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DRAFT

FISCAL ANALYSIS OF THE TREASURE ISLAND REDEVELOPMENT PROJECT

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Treasure Island Development Authority

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I. INTRODUCTION

The Treasure Island Development Authority (TIDA) is currently planning for the redevelopment of former Naval Station Treasure Island (TI) with a prospective master developer, Treasure Island Community Development, LLC. One of the primary issues to redevelopment is the provision of public services to residents and visitors to the islands. In addition to assuring adequate services, it will be important to create a safe and well-maintained community and thereby help generate the financial value necessary to fund essential infrastructure and public facilities.

The relative isolation of the islands from the rest of the City generally contributes to above-average service costs. One of the primary objectives for the islands is the ability to fund ongoing public services without adversely affecting the City's fiscal outlook. This fiscal analysis provides a basis for evaluating the potential level, timing and costs of General Fund services necessary to support the future neighborhood compared to the General Fund revenues. The analysis will provide a basis for structuring financial mechanisms to mitigate potential annual fiscal impacts and to assure a stable, ongoing source of funding to sustain the quality of life on the islands. This analysis considers ongoing annual revenues and costs; capital facility and infrastructure funding is a separate, although related, analysis. This analysis does not include costs or revenues associated with the draft transportation program that are not General Fund expenses, with the exception of MUNI service, which is a General Fund program; those costs and revenues are part of the Draft Transportation Plan.

The current analysis is based on a review of current residential, commercial and public facility development plans for the islands. General Fund services, costs and revenues have been developed through discussions with City departments, evaluation of budget documents, and analyses conducted by the TIDA staff, its consultants and members of the development team. It is anticipated that the analysis will be revised as the development program is refined and modified, and as more detailed review is conducted. Financial agreements and mechanisms to be established will also influence future fiscal flows. While the estimates in this analysis are likely to change as a result of programmatic changes, actual service demands, and economic conditions varying over time, the intent is to establish strategies that will respond to change and achieve the City's objectives and guiding principles for the islands.

II. GUIDING PRINCIPLES

In addition to estimating the future fiscal revenues and costs, this analysis is also predicated on key principles upon which future iterations of the fiscal analysis will be based. The redevelopment plans for Treasure Island are centered on creating a new San Francisco neighborhood and park that is a model of sustainability. The principles that are listed below reflect a specific element of the commitment to sustainability—financial sustainability and self-sufficiency.

Principle One: Project financing will not rely on the City’s General Fund and will be structured to ensure that there is no adverse impact or risk to the General Fund.

Principle Two: TIDA will establish a municipal services payment for years in which the costs of public services are projected to exceed tax revenues. These established fees will be a project cost and will be paid from project cash flow on a priority basis before cash flow goes to TICD.

Principle Three: Tax-exempt financing district(s), such as a Mello-Roos, will be established, some of the proceeds of which will be used to fund certain services on Treasure Island.

Principle Four: The Disposition and Development Agreement will identify reliable funding sources for open space maintenance and subsidies for transportation services and programs.

Principle Five: The revenue and expense estimates in this fiscal analysis will be updated for the Disposition and Development Agreement.

III. SUMMARY

FINDINGS

- 1. At Project buildout, revenues should cover annual ongoing operating costs.** The estimates shown in **Table 1** indicate that additional net revenues may be available to fund additional public services, if necessary.
- 2. The Project will generate additional dedicated revenues and contribute towards Citywide programs.** The Project will generate various revenues, estimated in **Table 2**, which are not required for direct Project services. For example, a portion of the Transient Occupancy Tax will go towards various City programs. Health and welfare programs will also benefit from increases in State subventions as a result of additional residents on the islands. To the extent that assessments, special taxes, or other fees are utilized to fund specific services on the islands, e.g., road maintenance, other revenues such as additional gas taxes may be available for Citywide services and will not be necessary for island maintenance.
- 3. During initial phases prior to buildout, fiscal shortfalls are likely, requiring project contributions to assure no adverse impact on the General Fund.** Shortfalls are projected to occur because of the need for a minimum level of public services and infrastructure necessary in advance of development. For example, a minimum level of fire protection staff and facilities, as well as police protection, is necessary in advance of significant population increases.
- 4. Project-specific funding will cover initial fiscal shortfalls and assure a steady source of ongoing revenue after buildout.** For example, assessments, special taxes, or other fees created by the project will help to fill funding gaps during and after buildout. It will be important to balance the burdens among various uses to assure that market demand, pricing, and absorption of new development is not significantly affected to the point of threatening project feasibility.

Table 1
Summary of Annual Fiscal Impacts
Treasure Island Redevelopment (5,500 Units)

Description	Fiscal Year Ending												(Buildout)
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES													
Possessory Interest/Property Tax (1)	\$166,000	\$166,000	\$166,000	\$166,000	\$229,982	\$582,143	\$1,195,428	\$2,170,151	\$4,016,153	\$5,639,610	\$6,580,736	\$6,466,736	\$6,466,736
Pass-Through of Tax Increment	\$0	\$0	\$0	\$52,703	\$281,748	\$656,037	\$970,880	\$1,303,730	\$1,542,184	\$2,273,174	\$3,127,963	\$3,928,340	\$4,221,635
Property Tax in-lieu of VLF (2)	\$0	\$0	\$0	\$43,935	\$245,543	\$616,279	\$980,995	\$1,420,984	\$1,927,547	\$2,523,761	\$3,053,980	\$3,402,976	\$3,522,565
Sales Tax	\$43,000	\$43,000	\$43,000	\$43,000	\$381,041	\$409,571	\$518,798	\$559,296	\$1,002,686	\$1,042,769	\$1,086,344	\$1,076,826	\$1,076,931
Sales Tax Allocation to Public Safety	\$28,000	\$28,000	\$28,000	\$28,000	\$247,726	\$266,271	\$337,269	\$363,593	\$651,796	\$677,300	\$705,624	\$699,937	\$700,005
Motor Vehicle License Fee	\$90,000	\$90,000	\$90,000	\$90,000	\$162,355	\$216,622	\$278,641	\$348,412	\$436,272	\$509,052	\$591,744	\$568,506	\$568,506
Property Transfer Tax	\$0	\$0	\$0	\$0	\$2,691,751	\$2,288,977	\$2,802,266	\$3,351,184	\$4,359,242	\$5,238,340	\$4,846,065	\$3,218,293	\$3,003,755
Highway Users Tax (Gas Tax)	\$54,000	\$54,000	\$54,000	\$54,000	\$96,885	\$129,050	\$165,808	\$207,162	\$259,237	\$301,971	\$350,983	\$336,957	\$336,957
MUNI	\$404,600	\$404,600	\$404,600	\$404,600	\$404,600	\$809,200	\$809,200	\$809,200	\$1,213,800	\$1,213,800	\$1,213,800	\$1,213,800	\$1,213,800
Transient Occupancy Tax (3)	\$0	\$0	\$0	\$0	\$1,462,990	\$1,542,646	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583
Utility Tax	\$5,162	\$10,324	\$10,324	\$10,324	\$47,618	\$53,819	\$107,782	\$121,380	\$184,858	\$193,127	\$202,577	\$180,106	\$180,106
Business License/Payroll Tax	\$0	\$0	\$0	\$166,910	\$289,318	\$306,844	\$483,351	\$716,607	\$851,387	\$883,934	\$910,640	\$1,073,856	\$1,073,856
Franchise Fees	\$21,000	\$21,000	\$21,000	\$21,000	\$39,598	\$53,546	\$77,737	\$96,660	\$124,853	\$144,757	\$166,011	\$160,974	\$160,974
Subtotal	\$811,762	\$816,924	\$816,924	\$1,080,472	\$6,581,156	\$7,931,005	\$11,545,737	\$14,285,943	\$19,387,599	\$23,459,178	\$25,654,051	\$25,144,891	\$25,343,411
EXPENDITURES													
Fire Protection	\$4,248,976	\$4,403,580	\$4,558,183	\$4,712,787	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390	\$4,867,390
Police Services	\$3,001,973	\$3,001,973	\$3,001,973	\$3,041,974	\$3,449,320	\$3,737,027	\$4,103,337	\$4,523,748	\$5,015,061	\$5,400,871	\$5,839,283	\$5,757,436	\$5,757,436
911 and Health Services	\$33,818	\$33,818	\$33,818	\$33,818	\$109,347	\$165,995	\$230,735	\$303,567	\$395,282	\$489,844	\$576,164	\$593,449	\$593,449
MUNI	\$1,156,000	\$1,156,000	\$1,156,000	\$1,156,000	\$1,156,000	\$2,312,000	\$2,312,000	\$2,312,000	\$3,468,000	\$3,468,000	\$3,468,000	\$3,468,000	\$3,468,000
TIDA Administration	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000
Subtotal	\$9,440,766	\$9,595,370	\$9,749,973	\$9,944,578	\$10,582,057	\$12,082,412	\$12,513,462	\$13,006,705	\$14,745,733	\$15,226,105	\$15,750,837	\$15,686,275	\$15,186,275
SURPLUS (SHORTFALL)	(\$8,629,004)	(\$8,778,445)	(\$8,933,049)	(\$8,864,105)	(\$4,000,901)	(\$4,151,408)	(\$967,725)	\$1,279,237	\$4,641,865	\$8,233,073	\$9,903,214	\$9,458,616	\$10,157,135
Parks and Open Space	\$0	\$0	\$0	\$31,651	\$342,514	\$394,513	\$679,377	\$3,403,666	\$3,509,924	\$4,375,819	\$4,445,904	\$8,219,214	\$8,219,214
Road Maintenance	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569	\$252,569
Subtotal	\$252,569	\$252,569	\$252,569	\$284,221	\$595,083	\$647,082	\$931,946	\$3,656,235	\$3,762,493	\$4,628,388	\$4,698,473	\$8,471,783	\$8,471,783
TOTAL SURPLUS (SHORTFALL)	(\$8,881,573)	(\$9,031,015)	(\$9,185,618)	(\$9,148,326)	(\$4,595,984)	(\$4,798,490)	(\$1,899,670)	(\$2,376,997)	\$879,372	\$3,604,685	\$5,204,741	\$986,833	\$1,685,352
OTHER REVENUES													
Project Funding	\$8,881,573	\$9,031,015	\$9,185,618	\$9,148,326	\$4,595,984	\$4,798,490	\$1,899,670	\$2,376,997	\$0	\$0	\$0	\$0	\$0
Subtotal, Other Revenues	\$8,881,573	\$9,031,015	\$9,185,618	\$9,148,326	\$4,595,984	\$4,798,490	\$1,899,670	\$2,376,997	\$0	\$0	\$0	\$0	\$0
NET AFTER OTHER REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$879,372	\$3,604,685	\$5,204,741	\$986,833	\$1,685,352

(1) Generated from outside of the redevelopment area.

(2) Permanence of property tax in-lieu of VLF uncertain at this point in time.

(3) Assumes in-lieu payment is charged to time-share properties.

Table 2
Other Fiscal Revenues
Treasure Island Redevelopment (5,500 Units)

Description	Fiscal Year Ending												(Buildout)
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transient Occupancy Tax (Non-GF)	\$0	\$0	\$0	\$0	\$1,099,164	\$1,159,011	\$2,116,888	\$2,116,888	\$2,116,888	\$2,116,888	\$2,116,888	\$2,116,888	\$2,116,888
Sales Tax Realignment (Health and Welfa	\$308,294	\$308,294	\$308,294	\$308,294	\$555,212	\$740,401	\$952,044	\$1,190,144	\$1,489,972	\$1,736,890	\$2,019,082	\$1,940,068	\$1,940,068
VLF Realignment (Health and Welfare)	\$232,767	\$232,767	\$232,767	\$232,767	\$419,193	\$559,013	\$718,807	\$898,575	\$1,124,950	\$1,311,376	\$1,524,435	\$1,464,778	\$1,464,778
Sales Tax Allocation to Transportation	\$26,000	\$26,000	\$26,000	\$26,000	\$228,824	\$245,943	\$311,479	\$335,778	\$601,812	\$625,661	\$651,807	\$646,096	\$646,159
Total Other Revenue	\$567,061	\$567,061	\$567,061	\$567,061	\$2,302,394	\$2,704,367	\$4,099,218	\$4,541,384	\$5,333,622	\$5,790,816	\$6,312,211	\$6,167,830	\$6,167,893

PROJECT DESCRIPTION

Construction on TI and YBI is assumed to begin by 2009. **Table 3** is a preliminary summary of the amount and phasing of land uses, population and employment. This summary is consistent with the land use plan and program presented to date, as well as the Draft Phasing Plan presented previously. The table indicates completed construction. Actual timing will depend on a number of factors, including refinement of the program, construction staging, and economic conditions. It is likely that specific costs and revenues will vary year-to-year; certain costs, e.g., fire protection and police protection (which are currently provided), will be required from inception of development while many revenues such as hotel and sales taxes may lag slightly behind development and occupancy as a result of the timing of State collections and distributions.

The land use program includes 5,500 residential units in addition to the commercial component of approximately 450 hotel and conference rooms, 215,000 square feet of new retail/ commercial space, and the rehabilitation of Building One and the hangars. Revenues generated by the residential and commercial development provide the basis for the fiscal forecasts described in more detail in the following chapters and in the appendix.

Public facilities include approximately 330 acres of parks and open space and 12 miles of roadways. Estimates of annual operating expenditures for maintenance, as well as to provide police and fire protection to residents, employees and visitors, and other services, are the basis for the annual cost estimates.

**Table 3
Development Schedule
Treasure Island Redevelopment (5,500 Units)**

Item	Total at Buildout	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual Increment														
<u>Commercial</u>														
T.I./YBI Full Service/Timeshare	420 rms	0	0	0	0	0	0	250	0	170	0	0	0	0
YBI Conference Center	30 rms	0	0	0	0	0	0	0	30	0	0	0	0	0
Retail/Commercial	215,000 sqft	0	0	0	0	100,000	0	0	0	115,000	0	0	0	0
Building 1 (office portion)	54,799 sqft	0	0	0	0	54,799	0	0	0	0	0	0	0	0
Hangars	240,766 sqft	0	0	0	0	0	0	0	0	0	0	0	240,766	0
<u>New Residential</u>														
Total Residential For-Sale	3,272 units	0	0	0	0	416	312	357	402	506	580	476	223	0
Inclusionary For-Sale	578 units	0	0	0	0	74	55	63	71	89	102	84	39	0
TI Residential Rental	578 units	0	0	0	0	74	55	63	71	89	102	84	39	0
Inclusionary Rental	103 units	0	0	0	0	13	10	11	13	16	18	15	7	0
TIHDI/Agency Affordable Resi	969 units	0	0	0	0	123	93	106	119	150	172	141	66	0
Subtotal	5,500 units	0	0	0	0	700	525	600	675	850	975	800	375	0
<u>Existing Residential</u>														
TI/YBI Existing Market Rate Housing		640	640	640	640	640	640	640	640	640	440	440	0	0
TI/YBI Existing Affordable Housing		234	234	234	234	234	234	234	234	234	159	159	0	0
Subtotal		874	874	874	874	874	874	874	874	874	599	599	0	0
New Residential Units Not in Redevelopment Area	1,473 units	0	0	0	0	0	197	0	425	425	425	0	0	0
Cumulative Total														
<u>Commercial</u>														
T.I./YBI Full Service/Timeshare	420 rms	0	0	0	0	0	0	250	250	420	420	420	420	420
YBI Conference Center	30 rms	0	0	0	0	0	0	0	30	30	30	30	30	30
Retail/Commercial	215,000 sqft	0	0	0	0	100,000	100,000	100,000	100,000	215,000	215,000	215,000	215,000	215,000
Building 1 (office portion)	54,799 sqft	0	0	0	0	54,799	54,799	54,799	54,799	54,799	54,799	54,799	54,799	54,799
Hangars	240,766 sqft	0	0	0	0	0	0	0	0	0	0	0	240,766	240,766
Paid Public Parking Space	1,598 sp	0	0	145	291	436	581	726	872	1,017	1,162	1,307	1,453	1,598
<u>New Residential</u>														
TI Residential For-Sale	3,272 units	0	0	0	0	416	729	1,086	1,487	1,993	2,573	3,049	3,272	3,272
Inclusionary For-Sale	578 units	0	0	0	0	74	129	192	263	352	454	538	578	578
TI Residential Rental	578 units	0	0	0	0	74	129	192	263	352	455	539	578	578
Inclusionary Rental	103 units	0	0	0	0	13	23	34	47	63	81	96	103	103
TIHDI/Agency Affordable Resi	969 units	0	0	0	0	123	216	322	441	590	762	903	969	969
Subtotal	5,500 units	0	0	0	0	700	1,225	1,825	2,500	3,350	4,325	5,125	5,500	5,500
<u>Existing Residential</u>														
TI/YBI Existing Market Rate Housing		640	640	640	640	640	640	640	640	640	440	440	0	0
TI/YBI Existing Affordable Housing		234	234	234	234	234	234	234	234	234	159	159	0	0
Subtotal		874	874	874	874	874	874	874	874	874	599	599	0	0
Total Residential Units	5,500 units	874	874	874	874	1,574	2,099	2,699	3,374	4,224	4,924	5,724	5,500	5,500
<u>Demographic</u>														
Residents	12,375 2.25	1,967	1,967	1,967	1,967	3,542	4,723	6,073	7,592	9,504	11,079	12,879	12,375	12,375
Hotel & Conference Guests	2.0	0	0	0	0	0	0	350	392	630	630	630	630	630
New Jobs	2,145 perma	0	0	0	333	578	613	965	1,431	1,700	1,765	1,819	2,145	2,145

IV. EXPENDITURES

The following sections summarize key public services that will be required as redevelopment of TI and YBI occurs. Additional detail and tables documenting assumptions and calculations are included in **Appendix A**.

POLICE SERVICES

The current level of staffing appears to provide some capacity to handle increased calls and could be augmented as demands exceed that capacity and/or the types of calls require a greater level of backup. Based on a current San Francisco average of 2.5 sworn officers per 1,000 residents, approximately 30 officers would be required. Assuming that TI and YBI require additional officers because of the islands' relative isolation, a nearly 25 percent increase results in about 37 officers (including supervisory staff), or the equivalent of 3 units, which are included in the fiscal analysis. The staffing and related costs are phased in as development occurs. Estimated costs include three additional "8202" officers, vehicles, training, overhead, etc. The costs do not include overtime for special events. The level and cost of future police protection will vary depending on the type and extent of future calls for service.

FIRE PROTECTION

Fire protection services will be provided to TI and YBI from a new station planned for TI. The fiscal analysis assumes a phased increase of current staffing levels and costs by approximately 30 percent to include a fully staffed station with an engine company, truck company, ambulance, and management personnel prior to the occupancy of new units. The total staffing at buildout relative to YBI and TI populations is higher per capita compared to San Francisco averages; this is largely attributable to the minimum level of staffing that is necessary to provide coverage on TI and YBI because of their isolation, independent of population levels. Depending on the magnitude and type of future service demands, as well as a potential need for additional support facilities, it may be necessary to add staff and/or facilities in addition to those shown in the fiscal analysis. Costs for overtime, relief, and equipment maintenance are also included.

PARKS AND OPEN SPACE MAINTENANCE

Over 300 acres of parks and open space are planned on TI and YBI which will require maintenance, in addition to related facilities (play structures, picnic tables, paths, signage, etc.) and landscaping along roadways. Maintenance costs include landscape and hardscape maintenance, turf care, tree pruning, irrigation, trash and cleanup, repair of furniture, fixtures and equipment, flower bed plantings, janitorial, graffiti abatement, security, and program management and overhead. The costs are scaled to a level

consistent with the creation of the proposed Great Park, which is intended to be both a San Francisco amenity and an international destination.

PUBLIC WORKS (ROADS)

Maintenance of roadways will include street sweeping, routine maintenance of roads, sidewalks, striping and signage, as well as resurfacing and reconstruction that will be necessary as roads age. For budget purposes, life-cycle costs for ongoing maintenance and periodic reconstruction have been estimated; it is assumed that annual payments will be accumulated to provide reserves adequate to fund ongoing annual maintenance as well as major resurfacing/reconstruction at periodic intervals.

911 AND HEALTH SERVICES

This item reflects costs related to emergency room visits and hospital stays, which are partially funded by the General Fund. Estimates are based on the amount of planned housing units and program, estimated hospital visits associated with the resident population and cost per visit. Costs associated with the CCSF's emergency communications system are included in the fiscal analysis, based on a per capita calculation.

MUNI

The fiscal analysis includes costs and revenues for MUNI bus service between TI and San Francisco, consistent with the service levels projected in the Draft Transportation Plan. Costs, which include bus operations and maintenance of equipment, are partially offset by fare box revenues, which are assumed for the purposes of this analysis to be 35% of total operations.

TIDA ADMINISTRATION

TIDA administrative costs for management, implementation and oversight of public infrastructure and facilities, public funding, special studies and governmental coordination, and other tasks are included in the budget. The roles and responsibilities reflected in this line item are similar to those performed by the San Francisco Redevelopment Agency for administration of the buildout of the Mission Bay project. Following project development, it is assumed that ongoing staff costs, at a reduced level, will be necessary to manage tax increment and debt, provide for contracting of maintenance and operating services, and oversee public services and facilities serving the islands.

V. REVENUES

The following sections summarize key revenues that will be generated as redevelopment of TI and YBI occur. Additional details regarding assumptions and calculations are included in **Appendix A**.

PROPERTY TAX

Property tax based on 1 percent of value will be collected from the land and improvements on TI and YBI. In areas that are subject to the Public Trust and therefore continue in public ownership but leased to private interests, a “possessory interest tax” will be collected in an amount equivalent to property tax.

Within the redevelopment area, the taxes collected will be distributed to TIDA for redevelopment purposes. A 20 percent portion of the “tax increment” collected is required by California Redevelopment Law to be passed-through to taxing entities (including the CCSF), and 20 percent is required to be allocated to affordable housing purposes. The remainder is available for redevelopment purposes, namely the funding of capital improvements including payment of debt service that extends beyond the initial development period. After buildout of TI and YBI, tax increment not otherwise committed to debt service or other redevelopment purposes could be available for distribution to taxing entities, including the General Fund.

PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE

Recent changes in the State budget converted a significant portion of Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based on a per capita formula, into property tax distributions. These distributions increase over time based on assessed value growth within each entity. The estimates of the amount generated by TI and YBI are based on the islands’ contributions to Citywide assessed value growth.

SALES TAX

Sales tax will be generated by commercial uses on TI and YBI, including retail stores and restaurants patronized by hotel guests, residents and other visitors. Expenditures by TI and YBI residents spent elsewhere in San Francisco will also produce sales tax to the City. Although office uses can sometimes produce taxable sales as a result of direct sales to customers, no office uses are currently planned for Treasure Island.

One percent of taxable sales benefit the General Fund. An additional 0.60 of 1 percent is a voter-approved local tax dedicated to transportation purposes (MUNI and the SF Transportation Authority), and another 0.65 of 1 percent is a voter-approved local tax dedicated to public safety.

MOTOR VEHICLE LICENSE FEE

Motor Vehicle License Fees are a state subvention derived from the payments made by residents for the licensing of vehicles. Related revenues previously subvented to cities and counties on a per-capita basis are now distributed in the form of property tax and increased based on assessed value growth. The fiscal analysis estimates the VLF on a per-capita basis, and the property tax portion is based on increases in assessed value, as noted previously.

PROPERTY TRANSFER TAX

CCSF collects a property transfer tax of \$6.80 per \$1,000 of transferred value. The analysis estimates the tax based on the full value of newly developed residential units upon initial sale, and as a percentage of other units assuming resale activity. Commercial property is assumed to be built and operated by a single entity, with no sale occurring within the forecast period. Revenues would be greater to the extent that commercial transfers occur.

TRANSIENT OCCUPANCY TAX

Transient Occupancy Tax (TOT) will be generated by the proposed hotels on TI and conference center on YBI. The CCSF currently receives 14 percent of room charges. Of the total TOT, 57 percent is allocated to the General Fund.

UTILITY TAX

The utility tax is a 7.5 percent tax on commercial utility billings for gas, electric, water and telephone. In addition, residential cell phone users pay a utility tax. The fiscal analysis estimates the revenue based on billing estimates for commercial uses, and an average charge per resident related to cell phone use.

BUSINESS LICENSE/PAYROLL TAX

CCSF has both a business license and a payroll tax. For estimating purposes, the fiscal analysis uses a "per employee" estimate based on total jobs in San Francisco; the resulting factor is multiplied by the projected jobs in TI and YBI.

FRANCHISE FEES

Franchise fees equal to 6.5 percent of gas, electric and cable bills are collected by the City from utility providers. The fiscal analysis estimates franchise fee revenue based on utility billing estimates for commercial and residential uses.

HIGHWAY USERS TAX (GAS TAX)

The City receives a share of gas taxes generated Statewide; the allocations are based on a number of factors, i.e., population, road miles, etc. The fiscal analysis estimates additional gas tax revenues on a “per capita” basis.

OTHER REVENUES

Table 1 indicates that other sources of revenue may be necessary to assure a steady stream of ongoing funding for services. These revenues may include developer payments, assessments, fees, and/or special taxes to fund services such as park and open space maintenance and road maintenance. The exact form, amount and timing of each revenue will be determined as more detailed financing plans are developed, and the burdens of these funding sources are balanced against the need to fund infrastructure improvements.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX A

FISCAL MODEL

Table A-1
TI/YBI Fiscal Analysis
Annual Revenue Assumptions (5,500 Units)

Item	Assumption	Source	Comments
<u>Possessory Interest/Property Tax</u>			
Avg. Sale Value/Unit (Rental/For-Sale)	\$228,000 / \$750,000	TICD (01/06)	Market-rate only
Existing Units' Property Tax (1%)	\$38 per month per unit	John Stewart Company (Oct 2005)	
Tax Rate	1.00%	CCSF	
Share of Tax to City			
out of Redevelopment Area	57.0%	CCSF	
in Redevelopment Area (pass-through)	11.4%	CCSF	57% City share of 20% pass-through
<u>Sales Tax</u>			
Retail			
Sq. Ft.	215,000	TICD (02/06)	
Taxable Sales/sq. ft.	\$300	EPS Estimate	
Tax Rate	1.0%	CCSF Controller's Office (2005-06)	Local Revenue Fund and Local Sales
Taxable Sales/Occupied Hotel Room	420		
Taxable Sales/occupied room	\$30,648	EPS Estimate	Equal to 50% of room revenue
Household Taxable Spending	\$27,000	EPS Estimate	
Capture Rate in CCSF	25.0%	EPS Estimate	Assumes 25% spent in the City, 50% outside of the City; balance is included in T.I. retail.
<u>Motor Vehicle License Fee</u>			
Population (at Buildout)	12,375		Assume 2.3 persons per unit
Amount per capita	\$46	CCSF Controller's Office (2005-06)	
<u>VLF Allocation to Health and Welfare</u>			
Population (at Buildout)	12,375		Assume 2.3 persons per unit
Amount per capita	\$118	CCSF Controller's Office (2005-06)	
<u>Property Tax in-lieu of VLF</u>			
Base Property Tax in-lieu of VLF	\$102,520,441	CA State Controller's Office	Revenues to CCSF based on increase in CCSF assessed value due
<u>Property Transfer Tax</u>			
Avg. Sale Value/Unit (Rental/For-Sale)	\$228,000 / \$750,000		only assumed for residential
Tax Rate	0.68% of sale price	CCSF	
Turnover after buildout	10.00%	EPS Estimate	
<u>Highway Users Tax</u>			
Population (at Buildout)	12,375		Assume 2.3 persons per unit
Amount per capita	\$27.23	CA State Controller's Office (2005-06)	
<u>Transient Occupancy Tax</u>			
Hotel Rooms	420	TICD (02/06)	+ 30 rooms from YBI Conference
Avg. Rate (T.I. Full Service)	\$215	EPS based on PKF Consulting	
Occupancy (T.I. Full Service)	73%	EPS based on PKF Consulting	
Avg. Rate (T.I. Timeshare)	\$400	EPS based on PKF Consulting	
Occupancy (T.I. Timeshare)	100%	EPS based on PKF Consulting	
Avg. Rate (YBI Hotel)	\$500	EPS based on PKF Consulting	
Occupancy (YBI Hotel)	75%	EPS based on PKF Consulting	
Tax Rate	14%	CCSF	Total City rate before allocation to programs
Tax Share to General Fund	57%	CCSF	
Tax Share to Others	43%	CCSF	
<u>Utility Tax</u>			
Commercial sq. ft. (Retail, Office, Hangers)	510,565		
Annual Avg. utilities/sq. ft.	\$2.50	EPS Estimate	Gas, electric, water, and phone
Annual Avg. utilities/hotel room	\$2,500	EPS Estimate	
Cell Phone Bills per Resident	\$35	EPS Estimate based on Siefel	
Tax Rate	7.5%	CCSF	
<u>Business License/Payroll Tax</u>			
Employees	2,145	EPS Estimate	
Avg. Tax/employee	\$501	CCSF Controller's Office (2005-06)	Based on Citywide per employee average
<u>Franchise Fees</u>			
Tax Rates	6.5%	CCSF	Gas, electric, and cable
Utility Bills			
Residential	\$140 per unit per month	SF Housing Authority	
Hotel	\$2360 per room per year	EPS based on PKF Consulting	
Office/Commercial	\$1.50 per sq. ft. per month		Gas, electric, and cable

Table A-1
TI/YBI Fiscal Analysis
Annual Revenue Assumptions (5,500 Units)

Item	Assumption	Source	Comments
<u>Sales Tax Allocation to MUNI and SFCTA</u>			
Tax Rate	0.60% of Taxable Sales	CCSF Controller's Office (2005-06)	Includes fund allocation to Muni and SFCTA
<u>Sales Tax Allocation to Public Safety</u>			
Tax Rate	0.65% of Taxable Sales	CCSF Controller's Office (2005-06)	
<u>Sales Tax Allocation to Health and Welfare</u>			
Population (at Buildout)	12,375		
Amount per capita	157	CCSF Controller's Office (2005-06)	
<u>MUNI</u>			
Total Revenue (at buildout)	\$1.2 mill.	CCSF	35% of Operating Cost

Table A-2
TI/YBI Fiscal Analysis
Annual Operating Cost Assumptions (5,500 Units)

Item	Assumption	Source	Comments
<u>Public Works</u>			
Maintenance			
Arterials	522,900 sq ft / \$0.61 per sq. ft.	CCSF DPW (06/05)	10% increase from the original cost estimates obtained from CCSF DPW in 06/05; road square footage obtained from Korve Engineering
Connectors/Neighborhood	,477,200 sq ft / \$0.33 per sq. ft.	CCSF DPW (06/05)	
Reconstruction			
Arterials	522,900 sq ft / \$2.59 per sq. ft.	CCSF DPW (06/05)	inc. maint., sweeping (offset by citations)
Connectors/Neighborhood	,477,200 sq ft / \$2.15 per sq. ft.	CCSF DPW (06/05)	
Equivalent Annual Costs	252,569	EPS Estimate	
<u>Fire Department</u>			
Stations	1		
Cost (staff, overhead)	\$4.9 mill.	CCSF	Staffing, annual equipment costs, and maintenance; staffing and cost increases phased in prior to occupancy of first units.
<u>Police Services</u>			
Officers	33	EPS estimate (3 units)	30% above City avg. per cap Officers & costs could be higher, depending on service demands; 10% inflationary increase from the original cost estimates obtained from CCSF in 2004
Total Cost	\$5.8 mill.	Based on CCSF costs	
Phasing			\$2.5 mill. in Phase I and increase to \$5.8 mill. at buildout based on daytime population growth
<u>MUNI</u>			
Total Cost	\$3.5 mill.	Korve Engineering (02/06)	
<u>Open Space Maintenance</u>			
Total Cost (at buildout)	\$8.2 mill.	CMG (Feb 2006)	
<u>Public Health</u>			
Total Cost (at buildout)	380,639	Mayors Office (01/06)	
<u>Emergency Communications (911)</u>			
Total Cost (at buildout)	\$221,478		
Per Capita Cost	\$17.20	CCSF Controller's Office (2005-06)	

**Table A-3
Fire Operating Costs in Treasure Island
Treasure Island Redevelopment**

Title	Postn Shifts		FTE		TOTALS					
			Shifts +Relief	OT FTE	Salary	OT	Sal + OT	Fringe	TOTAL	
H2 firefighter (Fire Alarm System)	1	3.44	4.20	0.07	327,244	8,047	335,291	32,047	367,338	
H2 firefighters (Engine)	2	6.88	8.39	0.14	654,488	16,094	670,582	64,094	734,676	
H2 firefighters (one EMT) (Truck)	4	13.76	16.79	0.28	1,308,976	32,188	1,341,164	128,188	1,469,352	
H2 firefighters/EMTs (Ambulance)	2	6.88	8.39	0.14	654,488	16,094	670,582	64,094	734,676	
H3 firefighter/paramedic (Engine)	1	3.44	4.20	0.07	377,970	9,294	387,264	37,015	424,279	
Lieutenant/Captain (Engine)	1	3.44	4.20	0.07	433,987	10,672	444,659	42,500	487,159	
Lieutenant/Captain (Truck)	1	3.44	4.20	0.07	433,987	10,672	444,659	42,500	487,159	
Subtotal									4,704,640	
Equipment Replacement								116,250	116,250	
Maintenance								46,500	46,500	
TOTAL	12	41.28	50.3616	0.83	\$4,191,140	\$103,061	\$4,294,200	\$410,440	\$162,750	\$4,867,390

Table A-4
Police Operating Costs in Treasure Island
Treasure Island Redevelopment

Item	Salary	Variable (1)	Fixed	Total	Adjusted (1)
Personnel Costs					
1 Lieutenant (Q62)	\$106,880	\$11,650	\$6,175	\$124,705	\$137,175
4 Sergeants (Q52)	\$374,380	\$40,807	\$24,700	\$439,887	\$483,876
32 Officers (Q4)	\$2,580,768	\$281,304	\$197,600	\$3,059,672	\$3,365,639
3 Bldg and Grounds Patrol Officers (8202)	\$146,187	\$31,284	\$18,525	\$195,996	\$215,596
Total Personnel Costs	\$3,208,215	\$365,045	\$247,000	\$3,820,260	\$4,202,286
Other Planned Operating Costs					
Maintenance (Janitorial Service - Bldg #1)				\$30,252	\$33,277
Vehicle Maintenance (14 vehicles)				\$16,188	\$17,807
Vehicle Fuel (14 vehicles)				\$25,296	\$27,826
Materials & Supplies (\$700/mo)				\$8,400	\$9,240
Workers Comp (\$5134/staff)				\$205,350	\$225,885
Training (\$109/staff)				\$4,366	\$4,803
Overhead (29.42% of personell costs)				<u>\$1,123,921</u>	<u>\$1,236,313</u>
Total Other Planned Operating Costs				\$1,413,773	\$1,555,150
Total Operating Costs				\$5,234,033	\$5,757,436

(1) Inflated @ 10 percent to adjust operating costs.

**Table A-5
Road Maintenance - Annual Equivalent Costs Calculation
Treasure Island Redevelopment**

			Assumption	Total	2009	2010	2011	2012	2013	2014	2015	2016
<u>Maintenance</u>			Sq ft.									
		per sq.ft.										
Arterials	522,900	\$0.61										
Collectors/Neighborhood	1,477,200	\$0.33										
Total Cost (2009 to 2176)			\$18,488,102	0	0	0	0	0	0	0	0	0
NPV		5%	1,521,685									
Equivalent Annual Costs		6.8%	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835
Cumulative Balance (inflated @ 1%)		1.00%		103,835	208,709	314,631	421,613	529,664	638,796	749,020	860,345	
<u>Reconstruction</u>			per sq.ft.									
Arterials	522,900	\$2.59										
Collectors/Neighborhood	1,477,200	\$2.15										
Total Cost (2009 to 2176)			\$28,473,440	0	0	0	0	0	0	0	0	0
NPV		5%	\$1,692,097									
Equivalent Annual Costs		8.8%	\$148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734
Cumulative Balance (inflated @ 1%)		1%		148,734	298,955	450,678	603,919	758,692	915,012	1,072,896	1,232,359	
Total Annual Amortized Payment				252,569	252,569	252,569	252,569	252,569	252,569	252,569	252,569	252,569

**Table A-5
Road Maintenance - Annual Equivalent Costs Calculation
Treasure Island Redevelopment**

			Assumption	Total	2017	2018	2019	2020	2021	2022	2023
<u>Maintenance</u>			Sq ft.								
		per sq.ft.									
Arterials	522,900	\$0.61			316,355						
Collectors/Neighborhood	1,477,200	\$0.33								487,476	
Total Cost (2009 to 2176)			\$18,488,102	0	316,355	0	0	0	0	487,476	0
NPV		5%	1,521,685								
Equivalent Annual Costs		6.8%	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835
Cumulative Balance (inflated @ 1%)		1.00%		972,784	769,993	881,528	994,178	1,107,955	735,394	846,584	
<u>Reconstruction</u>			per sq.ft.								
Arterials	522,900	\$2.59									
Collectors/Neighborhood	1,477,200	\$2.15									
Total Cost (2009 to 2176)			\$28,473,440	0	0	0	0	0	0	0	0
NPV		5%	\$1,692,097								
Equivalent Annual Costs		8.8%	\$148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734
Cumulative Balance (inflated @ 1%)		1%		1,393,416	1,556,084	1,720,379	1,886,316	2,053,913	2,223,186	2,394,152	
Total Annual Amortized Payment					252,569	252,569	252,569	252,569	252,569	252,569	252,569

**Table A-5
Road Maintenance - Annual Equivalent Costs Calculation
Treasure Island Redevelopment**

Assumption			Total	2024	2025	2026	2027	2028	2029	2030	2031
<u>Maintenance</u>											
	Sq ft.	per sq.ft.									
Arterials	522,900	\$0.61		316,355							
Collectors/Neighborhood	1,477,200	\$0.33						487,476			
Total Cost (2009 to 2176)			\$18,488,102	0	316,355	0	0	0	487,476	0	0
NPV		5%	1,521,685								
Equivalent Annual Costs		6.8%	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835
Cumulative Balance (inflated @ 1%)		1.00%		958,885	755,954	867,349	979,858	1,093,492	720,786	831,829	943,983
<u>Reconstruction</u>											
		per sq.ft.									
Arterials	522,900	\$2.59									
Collectors/Neighborhood	1,477,200	\$2.15									
Total Cost (2009 to 2176)			\$28,473,440	0	0	0	0	0	0	0	0
NPV		5%	\$1,692,097								
Equivalent Annual Costs		8.8%	\$148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734	148,734
Cumulative Balance (inflated @ 1%)		1%		2,566,827	2,741,229	2,917,375	3,095,283	3,274,969	3,456,453	3,639,751	3,824,882
Total Annual Amortized Payment				252,569	252,569	252,569	252,569	252,569	252,569	252,569	252,569

**Table A-5
Road Maintenance - Annual Equivalent Costs Calculation
Treasure Island Redevelopment**

	Assumption		Total	2032
<u>Maintenance</u>				
	Sq ft.	per sq.ft.		
Arterials	522,900	\$0.61		316,355
Collectors/Neighborhood	1,477,200	\$0.33		
Total Cost (2009 to 2176)			\$18,488,102	316,355
NPV		5%	1,521,685	
Equivalent Annual Costs		6.8%	103,835	103,835
Cumulative Balance (inflated @ 1%)		1.00%		740,903
<u>Reconstruction</u>				
		per sq.ft.		
Arterials	522,900	\$2.59		1,351,697
Collectors/Neighborhood	1,477,200	\$2.15		
Total Cost (2009 to 2176)			\$28,473,440	1,351,697
NPV		5%	\$1,692,097	
Equivalent Annual Costs		8.8%	\$148,734	148,734
Cumulative Balance (inflated @ 1%)		1%		2,660,169
Total Annual Amortized Payment				252,569

**Table A-6
Operating and Maintenance Cost Summary
Treasure Island Redevelopment**

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Plazas	\$ 4,332,249	\$ 16,683	\$ 180,535	\$ 207,943	\$ 358,091	\$ 1,794,031	\$ 1,850,039	\$ 2,306,441	\$ 2,343,383	\$ 4,332,249
Neighborhood Block Public Parks and Plaza	\$ 379,825	\$ 1,463	\$ 15,828	\$ 18,231	\$ 31,395	\$ 157,290	\$ 162,200	\$ 202,215	\$ 205,453	\$ 379,825
Property Management	\$ 453,767	\$ 1,747	\$ 18,910	\$ 21,780	\$ 37,507	\$ 187,910	\$ 193,776	\$ 241,580	\$ 245,450	\$ 453,767
Yerba Buena Island	\$ 1,223,580	\$ 4,712	\$ 50,990	\$ 58,730	\$ 101,138	\$ 506,698	\$ 522,516	\$ 651,420	\$ 661,854	\$ 1,223,580
Allowances	\$ 241,880	\$ 931	\$ 10,080	\$ 11,610	\$ 19,993	\$ 100,165	\$ 103,292	\$ 128,774	\$ 130,837	\$ 241,880
TOTAL Open Space O&M	\$ 6,631,301	\$ 25,537	\$ 276,342	\$ 318,295	\$ 548,124	\$ 2,746,094	\$ 2,831,823	\$ 3,530,431	\$ 3,586,976	\$ 6,631,301
Landscape Maintenance	\$ 552,318	\$ 2,127	\$ 23,016	\$ 26,511	\$ 45,653	\$ 228,721	\$ 235,861	\$ 294,048	\$ 298,757	\$ 552,318
Property Maintenance	\$ 1,035,596	\$ 3,988	\$ 43,156	\$ 49,707	\$ 85,599	\$ 428,851	\$ 442,240	\$ 551,340	\$ 560,170	\$ 1,035,596
TOTAL Streetscape O&M	\$ 1,587,914	\$ 6,115	\$ 66,172	\$ 76,218	\$ 131,252	\$ 657,572	\$ 678,101	\$ 845,388	\$ 858,928	\$ 1,587,914
TOTAL	\$ 8,219,214	\$ 31,651	\$ 342,514	\$ 394,513	\$ 679,377	\$ 3,403,666	\$ 3,509,924	\$ 4,375,819	\$ 4,445,904	\$ 8,219,214

**Table A-7
Public Health Cost Calculation
Treasure Island Redevelopment**

Item	
Total number of units	5500
# affordable units	919 ¹
Person per unit	2.3
Population seeking DPH services	2114.0 ²
DPH	
Analysis of ER and Inpatient Admissions	
Expected # ER visits annual	634 ³
% increase in people to ER	0.9% ⁴
Inpatient cost per visit	\$565 ⁵
Annual cost of ER visits	\$358,315
# of patients admitted annually	89 ⁶
Cost per day of inpatient	3000 ⁵
Average length of stay(days)	5.8 ⁷
Annual admission cost	\$1,544,879
Total cost ER+Inpatient Admissions	\$1,903,194
Non-GF Reimbursements	\$1,522,555 ⁸
Remaining General Fund Cost	\$380,639

(1) Units that will be sold or rented to individuals who earn less than the Area Median Income.

(2) Uses 2.3 residents per unit assumption

(3) According to the California Health Care Foundation (CHF), average # of ER visits per person is .3/yea

(4) According to DPH, current annual visits is 60,000

(5) According to Gregg Sass, DPH

(6) According to the CHF, 14% of ED visits result in admissions.

(7) According to OSHPD (state regulatory agency for acute care hospitals)

(8) On average, SFGH generates \$4 in reimbursements for every \$5 spent per patient visit

Table A-8
Transient Occupancy Tax Revenue Potential
Treasure Island Redevelopment (5,500 Units)

Source	Annual/Unit (2006 \$)	Fiscal Year Ending						Fiscal Year Ending					
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Effective Room Revenue</u>													
T.I. Full Service Hotel(s) (1)	\$57,287	\$0	\$0	\$0	\$0	\$11,457,350	\$11,457,350	\$17,186,025	\$17,186,025	\$17,186,025	\$17,186,025	\$17,186,025	\$17,186,025
T.I. Timeshare (2)	\$146,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,220,000	\$10,220,000	\$10,220,000	\$10,220,000	\$10,220,000	\$10,220,000
YBI Hotel	\$136,875	\$0	\$0	\$0	\$0	\$6,843,750	\$6,843,750	\$6,843,750	\$6,843,750	\$6,843,750	\$6,843,750	\$6,843,750	\$6,843,750
YBI Conference Center	\$33,215	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$996,450</u>	<u>\$996,450</u>	<u>\$996,450</u>	<u>\$996,450</u>	<u>\$996,450</u>	<u>\$996,450</u>	<u>\$996,450</u>
Total		\$0	\$0	\$0	\$0	\$18,301,100	\$19,297,550	\$35,246,225	\$35,246,225	\$35,246,225	\$35,246,225	\$35,246,225	\$35,246,225
<u>Transient Occupancy Tax</u>													
	14%												
T.I. Full Service Hotel(s) (1)	\$8,020	\$0	\$0	\$0	\$0	\$915,901	\$915,901	\$1,373,851	\$1,373,851	\$1,373,851	\$1,373,851	\$1,373,851	\$1,373,851
T.I. Timeshare (2)		\$0	\$0	\$0	\$0	\$0	\$0	\$816,987	\$816,987	\$816,987	\$816,987	\$816,987	\$816,987
YBI Hotel		\$0	\$0	\$0	\$0	\$547,089	\$547,089	\$547,089	\$547,089	\$547,089	\$547,089	\$547,089	\$547,089
YBI Conference Center	\$4,650	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$79,656</u>	<u>\$79,656</u>	<u>\$79,656</u>	<u>\$79,656</u>	<u>\$79,656</u>	<u>\$79,656</u>	<u>\$79,656</u>
Total		\$0	\$0	\$0	\$0	\$1,462,990	\$1,542,646	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583	\$2,817,583

(1) Assumes 200 rooms in 2013 and 100 rooms in 2015.

(2) Assume a room rate of \$400 per night for the purpose of TOT in-lieu calculation

Sources: Economic & Planning Systems, Inc.