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**APPENDIX P:
KOSMONT PARTNERS, FISCAL IMPACT ANALYSIS,
VILLAGE AT PLAYA VISTA, JULY, 2003**



**FISCAL IMPACT ANALYSIS
VILLAGE AT PLAYA VISTA**

PREPARED FOR:

PCR SERVICES CORPORATION

AUGUST 2003

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FISCAL IMPACT ANALYSIS

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1.0 INTRODUCTION

This report presents an assessment of projected fiscal impacts which would occur with implementation of the proposed Village at Playa Vista Project (“Proposed Project”), a mixed-use community on 111 acres and located in the City of Los Angeles. The analysis presented in this document evaluates the fiscal relationship between the Proposed Project and the City.

The fiscal forecasts presented in this report do not represent precise projections. Rather, they are estimates that will provide an understanding of the future fiscal relationship between the Proposed Project and the City of Los Angeles based on the type, timing and extent of proposed development.

A fiscal impact analysis quantitatively estimates the revenues generated and the expenditures associated with the provision of public services to a development project. The fiscal effect on the City of Los Angeles associated with the development of the Proposed Project would consist of a series of revenue sources and expenditure commitments. This analysis focuses on the identification of revenues and expenditures that the City can anticipate on an annually recurring basis. This approach was selected because it is consistent with the approach typically used in analyses of this type. The analysis excludes estimates of one-time revenues and expenditures associated with Project approval and construction permits because it is presumed that the City has scheduled those fees on a cost recovery basis.

This fiscal analysis evaluates the project’s annually recurring revenue and cost impacts on the City’s general fund budget accounts, and does not include projections of capital costs for new facilities and major equipment. The City cost factors include a proportionate share of debt service for existing capital facilities. The fiscal analysis is prepared for the City only, and does not include projections for other jurisdictions, such as school districts.

In performing this analysis, Kosmont Partners relied upon information provided by a variety of sources, including the Project’s applicant, Playa Capital Company (PCC), and the fiscal year 2002-2003 operating budget of the City of Los Angeles. Appendix 1 contains a complete tabulation of all input factors and indicates the source of each. In those instances in which the analysis required subjective information, conservative assumptions were selected so as not to overstate the fiscal conclusions regarding revenues nor understate the conclusions regarding expenditures presented in this report. The fiscal analysis provided in this report is not required under CEQA, and is provided for informational purposes for Project decision-makers.

This fiscal analysis is organized into five sections. Section 2.0 presents a summary of the overall findings and net fiscal impacts on the City. Section 3.0 provides a description of the Proposed development. Section 4.0 presents the derivation of the revenues forecasted, while Section 5.0 provides the expenditure derivations. Full tabulations of all assumptions used in the analysis as well as the detailed revenue and expenditure derivations are presented in the appendices.

2.0 SUMMARY

This fiscal analysis focuses on the General Fund budget accounts of the City of Los Angeles. These budget accounts were selected because City day-to-day operations are generally funded from this source. The revenues and expenditures have been estimated for the City for the Proposed Project from 2007 through 2011. While the last portion of the Proposed Project would be constructed in 2010, its occupancy will occur in a phased manner over this year, with full occupancy forecasted to occur by December 2010. As the Proposed Project would not be fully occupied for the entire year of 2010, 2011 represents the first year of stabilized operations, as all Proposed Project components would be occupied at stabilized levels for the entire calendar year. All fiscal estimates are expressed in terms of constant 2003 dollars.

2.1 CITY OF LOS ANGELES

The summary revenue and expenditure results for the City of Los Angeles at Project stabilization are presented in Table 1. Upon stabilization, in terms of 2003 dollars, the City is projected to receive total revenues of \$3.8 million and to have expenditure obligations of \$2.8 million. This produces an estimated net positive fiscal impact (i.e., surplus) of \$1.1 million.

**TABLE 1
 SUMMARY FISCAL IMPACT AT STABILIZATION (2011)**

Revenues	\$3,808,000
Expenditures	<u>2,752,000</u>
Net Fiscal Impact	\$1,056,000

The revenue and expenditure projections for each year from 2007 through 2011 and the five-year total are presented in Table 2. The net fiscal impact starts at approximately \$508,000 in 2007 and will be approximately \$1.1 million by 2011.

**TABLE 2
 ANNUAL FISCAL IMPACT**

	2007	2008	2009	2010	2011	5-Yr Total
REVENUES						
Proposed Project	\$1,101,000	\$2,258,000	\$3,149,000	\$3,677,000	\$3,808,000	\$13,993,000
EXPENDITURES						
Proposed Project	<u>593,000</u>	<u>1,348,000</u>	<u>2,046,000</u>	<u>2,584,000</u>	<u>2,752,000</u>	<u>9,323,000</u>
NET FISCAL IMPACT	\$508,000	\$910,000	\$1,103,000	\$1,093,000	\$1,056,000	\$4,670,000

A breakdown of the estimated revenues and expenditures by individual categories upon reaching stabilization is presented in Table 3 on the following page. The largest revenue category is property tax, with revenues of approximately \$1.7 million per year, or 45% of the

total. It is followed by utility tax, with approximately \$700,000 in annual revenues, or 18% of the total. Other important revenue categories include business license tax, sales tax, and Motor Vehicle License Fees.

The largest expenditure category is police, which requires approximately \$1.6 million annually, or 59% of the total. The second largest expenditure category is fire protection, which requires approximately \$700,000 annually, or 24% of the total. Other important expenditure categories include general government, libraries, and parks and recreation.

**TABLE 3
 SUMMARY BY FISCAL CATEGORY
 FULL BUILD AND STABILIZED OPERATION (2011)**

Revenues	
Property Tax	\$1,697,000
Sales Tax	279,000
Business License Tax	485,000
Utility Tax	692,000
Utility Franchises	47,000
Motor Vehicle License Fees	314,000
1/2% Public Safety Sales Tax	42,000
Real Property Transfer Tax	72,000
Charges For Services	26,000
Fines & Forfeitures	<u>154,000</u>
Total Revenues	\$3,808,000
Expenditures	
Police	\$1,618,000
Fire	660,000
Library	135,000
Park	97,000
Recreation	71,000
Animal Control	29,000
General Government	<u>142,000</u>
Total Expenditure	\$2,752,000
Net Fiscal Impact	\$1,056,000

3.0 PROJECT DESCRIPTION

At full build-out and stabilization in 2011, the Proposed Project will include 2,600 housing units and a resident population of approximately 5,400, assuming a 95% occupancy rate for residential units. For the Proposed Project, planned non-residential development totals 365,000 square feet. This includes 175,000 square feet of office, 150,000 square feet of retail, and 40,000 square feet of community-serving users. A 95% occupancy rate is also assumed for the non-residential portion of the development.

The Proposed Project is expected to produce approximately 1,100 permanent on-site jobs at stabilization. The assessed valuation projected for the project at full build-out, in 2003 dollars, is \$1.1 billion. This is comprised of over \$1.0 billion in residential properties and \$66.0 million in non-residential development.

Table 4 presents a tabulation of the residential units or square feet of non-residential development completed in each year from 2007 through 2011.

**TABLE 4
 ANNUAL COMPLETION SCHEDULE**

	2007	2008	2009	2010	2011	Total
Residential (Units)	840	900	700	160	-	2,600
Retail (SQ FT)	150,000	-	-	-	-	150,000
Office (SQ FT)	175,000	-	-	-	-	175,000
Community Serving (SQ FT)	40,000	-	-	-	-	40,000

Table 5 presents the Table 4 information on a cumulative basis.

**TABLE 5
 AVERAGE ANNUAL CUMULATIVE COMPLETION SCHEDULE**

	2007	2008	2009	2010	2011
Residential (Units)	840	1,740	2,440	2,600	2,600
Retail (SQ FT)	150,000	150,000	150,000	150,000	150,000
Office (SQ FT)	175,000	175,000	175,000	175,000	175,000
Community Serving (SQ FT)	40,000	40,000	40,000	40,000	40,000

Table 6 presents a tabulation of the average annual cumulative absorption of the improvements by use type and area from 2007 through 2011.

**TABLE 6
 AVERAGE ANNUAL CUMULATIVE OCCUPANCY SCHEDULE**

	2007	2008	2009	2010	2011
Residential (Units)	357	1,056	1,751	2,299	2,470
Retail (SQ FT)	101,875	142,250	142,250	142,250	142,250
Office (SQ FT)	99,215	147,146	166,104	166,250	166,250
Community Serving (SQ FT)	17,000	37,833	38,000	38,000	38,000

Table 7 presents a cumulative tabulation of the build-out and stabilization of the development program in a consolidated form from 2007 through 2011. It also includes the cumulative assessed value (in 2003 dollars) and employment projections.

**TABLE 7
 CUMMULATIVE DEVELOPMENT PROGRAM AT YEAR-END**

	2007	2008	2009	2010	2011
Residential					
Number of Units	840	1,740	2,440	2,600	2,600
Population	785	2,323	3,852	5,058	5,434
Non-Residential (SQ FT)					
Retail	150,000	150,000	150,000	150,000	150,000
Office	175,000	175,000	175,000	175,000	175,000
Com Serving	40,000	40,000	40,000	40,000	40,000
Total SQ FT	365,000	365,000	365,000	365,000	365,000
Assessed Value					
Residential	\$172,330,000	\$529,290,000	\$857,520,000	\$1,033,520,000	\$1,066,780,000
Non-residential	<u>55,210,000</u>	<u>66,250,000</u>	<u>66,250,000</u>	<u>66,250,000</u>	<u>66,250,000</u>
Total	\$227,540,000	\$595,540,000	\$923,770,000	\$1,099,770,000	\$1,133,030,000
Employment	703	1,044	1,120	1,120	1,120

4.0 FISCAL REVENUES

4.1 METHODOLOGY AND SUMMARY RESULTS

Key to the projection of estimates of the fiscal revenues is the schedule of build-out provided by PCC. This data was combined with a variety of other revenue factors and parameters. For each of the five years of the analysis period, the scheduled build-out in terms of the quantity and different types of land uses was combined with revenue factors relating to those specific project elements. For instance, the number of square feet or units of development and their expected market value were combined with factors such as tax rates and anticipated household size to calculate different revenues flows. A complete description of the specific computation method is provided in the following sub-sections for each revenue line-item.

The Southern California Association of Governments (SCAG) currently projects substantial increases in residential development and employment creation through 2010 for the West Los Angeles area. As the Proposed Project constitutes only a portion of the growth anticipated, the proposed development will contribute to meeting current growth projections and as such the Proposed Project represents an increment of new growth, rather than a transfer of existing development from other locations within the City. While some individual businesses may relocate from their present locations to the Proposed Project site, these businesses at a City level, based on SCAG's projections, will be replaced. Thus, from a City perspective, development of the Proposed Project represents an increment of growth which does not currently exist. Therefore, the fiscal revenue projections provided herein reflect the condition whereby all of the development proposed under the Proposed Project is new to the City. Refer to the Population, Housing and Employment Analysis in Section IV.J of this Draft EIR for additional information regarding the relationship of SCAG growth projections and the Proposed Project.

For the purposes of this analysis, City revenues are divided into 10 categories. For each category, the City revenue potential was individually calculated. The total revenues for the City for the initial year and at full stabilization in 2011 are presented as follows:

Annual Revenue	
Initial Year (2007)	\$1,101,000
Stabilization (2011)	\$3,808,000

The computation of the estimated revenues for the City for each of the categories of sources is described in the subsections that follow. A tabulation of the assumptions for each revenue category is presented in Appendix 1. A tabulation of the estimated annual revenues for each individual category through 2011 is presented in Table 3 on page 3.

4.2 PROPERTY TAX

Development of the Proposed Project will result in an increase in the property values of the site and a corresponding increase in the property tax revenue generated for the City general fund. Increased property value would occur through site improvements, building construction and tenant improvements. The total base property tax is 1.0% of market value, in accordance with Article XIII of the State Constitution. Allocations of the base property tax between taxing entities varies by tax rate area (TRA). In the case of the Proposed Project site, the City will receive 15.0% of the base 1.0% property tax according to information provided by the Los Angeles County Auditor-Controller.¹

The property values that were utilized were provided for each land use type by PCC. These values reflect the Project Applicant's estimate of the value of the different Project elements. At this stage, detailed planning of individual Project elements has not yet been done. Therefore, the values used are averages for general classes and do not differentiate between subcategories of land uses or product types. For example, one average value was used for each owner-occupied housing unit and one value for each residential rental unit. The community serving land uses are assumed to be exempt from property tax.

The average values for all Project elements utilized in this analysis (per unit for residential components and per square foot for non-residential components) are presented in Appendix 1. The computation of the property tax shares for the City for each year of the five year period is presented in Appendix 2.

The City's property tax revenue is estimated to begin at \$341,000 in 2007, and rise to approximately \$1.7 million per year at stabilization.

4.3 REAL PROPERTY TRANSFER TAX

A tax on the transfer of real property is levied. The tax rate is \$1.10 per \$1,000 of transferred valuation, exclusive of any assumed loans. In incorporated areas of the County, the tax is equally shared between the City and the County. An example of the tax calculation for a residential property within the City of Los Angeles is as follows:

Selling price:	\$300,000
Less assumed loan	(\$15,000)
Amount subject to tax	\$285,000
Tax @ \$1.10 per \$1,000	\$314
City of Los Angeles share	\$157

¹ This analysis assumes that the current division of property tax between the City and County remains in effect. However, the "Property Tax Transfer Agreement Pursuant to Annexation by City of Los Angeles of a Portion of Playa Vista" indicates an alternative division that could yield greater value to the City. Accordingly, this analysis is a conservative case.

For the fiscal analysis, it is assumed that residential property is sold on average once every eight years (turnover rate of 12%), and that non-residential property is sold on average once every 15 years (turnover rate of 6.7%). The consideration rate (the ratio of property value subject to tax to selling price) is assumed to be 95% for residential property and 90% for non-residential property.

The City's real property transfer tax revenue is estimated to begin at \$13,000 in 2007, and rise to approximately \$72,000 per year at stabilization in 2011.

4.4 SALES TAX

The State collects an 8.25% sales tax on all qualifying sales in Los Angeles County. One percent (1.0%) is subsequently subvented by the State to the local jurisdiction (in this case the City of Los Angeles) in which the sale took place (i.e., to the point-of-sale). There will be several sources of taxable retail sales in the Proposed Project. Three are in the retail land use category and consist of food (i.e., grocery) stores, eating and drinking (i.e., restaurants) establishments and all other retail stores.

The annual per square foot taxable sales has been estimated for the three principal retail categories. Those estimates are presented in Appendix 1. To compute the on-site sales tax revenues the City will collect, the sales per square foot were applied to the level of development on-line in each category in each year. Total taxable sales for each category and the computation of the resulting tax revenues for the City for each year of the five year analysis are presented in Appendix 2.

The City's sales tax revenue is estimated to begin at \$200,000 in 2007, and rise to approximately \$280,000 at stabilization in 2011.

Some portion of the sales that occur on the Proposed Project site can be expected to be transfers of existing sales from retailers in other locations in the City. Therefore, in the absence of other considerations, utilizing the total on-site sales as a measure of net new retail sales in the City could potentially overstate the revenue impact to each jurisdiction.

However, consideration must be given to the fact that the Proposed Project is expected to have approximately 5,400 new residents and to be the place of employment for approximately 1,100 new workers at stabilization. Although those residents and workers will not be the exclusive patrons of the retail activity on site, they can be expected (if only because of their place of residence or employment) to engage in considerable new spending in the other nearby City areas from which the City will receive the point-of-sale sales tax subventions. On balance, therefore, it is reasonable to utilize the total on site retail sales as representative of the net new spending both on- and off-site by the new on-site residents and on-site employees that will generate net new sales tax revenues for the City.

4.5 BUSINESS LICENSE TAX

The City levies business license taxes at several different rates on a variety of business activities. Business license tax is levied at an effective rate of approximately 0.148% of gross receipts for activities such as retail sales and real estate rentals (both residential and commercial). A tax is levied on gross receipts from professional services at an effective rate of approximately 0.591%.

To calculate the City's tax revenue from this source, the appropriate tax rate was applied to gross receipts from all retail sales and rental receipts. Estimates of rental rates for residential and non-residential properties were provided by PCC. To estimate the business license tax on gross receipts for occupants of office properties in the site, the 1997 Economic Census for the County of Los Angeles was consulted. In that Census, average receipts per employee were approximately \$92,000 per year for the categories (e.g., business services, legal services, and engineering and accounting services) which are typical of the anticipated occupants of the office space on the site. Converting to 2003 dollars and assuming an average of 250 square feet per employee, average annual receipts in office buildings are estimated at \$413 per square foot.

The values for these estimates of gross receipts factors are presented in Appendix 1 for each category of land use. The gross receipts to which the tax rates are applied are presented in Appendix 2, along with the tax computations. The City's business tax revenues begin at approximately \$284,000 in 2007, and rise to approximately \$485,000 at stabilization.

4.6 UTILITY USER TAX

The City levies a tax on utility consumption at the "retail" level, which is paid by the utility user. The City levies a 12.5% tax on commercial electric power usage and a 10.0% tax on residential electric power usage. The City also levies a 10.0% tax on natural gas and telephone usage.

Estimates for the utility usage subject to utility tax were derived from several sources. Electric power, water and natural gas consumption for each land use category was obtained from Section IV.N, Utilities, of the Draft EIR. Estimates of utility rates to be applied to those consumption projections were made by Kosmont Partners based on discussions with the respective utility providers in the different areas. Applying those rates to the consumption yields the utility expenditures (e.g., per residential unit or per square foot of improvements) for electric power, water and natural gas subject to the utility tax. Estimates for the dollar amount of telephone usage by residential and non-residential users were made by Kosmont Partners. All of the usage factors used in the utility analysis are presented in Appendix 1. The derivation of the total utility usage and the taxes received by the City are presented in detail in Appendix 2.

The City's utility tax revenue is estimated to begin at \$179,000 in 2007, and rise to approximately \$692,000 at stabilization.

4.7 OTHER REVENUE SOURCES

There are several other sources that will provide significant revenues to the City as a result of the development of the Proposed Project. Those include:

1. Utility franchises
2. Motor vehicle license fees
3. Public safety sales tax
4. Charges for services
5. Fines and forfeitures

The revenues from these categories are either explicitly dependant upon or at least are highly correlated with resident population. Consequently, they are estimated in this analysis on a per capita basis. The factors for each revenue category for the City are presented in Appendix 1. The calculation of the revenue amounts for each area and for each year of the build-out period for the City are presented in Appendix 2. The derivation of the City per capita revenue factors are presented in Appendix 3.

4.7.1 Utility Franchises

The utility franchises are revenues the City receives from utility companies operating within the City. The formulae by which the franchise fees are computed for each utility are extremely complex and are not applicable in an analysis such as this analysis with its necessary level of generality. They are generally related to population and, because of the infeasibility of applying the precise formulae, are most often estimated on a per capita basis. The City's annual revenues in this category, attributable to the Proposed Project, begin at approximately \$7,000 in 2007, and rise to approximately \$47,000 by 2011.

4.7.2 Motor Vehicle License Fees

Motor vehicle license fees are provided to county and city jurisdictions by the State according to population. The City revenues for the Proposed Project were estimated on a per capita basis based on current population and revenue figures. The City's annual revenues in this category from the Proposed Project begin at approximately \$45,000 in 2007, and rise to approximately \$314,000 by 2011.

4.7.3 Public Safety Sales Tax

There is a 0.5% public safety sales tax collected on eligible sales which the State subvenes to counties and cities. That exact nature of the allocations to counties and cities is complex but is most closely correlated with population. Therefore, this revenue category was estimated based on per capita factors derived from the current population and the public safety revenues of the City. The City's annual revenues in this category from the Proposed Project begin at approximately \$6,000 in 2007, and rise to approximately \$42,000 by 2011.

4.7.4 Charges for Services

Charges for services is a revenue category which is highly dependent upon resident population. It represents income derived when a citizen is charged for a particular service provided directly by a local government. The factors used to estimate this revenue for the City were derived from the current population and revenues in this category. The City's annual revenues in this category, attributable to the Proposed Project, begin at approximately \$4,000 in 2007, and rise to approximately \$26,000 by 2011.

4.7.5 Fines and Forfeitures

Fines and forfeitures are revenues which are highly correlated to resident population. These include revenue items such as parking and traffic fines. The factors utilized to estimate them for the City in this analysis were derived from current population and revenues in this category. The City's annual revenues in this category from the Proposed Project begin at approximately \$22,000 in 2007, and rise to approximately \$154,000 by 2011.

5.0 FISCAL EXPENDITURES

5.1 METHODOLOGY AND SUMMARY RESULTS

The fiscal cost estimates are linked to the build-out schedule. The data from the build-out schedule have been combined with a number of cost factors to yield public service cost estimates for the City of Los Angeles. These services include police protection, fire protection and emergency medical services, library, recreation and parks, animal control and general government.

The total costs for the City for the initial year and at full stabilization in 2011 as follows:

Annual Expenditures	
Initial Year (2007)	\$593,000
Stabilization (2011)	\$2,752,000

The general approach to cost estimation has been through the analysis of the 2002-2003 budget for the City of Los Angeles. Annual operations and maintenance costs are estimated from the budget. These costs include personnel (salaries and benefits), supplies and services, outlays for equipment, and departmental overhead. Costs are then expressed on a basis of population, or population plus employment. When population plus employment is used as a basis for cost estimation, as in the case of police protection and fire protection, an employee is given the weight of one-half of a resident. Thus, per-employee cost factors for police and fire protection are one-half of the factors for residents. This per capita and per employee approach has been used for nearly all cost factors, with two exceptions. First, for parks maintenance costs in the City of Los Angeles, the acreage of parks serves as the basis for cost estimation. Second, the citywide general government costs in the City of Los Angeles are estimated as a percentage of all other City service costs. The detailed computations of cost factors are shown in Appendix 4.

5.2 CITY OF LOS ANGELES MUNICIPAL SERVICES

5.2.1 Police

The Los Angeles Police Department will provide police patrol and investigative services to the Proposed Project site. The cost of providing police services in the City of Los Angeles has been estimated on a unit basis as \$270 per capita and \$135 per employee. Total costs for providing police services to the Proposed Project are estimated at \$212,000 in 2007 and are projected to increase to \$1.5 million by 2011.

5.2.2 Fire Protection and Emergency Medical Services

The City of Los Angeles Fire Department currently operates Station 5 at 6221 West Manchester in Westchester, Station 62 at 3631 Centinela Avenue in Mar Vista, Station 63 at

1930 Shell Avenue in Venice, and Station 95 at 10010 International Road in the vicinity of Los Angeles International Airport. Annual costs for providing fire protection and emergency medical services in the City of Los Angeles are estimated at \$110 per capita and \$55 per employee. Additional costs for providing fire protection and emergency medical services to the Proposed Project site are estimated at \$86,000 in 2007, and are projected to increase to \$598,000 by 2011.

5.2.3 Library

The City of Los Angeles operates branch libraries at 7114 Manchester in Loyola Village and in Venice at 501 South Venice Boulevard. City library costs to serve the Proposed Project site are estimated to be \$25 per capita, resulting of a total increase in costs of approximately \$20,000 in 2007 and approximately \$135,000 in 2011.

5.2.4 Parks and Recreation

Annual recreation costs are estimated to be \$13 per capita. Parks maintenance costs are estimated to be \$8,480 per acre. Total parks and recreation costs for the City of Los Angeles that are attributable to the Proposed Project are estimated at \$107,000 in 2007, and are projected to increase to \$168,000 in 2011.

To the extent on-site park facilities are maintained privately, in lieu of services provided by the City, these costs to the City would not be incurred. Should this occur, an increase in the Proposed Project's net fiscal impact commensurate with these expenditure levels would occur.

5.2.5 Animal Control

City costs for animal control are estimated at \$4,000 in 2007 and at \$29,000 in 2011, based on a per capita annual cost estimate of \$5.26.

5.2.6 General Government

Citywide general government costs are estimated on the basis of budget relationships. General government services include such functions as personnel, finance, city attorney and City Council. Costs for these functions are divided by the overall line department costs for the City. Based on this analysis, citywide costs are estimated at 5.5% of all other City costs. General government costs for the Proposed Project are thus estimated to be \$31,000 in 2007 and \$142,000 in 2011.

APPENDIX 1

FISCAL IMPACT FACTORS

TABLE 1 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
REVENUE AND EXPENSE FACTORS

REVENUE FACTORS

PROPERTY TAX

Assessed Value

Residential (avg. \$ per unit)		
Owner Occupied	516,000	1
Rental	214,000	1
Office PSF	190	1
Retail PSF	220	1
Community Serving PSF	-	

Tax Rate

City of Los Angeles		
General Fund Revenue	0.150%	2

SALES TAX

Taxable Sales \$ PSF

Retail		
Food Stores	100	3
Eating & Drinking	250	3
All Other Retail	200	3

Sales Tax Rate

City of Los Angeles	1.0%	4
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BUSINESS LICENSE TAX

Commercial Gross Receipts (per year)

Office - Professional Firms \$ PSF	413	5
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Business License Tax Rate on Gross Receipts

Commercial (per year, to City)		
Office - Professional Firms	0.59%	6

Retail Sales		
City of Los Angeles	0.15%	6

Business License Tax on Rental Receipts

Gross Rent Receipts

Residential (Weighted Average Rent per year)		
Rental (\$ per unit)	20,140	1
Commercial (per year)		
Office PSF	28.80	1
Retail PSF	24.00	1

Business License Tax Rate on Rental Receipts

City of Los Angeles	0.15%	6
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Sources

- 1 Playa Capital Company
- 2 Los Angeles County Auditor Controller
- 3 Kosmont Partners
- 4 State of California
- 5 1997 Economic Census and Kosmont Partners
- 6 City of Los Angeles Budget, Fiscal Year 2002 - 2003

TABLE 1 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
REVENUE AND EXPENSE FACTORS

REVENUE FACTORS (continued)

UTILITY TAX

Electricity

Expenditures		
Residential (\$ per unit)	540.00	1
Office PSF	1.07	1
Retail PSF	2.01	1
Community Serving PSF	1.07	1
Tax Rate		
City of Los Angeles - Nonresidential	12.5%	2
City of Los Angeles - Residential	10.0%	2

Natural Gas

Expenditures		
Residential (\$ per unit)	420.00	1
Office PSF	0.26	1
Retail PSF	0.26	1
Community Serving PSF	0.26	1
Tax Rate		
City of Los Angeles	10.0%	2

Telephone

Expenditures		
Residential (\$ per unit)	1,200	1
Office (per employee)	821	1
Retail (per employee)	821	1
Community Serving (per employee)	103	1
Tax Rate		
City of Los Angeles	10.0%	2

UTILITY FRANCHISES

City of Los Angeles	8.68	3
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MOTOR VEHICLE LICENSE FEES

City of Los Angeles	57.71	3
---------------------	-------	---

1/2% PUBLIC SAFETY SALES TAX

City of Los Angeles	7.68	3
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REAL PROPERTY TRANSFER TAX RATE

City of Los Angeles	0.055%	2
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CHARGES FOR SERVICES

City of Los Angeles	4.71	3
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FINES & FORFEITURES

City of Los Angeles	28.34	3
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Sources

- 1 Kosmont Partners and CDM (Camp Dresser & McKee)
- 2 City of Los Angeles Budget, Fiscal Year 2002 - 2003
- 3 City of Los Angeles and Kosmont Partners (See Table A3-1)

TABLE 1 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
REVENUE AND EXPENSE FACTORS

EXPENDITURE FACTORS

Cost Per Capita:

Police	270.00	1
Fire	110.00	1
Library	25.00	1
Park	8,480.00	1
Recreation	13.00	1
Animal Control	5.26	1
General Government	5.5%	1

Cost Per Employee

Police	135.00	1
Fire	55.00	1

Source

1 City of Los Angeles Budget, Fiscal Year 2002 - 2003 and Kosmont Partners
(See Table A4-1)

TABLE 1 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
REVENUE AND EXPENSE FACTORS

OTHER PARAMETERS

Residential Units Breakdown

Owner Occupied	65.0%	1
Rental	35.0%	1

Retail Breakdown (SQ FT)

Food Stores	16.0%	1
Eating and Drinking	25.0%	1
All Other Retail	59.0%	1

Park Acreage

11.40	1
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Resident Population (per unit)

Owner Occupied	2.20	2
Rental	2.20	2

Employees

Office (SF per Employee)	250	2
Retail (SF per Employee)	375	2
Community Serving (SF per Employee)	500	2

Source

- 1 Playa Capital Company
- 2 PCR

APPENDIX 2

FISCAL REVENUES AND EXPENDITURE COMPUTATIONS

TABLE 2 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
FISCAL REVENUES AND EXPENDITURES CALCULATIONS

Year	2007	2008	2009	2010	2011
Occupancy Schedule Summary					
Residential (Units)	357	1,056	1,751	2,299	2,470
Retail (Sq Ft)	101,875	142,250	142,250	142,250	142,250
Office (Sq Ft)	99,215	147,146	166,104	166,250	166,250
Community Serving (Sq Ft)	17,000	37,833	38,000	38,000	38,000
Residential and Retail Breakdown with Office and Community Serving restated					
Residential (Units)					
Owner Occupied	232	686	1,138	1,494	1,606
Rental	125	370	613	805	865
Retail (Sq Ft)					
Food stores	16,300	22,760	22,760	22,760	22,760
Eating and Drinking	25,469	35,563	35,563	35,563	35,563
General Merchandise	60,106	83,928	83,928	83,928	83,928
Office	99,215	147,146	166,104	166,250	166,250
Community Serving	17,000	37,833	38,000	38,000	38,000
Population (Using: Pop./unit for resid., # of emp. PSF for office and retail in "Assumptions" to calc.)					
Population					
Owner Occupied	511	1,510	2,504	3,288	3,532
Rental	275	813	1,348	1,770	1,902
Total	<u>785</u>	<u>2,323</u>	<u>3,852</u>	<u>5,058</u>	<u>5,434</u>
Employee					
Retail	272	379	379	379	379
Office	397	589	664	665	665
Community Serving	<u>34</u>	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>
Total	<u>703</u>	<u>1,044</u>	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>

TABLE 2 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
FISCAL REVENUES AND EXPENDITURES CALCULATIONS

Year	2007	2008	2009	2010	2011
REVENUES					
PROPERTY TAX					
Assessed Value					
Residential					
Owner Occupied	140,870,000	432,670,000	700,980,000	845,210,000	872,040,000
Rental	31,460,000	96,620,000	156,540,000	188,310,000	194,740,000
Office	27,710,000	33,250,000	33,250,000	33,250,000	33,250,000
Retail	27,500,000	33,000,000	33,000,000	33,000,000	33,000,000
Community Serving PSF	-	-	-	-	-
Total	227,540,000	595,540,000	923,770,000	1,099,770,000	1,133,030,000
Property Tax					
City of Los Angeles	340,830	892,053	1,383,704	1,647,333	1,697,153
SALES TAX					
Taxable Sales					
Retail					
Food Stores	1,630,000	2,276,000	2,276,000	2,276,000	2,276,000
Eating & Drinking	6,367,188	8,890,625	8,890,625	8,890,625	8,890,625
All Other Retail	12,021,250	16,785,500	16,785,500	16,785,500	16,785,500
Total	20,018,438	27,952,125	27,952,125	27,952,125	27,952,125
Sales Tax					
City of Los Angeles	200,184	279,521	279,521	279,521	279,521
BUSINESS LICENSE TAX					
Business License Tax on Gross Receipts					
Commercial Gross Receipts					
Office - Professional Firms	40,975,795	60,771,298	68,600,952	68,661,250	68,661,250
Tax					
Office - Professional Service	242,167	359,158	405,432	405,788	405,788
Retail	30,028	41,928	41,928	41,928	41,928
Business License Tax on Rental Receipts					
Gross Rent Receipts					
Residential					
Rental	2,516,493	7,443,744	12,342,799	16,205,651	17,411,030
Commercial					
Office	2,857,392	4,237,805	4,783,795	4,788,000	4,788,000
Retail	2,445,000	3,414,000	3,414,000	3,414,000	3,414,000
Community Serving PSF	-	-	-	-	-
Total	7,818,885	15,095,549	20,540,594	24,407,651	25,613,030
Tax					
City of Los Angeles	11,572	22,341	30,400	36,123	37,907

TABLE 2 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
FISCAL REVENUES AND EXPENDITURES CALCULATIONS

Year	2007	2008	2009	2010	2011
UTILITY TAX					
Annual Consumption					
Electricity Expenditure					
Residential	192,780	570,240	945,540	1,241,460	1,333,800
Office	106,160	157,446	177,731	177,888	177,888
Retail	204,769	285,923	285,923	285,923	285,923
Community Serving	18,190	40,481	40,660	40,660	40,660
Total	521,899	1,054,090	1,449,854	1,745,930	1,838,270
Tax					
City of Los Angeles	60,418	117,505	157,593	187,205	196,439
Natural Gas					
Residential	149,940	443,520	735,420	965,580	1,037,400
Office	25,796	38,258	43,187	43,225	43,225
Retail	26,488	36,985	36,985	36,985	36,985
Community Serving	4,420	9,837	9,880	9,880	9,880
Total	206,643	528,600	825,472	1,055,670	1,127,490
Tax					
City of Los Angeles	20,664	52,860	82,547	105,567	112,749
Telephone					
Residential	428,400	1,267,200	2,101,200	2,758,800	2,964,000
Office	325,822	483,227	545,486	545,965	545,965
Retail	223,038	311,433	311,433	311,433	311,433
Community Serving	3,502	7,794	7,828	7,828	7,828
Total	980,762	2,069,654	2,965,946	3,624,026	3,829,226
Tax					
City of Los Angeles	98,076	206,965	296,595	362,403	382,923
Total Utility Tax					
City of Los Angeles	179,158	377,331	536,735	655,174	692,110
UTILITY FRANCHISES					
City of Los Angeles	6,814	20,156	33,422	43,882	47,146
MOTOR VEHICLE LICENSE FEES					
City of Los Angeles	45,322	134,063	222,296	291,867	313,576
1/2% PUBLIC SAFETY SALES TAX					
City of Los Angeles	6,032	17,842	29,585	38,844	41,734
REAL PROPERTY TRANSFER TAX					
City of Los Angeles	13,077	36,756	58,193	69,688	71,860
CHARGES FOR SERVICES					
City of Los Angeles	3,697	10,935	18,133	23,807	25,578
FINES & FORFEITURES					
City of Los Angeles	22,261	65,848	109,186	143,358	154,021
REVENUE SUMMARY					
City of Los Angeles	1,101,143	2,257,934	3,148,536	3,677,314	3,808,322

TABLE 2 - 1
VILLAGE AT PLAYA VISTA FISCAL IMPACT
FISCAL REVENUES AND EXPENDITURES CALCULATIONS

Year	2007	2008	2009	2010	2011
EXPENDITURES					
City of Los Angeles					
Per Capita Based:					
Police	212,058	627,264	1,040,094	1,365,606	1,467,180
Fire	86,394	255,552	423,742	556,358	597,740
Library	19,635	58,080	96,305	126,445	135,850
Park	96,672	96,672	96,672	96,672	96,672
Recreation	10,210	30,202	50,079	65,751	70,642
Animal Control	4,129	12,212	20,250	26,587	28,565
General Government	30,688	69,729	105,820	133,662	142,348
Per Employee Based					
Police	94,841	140,884	151,166	151,245	151,245
Fire	38,639	57,397	61,586	61,618	61,618
Total City Cost	593,266	1,347,991	2,045,714	2,583,945	2,751,860
Expenditures - City	593,266	1,347,991	2,045,714	2,583,945	2,751,860
NET FISCAL - CITY	507,877	909,942	1,102,822	1,093,369	1,056,462

APPENDIX 3

FISCAL REVENUE FACTOR DERIVATIONS

TABLE 3-1

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES REVENUE ANALYSIS
REVENUES ALLOCATED or ESTIMATED on a PER CAPITA BASIS**

	2000-2001 Revenue	Per Capita Revenue
Public safety sales tax	\$29,679,000	\$7.68
Motor vehicle license fees	223,000,000	57.71
Utility franchises	33,528,000	8.68
Fines and forfeitures	109,532,000	28.34
Charges for services	18,190,000	4.71

Source: Kosmont Partners
City of Los Angeles Annual Budget, Fiscal Year 2002-03

APPENDIX 4

FISCAL EXPENDITURE FACTOR DERIVATIONS

TABLE 4-1

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
SUMMARY of FISCAL COST FACTORS
(In Constant 2003 Dollars)**

Cost Category	Unit Cost	Cost Basis
Fire and Emergency Services		
Population	\$110	Per capita
Employment	55	Per employee
Police		
Population	270	Per capita
Employment	135	Per employee
Library		
	25	Per capita
Recreation and Parks		
Recreation programs	13	Per capita
Park Maintenance	8,480	Per acre
Animal Regulation		
	5.26	Per capita
Citywide Administrative Overhead		
	5.45%	Percent of all other costs

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-2

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
FIRE and EMERGENCY SERVICES
(In Constant 2003 Dollars)**

			2002-2003 Amount
Annual Budget			
Department budget			\$407,261,222
Interdepartmental charges			0
Related costs			<u>118,562,816</u>
Total			\$525,824,038
Service Base			
	Persons and Employees	Equivalent Service Units per Person and Employee	Equivalent Service Units
Population	3,864,400	1.00	3,864,400
Employment	<u>1,805,036</u>	0.50	<u>902,518</u>
Total	5,669,436		4,766,918
Cost per Equivalent Service Unit			\$110
Cost per Person and Employee			
Population			\$110
Employment			\$55

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-3

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
POLICE**

(In Constant 2003 Dollars)

		Fiscal Year 2002-2003	
Annual Costs			
	Department budget		\$928,482,383
	Interdepartmental charges		0
	Related costs		375,093,031
	Total		<u>\$1,303,575,414</u>
Service Base			
		Equivalent Service Units per Person and Employee	Equivalent Service Units
	Persons and Employees		
	Population	1.00	3,864,400
	Employment	0.50	902,518
	Total		<u>4,766,918</u>
	Cost per Equivalent Service Unit		\$270
Cost per Person and Employee			
	Population		\$270
	Employment		\$135

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-4

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
LIBRARY**

(In Constant 2003 Dollars)

	Fiscal Year 2002-2003
Annual Costs	
Department budget	\$62,459,841
Interdepartmental charges	0
Related costs	<u>34,858,782</u>
Total	\$97,318,623
Population	3,864,400
Cost per Capita	\$25

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-5

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
RECREATION and PARKS
(In Constant 2003 Dollars)**

	Fiscal Year 2002-2003
Annual Costs	
Department budget	\$122,655,675
Interdepartmental charges	0
Related costs	<u>60,131,224</u>
Total	\$182,786,899
 Recreation Programs	
Population	3,864,400
Cost per capita	\$13.00
Total Cost	\$51,127,854
 Parks Maintenance	
Maintenance costs	\$131,659,045
Park acres	15,520
Cost per acre	\$8,480

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-6

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
ANIMAL REGULATION
(In Constant 2003 Dollars)**

	Fiscal Year 2002-2003
Annual Costs	
Department budget	\$13,658,118
Interdepartmental charges	0
Related costs	<u>6,655,766</u>
Total	\$20,313,884
 Population	 3,864,400
 Cost per Capita	 \$5.26

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03

TABLE 4-7

**VILLAGE AT PLAYA VISTA FISCAL IMPACT
CITY of LOS ANGELES COST ANALYSIS
CITYWIDE GENERAL GOVERNMENT COSTS**
(In Constant 2003 Dollars)

	Fiscal Year 2002-2003
Citywide Costs	
City administrative officer	\$14,639,056
City attorney	103,711,967
City clerk	23,775,432
Controller	35,678,063
Council	20,115,217
Department on disability	2,230,617
Employee relations board	533,252
Ethics commission	2,529,146
Human relations	1,511,741
Mayor	7,128,553
Office of Finance	37,842,282
	<hr/>
Total	\$249,695,326
 Line Department Costs	 \$4,577,398,929
 Total Costs	 \$4,827,094,255
 Citywide Overhead Rate	 5.45%

Source: Kosmont Partners
City of Los Angeles Budget, Fiscal Year 2002-03