rounding*

ATTACHMENT 1-I
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 INVESTMENT INCOME REVENUES ANALYSIS

Assumptions

I Investment Income Assumptions

Investment Period for Recurring Non-Interest General Fund Revenues	1 Month
Local Agency Investment Fund (LAIF) Rate of Return [1]	2.06%
Local Agency Investment Fund (LAIF) Percentage of Earnings Cost [1]	50.00%

Fiscal Impact Calculation

I Fiscal Impact Category	Annual Fiscal Impact Amount
Total Property Tax Revenues (Attachment 1-D)	\$1,288,080
Total Sales Tax Revenues (Attachment 1-E)	\$353,020
Total Transient Occupancy Tax Revenues (Attachment 1-F)	\$630,823
Total Utility Users' Revenues (Attachment 1-G)	\$197,464
Total Multiplier Revenues (Attachment 1-H)	\$73,836
II Projected Recurring General Fund Revenues Available for Investment	\$2,543,223
III Plus: Investment Income (Less Earnings Cost)	\$2,186
IV Total Recurring General Fund Revenues	\$2,545,409

NOTES:

[1] Estimate. Subject to change.

* *All figures subject to rounding*

ATTACHMENT 1-J
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 MULTIPLIER EXPENDITURES ANALYSIS

Multiplier Expenditure Assumptions

I <u>Expenditure Category</u>	<u>Multiplier Factor [1]</u>	<u>Expenditure Projection Basis</u>
Public Works	\$136.42	Persons Served
Development Services	\$67.60	Persons Served
Police Services	\$237.08	Persons Served
Animal Control	\$9.20	Persons Served
Emergency Services	\$1.68	Persons Served
Fire Services	\$96.87	Persons Served

Fiscal Impact Calculation

I <u>Fiscal Impact Category</u>	<u>Annual Fiscal Impact Amount</u>
Public Works	\$337,094
Development Services	\$167,040
Police Services	\$585,825
Animal Control	\$22,733
Emergency Services	\$4,151
Fire Services	\$239,366
II Total Multiplier Expenditures	\$1,356,209

NOTES:

[1] Source: City of Coachella Approved Budget, Fiscal Year 2024-2025.

* *All figures subject to rounding*

ATTACHMENT 1-K
 COACHELLA, CALIFORNIA: WEST ANNEXATION AREA 2024 (P7 AND MESQUITE)
 BASE PROGRAM
 GENERAL GOVERNMENT EXPENDITURES ANALYSIS

Assumptions

I General Government Overhead Expenditures

Total Recurring Fund Expenditures (excluding General Government Overhead) [1]	\$26,513,523
Recurring General Government Overhead Expenditures (as a % of Total Recurring Fund Expenditures) [2]	40.9%
Marginal Increase in General Government Costs	75%

Fiscal Impact Calculation

I Fiscal Impact Category	Annual Fiscal Impact Amount
Total Multiplier Expenditures (Attachment 1-I)	\$1,356,209
II Projected Recurring General Fund Expenditures	\$1,356,209
III Plus: General Government Costs	\$415,666
IV Total Recurring Expenditures	\$1,771,875

NOTES:

- [1] Source: City of Coachella Approved Budget, Fiscal Year 2024-2025.
- [2] General Government Overhead Expenditures defined as costs for Legislative, Administration, Finance, Development Services, and other General Government.
- * *All figures subject to rounding*