DAVID TAUSSIG & Associates, Inc.

FISCAL AND ECONOMIC IMPACT STUDY

WORLD LOGISTICS CENTER
MORENO VALLEY, CALIFORNIA

JANUARY 15, 2013

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FISCAL AND ECONOMIC IMPACT STUDY

WORLD LOGISTICS CENTER
MORENO VALLEY, CALIFORNIA

Prepared For

Highland Fairview
14225 Corporate Way
Moreno Valley, California 92553

Prepared By

David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, California 92660

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EXECUTIVE SUMMARY

I. PURPOSE OF STUDY

The objective of this Fiscal and Economic Impact Study (the "Study") is to analyze the fiscal and economic impacts of the proposed development of the World Logistics Center (the "Center") on the City of Moreno Valley ("City") and the County of Riverside ("County"). The Center is comprised of 41.4 million building square feet of high-cube industrial land use, 200,000 building square feet of general warehouse space, and 3,000 building square feet of light retail space for the sale of fuel, food, and convenience items. The Study analyzes the recurring fiscal impacts of the Center's development on the City General Fund, and also identifies the general economic impacts on the City in terms of employment, gross receipts, and earnings creation for City residents and workers.

II. TYPES OF FISCAL AND ECONOMIC IMPACTS TO CITY OF MORENO VALLEY EVALUATED IN THE STUDY

A. FISCAL IMPACTS ON CITY OF MORENO VALLEY GENERAL FUND

The purpose of the fiscal analysis component of this Study is to estimate the net fiscal impacts of the Center's proposed development and construction on the City General Fund. The fiscal impacts identified in this Study include recurring municipal revenues and costs to the City General Fund that result from the land use scenario analyzed. City General Fund revenues are generated from a variety of revenue sources, including property taxes, sales taxes, fees, and fines. Costs to the City General Fund are associated with a variety of services, such as police protection, fire protection, public works maintenance, and general government services.

B. ECONOMIC IMPACTS ON CITY OF MORENO VALLEY

The Study also identifies the general economic impacts on the City that would occur and quantifies these impacts wherever possible. General economic impacts include additions to the City's employment (number of average annual full- & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries and benefits, other labor income, and employer and employee contributions to social security). The Study also distinguishes between one-time impacts and permanent impacts. One-time impacts include benefits to the City that occur on a non-recurring basis as a result of construction activity, while permanent impacts refer to benefits that occur on a continuing basis, year after year.

III. DESCRIPTION OF WORLD LOGISTICS CENTER

The World Logistics Center (the "Center") is located in the County of Riverside and is comprised of approximately 41.6 million building square feet of industrial land use. The specific land uses are broken down into three categories: Logistics Development ("LD"), Light Logistics ("LL"), and Logistics Support ("LS"). The LD category covers 2,636 acres and is designated for high-cube logistics uses. Traffic analyses presume that buildings in this area will be a minimum of 500,000 square feet in size. The Center includes up to 41.4 million square feet of logistics uses in the LD category.

Correspondingly, the LL category covers 29 acres and is designated for general warehouse uses. There is no minimum building size in this category. The Center's Specific Plan ("Specific Plan") permits up to 200,000 square feet of general warehouse space in the LL category. The LS category will be allocated 3,000 square feet of building area and will be a "floating site" in the Specific Plan; the final site will be determined when development plans/tentative maps are designed. LS will accommodate fueling facilities, fast food, and convenience retail.

The Center is located in Rancho Belago, California, at the eastern edge of the City of Moreno Valley (the "City"). The Center will require the construction of significant new infrastructure, financed through public and/or private funds, to be ultimately owned by the City and maintained by the City's General Fund. At this time, it is estimated that these public infrastructure improvements will consist of 54 lane miles of roadways, 75 acres of landscaped parkways and medians, 4 signalized intersections, 699 streetlights, 18.1 linear miles of storm drains, and 17.2 linear miles of sidewalks/trails. Please refer to **Table 2E** for further information on these public improvements.

IV. CONCLUSIONS OF ANALYSIS RELATED TO CENTER

Following are the major conclusions related to the fiscal and economic impacts of the Center:

A. FISCAL IMPACTS

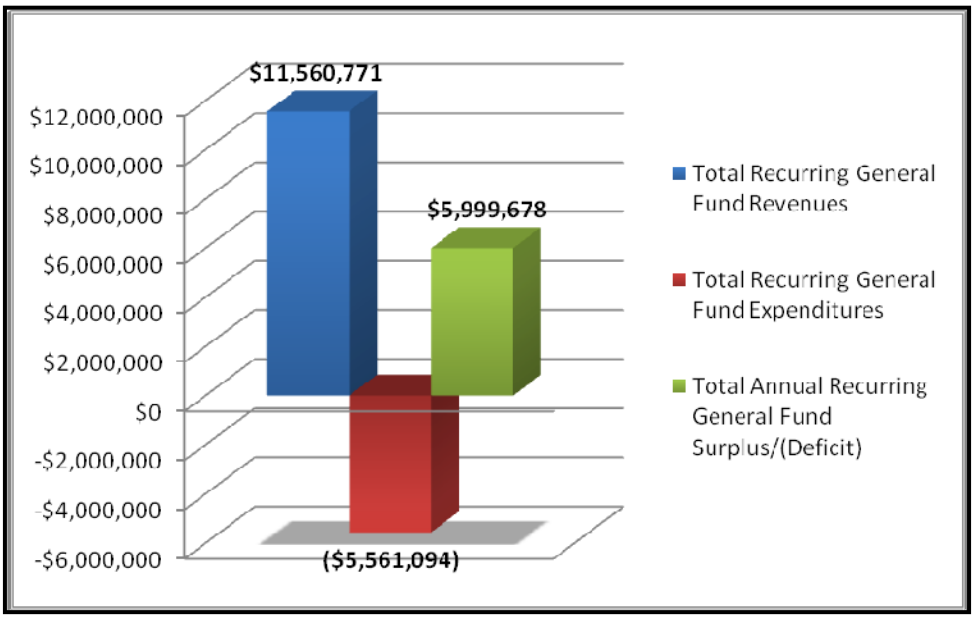
As reflected in **Table A** and **Figure A** below, the positive Net Fiscal Impact is estimated to be $5,999,678 annually, based on $11,560,771 in fiscal revenues and $5,561,094 in fiscal costs. The fiscal surplus results primarily from property tax in lieu of VLF revenues (40.1% of total) and property tax revenues (secured and unsecured) (31.9%), together constituting approximately 72.0% of total recurring revenues to the City General Fund. The Annual Revenue/Cost Ratio of 2.08 is especially impressive, and demonstrates, inter alia, that the Center will have a very positive impact on the City's General Fund. In comparison, the City's General Fund currently runs a Revenue/Cost Ratio of ~0.94. Notably, the City's costs are limited due to the fact that the Center will not create any new residents, i.e., it is a purely industrial development.

TABLE A
NET FISCAL IMPACT (CITY GENERAL FUND)

Category	Amount
Total Recurring Revenues	$11,560,771
Total Recurring Costs	($5,561,094)
Annual Recurring Surplus/(Deficit)	**$5,999,678**
Total Annual Revenue/Cost Ratio	*2.08*

FIGURE A

NET FISCAL IMPACT (CITY GENERAL FUND)



B. ECONOMIC IMPACTS

As noted previously, the economic impacts of the Center that are analyzed within the Study are (1) Permanent Employment – direct-on-site and indirect/induced (which supplies or supports direct employment); (2) Permanent Output (Gross Receipts) – total direct output *plus* output produced by suppliers and employee spending; and (3) One-Time Construction Impacts. As reflected in **Tables B** and **C** below, the City's Permanent Employees and Permanent Gross Receipts, as well as its One-Time Construction Employees, Gross Receipts, and Gross Earnings are all substantially higher following Center development.

1. PERMANENT (RECURRING) EMPLOYMENT, WAGES, AND GROSS RECEIPTS

TABLE B

(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/Induced	Total
Employees			
Countywide	20,808	7,569	28,377
Within City	20,808	3,785	24,593
Employee Wages			
Countywide	$881 Million	$307 Million	$1.2 Billion
Within City	$881 Million	$154 Million	$1.0 Billion
Overall Output			
Countywide	$1.5 Billion	$891 Million	$2.4 Billion
Within City	$1.5 Billion	$446 Million	$2.0 Billion

2. CONSTRUCTION (ONE-TIME) EMPLOYMENT, WAGES, AND GROSS RECEIPTS

TABLE C
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/Induced	Total
Construction Employees			
Countywide	13,123	7,610	20,733
Within City	13,123	3,805	16,928
Construction Wages			
Countywide	$641 Million	$309 Million	$950 Million
Within City	$641 Million	$154 Million	$795 Million
Construction Output			
Countywide	$1.7 Billion	$955 Million	$2.7 Billion
Within City	$1.7 Billion	$477 Million	$2.2 Billion

Given a buildout period of approximately 10 years, with projected even absorption, the construction of the Center will create approximately 1,300 full-time equivalent ("FTE") direct annual construction/one-time jobs in the City.

3. OTHER IMPACT CONCLUSIONS

TABLE D

Jobs-Housing Balance	Balance with Center	% Increase /(Decrease)
Countywide	0.74	5.15%
Within City	0.92	97.90%

Although the Center is expected to demand a high level of public infrastructure, the Center is also expected to generate sizeable revenues to the City of Moreno Valley. As **Tables A, B, C,** and **D** illustrate, the Center's logistics component is expected to generate sizeable, substantial, and lasting employment, wage, output, and revenue impacts. Accordingly, it is critical that the Center's high property and sales tax generating logistics uses be entirely built out to ensure that the Center generates the benefits as forecasted in this Study.

SECTION 1 INTRODUCTION

David Taussig and Associates, Inc. ("DTA") has been engaged by Highland Fairview to prepare a Fiscal and Economic Impact Study (the "Study") that evaluates the likely fiscal and economic impacts of the proposed development and construction of the Center on the City of Moreno Valley (the "City"). The impact of the Center on the City's General Fund was thoroughly analyzed, although City enterprise and special funds were not explicitly considered within the Study.

I. SCOPE AND METHODOLOGY

A. RECURRING FISCAL IMPACTS

Fiscal impacts arising from a land development plan can be broadly categorized as one of two types: one-time impacts or recurring impacts. Each of these broad types may, in turn, be divided into a revenue component and a cost component. For purposes of this Study, it has been assumed that one-time revenues would directly offset one-time costs; thus, the fiscal impacts considered in this Study focus on ongoing, or recurring, fiscal impacts of the Center on the City General Fund. To the extent that revenues are generated outside of the City's General Fund (e.g., special district revenues) or costs are incurred by the City outside of the General Fund (e.g., costs financed through a special district), they are not included within this fiscal analysis.

As previously mentioned, the fiscal impacts projected for the Study are based generally on the *Multiplier Methodology*. The primary *Multiplier Methodology* used to project the fiscal impacts in this Study was the *Per Capita-Employee ("Persons Served") Methodology*. The Persons Served Methodology considers the fact that the exact relationship of service demands and revenue-generating potential between residents and employees is difficult to measure. Thus, utilizing a service population, or Persons Served population, comprised of all residents and 50% of employees is common fiscal practice, and suggests that a resident generally has twice the fiscal impact of an employee. This methodology involves calculating the *average City-wide* revenues/costs per Persons Served, utilizing the fiscal year 2012-2013 City budget, and applying these revenue/cost factors to the specific number of Persons Served projected for the Center.

DTA also used a *Per Employee Methodology* in the Study to project recurring fiscal factors based on employment only, such as business license tax revenues. Similar to the Persons Served Methodology discussed above, the Per Employee Methodology involves calculating the *average City-wide* revenues/costs per employee, utilizing the fiscal year 2012-2013 City budget, and applying these factors to the specific number of employees projected under the given scenario.

While most recurring revenues analyzed in the Study are projected using the *Multiplier Methodology*, some major revenue sources, including property taxes and sales taxes, are calculated using a *Case Study Methodology* that involves calculating the *marginal revenues* to be specifically generated by a particular land use, instead of applying an *average City-wide* revenue factor. For purposes of the Study, all recurring revenues and costs are stated in constant (un-inflated) 2012 dollars, based on the assumption that the relative impacts of inflation in future years will be the same for both of these fiscal impact categories.

B. GENERAL ECONOMIC IMPACTS

The Study also identifies the general economic impacts on the City that would occur due to the Center, and quantifies these impacts wherever possible. General economic impacts include additions to the City's employment (number of average annual full- & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries and benefits, other labor income, and employer and employee contributions to social security). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year. Additionally, for purposes of the Study, all economic impacts are stated in constant (un-inflated) 2012 dollars, based on the assumption that the relative impacts of inflation in future years may be difficult to gauge.

In evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs, earnings, and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts, and can occur elsewhere within the City. The **indirect** impacts represent the economic activity – buying and selling of goods and services – of *suppliers* to the land use types analyzed. In this Study, suppliers to the Center consist primarily of maintenance and repair professionals, utilities' providers, wholesale trade companies, and business support services; while suppliers to retail/office developments consist mainly of real estate firms, computer and other technology firms, accounting and bookkeeping professionals, and utilities' providers. Furthermore, the suppliers representing the indirect one-time impacts are mainly heavy industrial and construction suppliers for the actual development of buildings and facilities. The **induced** impacts represent the economic activity that results from household spending by *employees* of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in this Study. Indirect and induced impacts can occur throughout all industries of the economy, and have been categorized using the North American Industry Classification System (NAICS). Adopted by the Office of Management and Budget (OMB) in 1997 to replace the Standard Industrial Classification System (SIC), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a six-digit coding system to classify all economic activity into twenty broad sectors, five of which are mainly goods-producing sectors and fifteen of which are services-producing sectors. This six-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include the Construction, Retail Trade, and Administrative and Support Services classifications, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under the analysis.

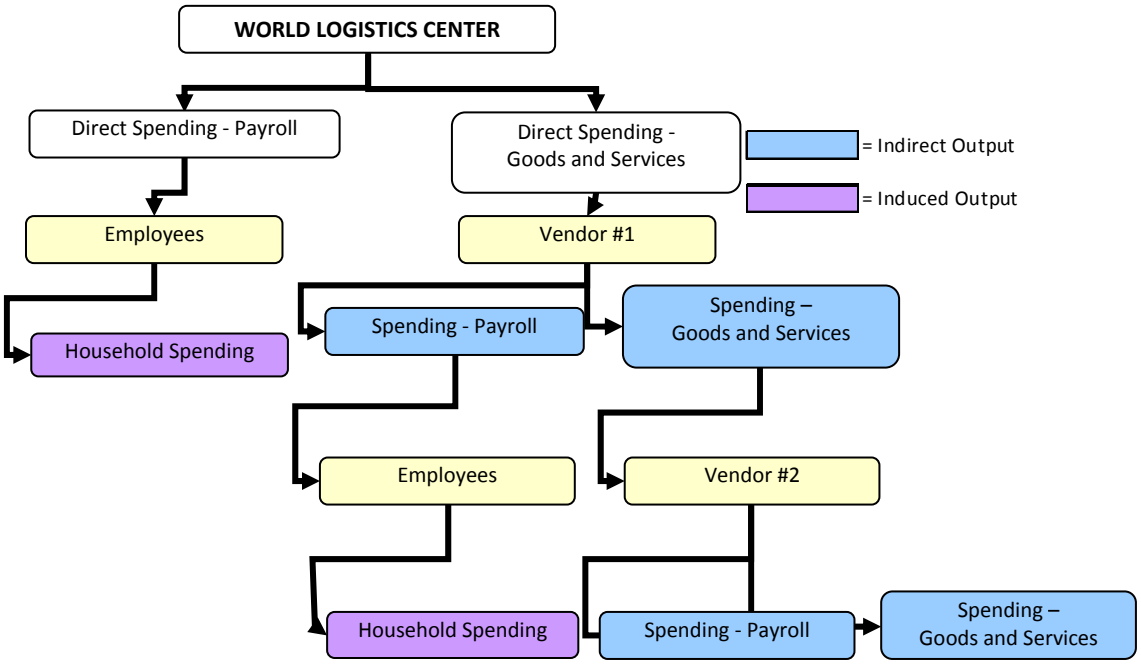
(i) IMPLAN MULTIPLIER METHOD

Although most economists agree that indirect and induced, or "multiplier" effects exist, most economists also agree that such effects are difficult to measure. Patterns on spending and employment among suppliers and employee households often vary over

time and from one region to another. Nevertheless, there are certain input-output models that can be used to estimate indirect and induced effects.

In quantifying the indirect and induced economic impacts for the Study, DTA utilized the Impact Analysis for Planning ("IMPLAN") Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the "multiplier effect" of a firm's spending on payroll and the purchasing of goods and services. Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e. the Center) is allocated across the producing industries from which it buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation. Please refer to **Table 1** for a diagram of the multiplier effect.

TABLE 1
EXAMPLE OF THE MULTIPLIER EFFECT (INDIRECT AND INDUCED OUTPUT)



The multiplier factors available to determine indirect/induced impacts are intended to reflect impacts for entire areas within a zip code. Therefore, the indirect/induced impacts identified in this Study to occur within the City boundaries are based on assumptions established by DTA and are subject to change. Please refer to **Appendix B** for further information.

II. LIMITATIONS

A. ACCURACY OF INFORMATION

The fiscal and economic models in the Study contain an analysis of revenues, costs, and impacts to the City resulting from the Center. These models are based on both (i) information provided to DTA by Highland Fairview staff and (ii) certain DTA assumptions taken from DTA's municipal cost database, as compiled by DTA from previous fiscal impact studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of fiscal impacts contained in this report is not considered to be a "financial forecast" or a "financial projection" as technically defined by the American Institute of Certified Public Accountants. The word "projection" used within this report relates to broad expectations of future events or market conditions. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from these projections stated throughout the Study.

SECTION 2 DESCRIPTION OF RECURRING FISCAL REVENUES/COSTS

The following section presents the recurring revenue and cost impacts to the City General Fund and the methodology and assumptions utilized in the Study to project these impacts. Detailed numerical analyses of the revenue and cost impacts subsequently discussed in this section are contained in **Appendix A**.

I. ANALYSIS OF RECURRING REVENUES

CASE STUDY METHOD:

A. PROPERTY TAXES – SECURED AND UNSECURED

Property tax revenues are conservatively projected based on the City's estimated share of the general 1% property tax levy. Total secured property tax revenues received by the City from the land uses will equal approximately 8.97% of the basic 1% property tax levy from the Tax Rate Areas ("TRAs") encompassing the Center. Please note that the gross tax increment, as calculated by the Riverside County (the "County") Auditor-Controller, has been reduced to account for the projected Education Revenue Augmentation Fund ("ERAF") property tax shifts. Please refer to **Table 2A** below and **Exhibit 4** of **Appendix A** for details regarding the secured and unsecured property tax assumptions utilized in the fiscal impact analysis.

Unsecured property taxes are levied on tangible personal property that is not secured by real estate. Examples of unsecured property includes trade fixtures (e.g., manufacturing equipment and computers), as well as airplanes, boats, and mobile homes on leased land. In generating the fiscal impact models for this Study, DTA has assumed that unsecured property values average 10.00% of the secured value for non-residential land uses.

(I). ANNEXATION

According to the Riverside County Local Agency Formation Commission ("Riverside County LAFCO"), the Master Property Tax Transfer Agreement for the County of Riverside and the City of Moreno Valley (the "Property Tax Agreement") will determine the tax apportionment factors for the proposed annexation of elements of the Center to the City. Only one (1) parcel is to be annexed per the Specific Plan, however, this analysis still assumes that the annexation of this parcel will be carried out according to the terms of that agreement. Please refer to **Appendix C** for further information regarding that parcel. As the vast majority of elements of the Center are currently within the City, the overall TRA breakdown described above is weighted both by TRA, subject to the Property Tax Agreement, and acreage.

Of the property tax apportionment that is currently dedicated to the County's General Fund, 25% will be allocated to the City's General Fund upon annexation of the Center to the City, while the remaining 75% will be remitted to the County to pay for services that the County provides to City residents. For a detailed breakdown of the tax sharing assumptions, please refer to **Exhibit 4** of **Appendix A**.

B. PROPERTY TRANSFER TAX

Per California Revenue & Taxation Code §11901, *et seq*. and the Moreno Valley Municipal Code §3.22.020, sales of real property are taxed by the County at a rate of $1.10 per $1,000 of property value, whereas for property located in the City, the property transfer tax is divided equally between the City and the County, with the City receiving $0.55 per $1,000 of transferred property sale or resale value, excluding assumed liens or encumbrances. Per typical baseline assumptions, DTA assumes that non-residential development changes ownership at an average rate of 5% per year, and that continuing liens and encumbrances are insignificant.

C. PROPERTY TAX IN-LIEU OF VEHICLE LICENSE FEE

The passage of Proposition 1A in California in 2004 enacted a constitutional amendment that introduced a new methodology to calculate property taxes in-lieu of VLF. 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 City-wide gross assessed valuation of taxable property from the prior fiscal year. Property tax in-lieu of VLF revenues constitute an addition to other property tax apportionments and were calculated for purposes of this Study at $1.26 per $1,000 increase in assessed valuation on a City-wide basis. Please refer to **Table 2A** below and **Exhibit 4** of **Appendix A** for details regarding the property tax assumptions utilized in the fiscal impact analysis.

TABLE 2A – PROPERTY TAX ASSUMPTIONS

Property Tax Assumptions	
Property Tax	
Industrial Sales Price / Square Foot	$90.00
Retail Sales Price / Square Foot	$200.00
Secured Property Tax – Net Apportionment Factor to the City of Moreno Valley as a Fraction of 1.0% Property Tax Rate (Net of ERAF)	8.97%
Unsecured Property Tax – Unsecured Taxes as a % of Secured Property Value	10.00%
Property Transfer Tax	
Non-Residential Property Turnover Rate	5.00%
Transfer Tax as a % of Price	0.11%
Property Transfer Tax Passed Through to City	50.00%
Property Tax In-Lieu of VLF	
City of MV – Total Assessed Value (FY 2011-2012)	$10,445,118,397
City of MV – VLF Prop. Tax In-Lieu Revenues (FY 2012-2013)	$13,195,000
VLF Property Tax In-Lieu per $1,000 Assessed Value	$1.26

D. MOTOR VEHICLE LICENSE FEES

(I). BACKGROUND

Prior to June 1, 2004, the Motor Vehicle License Fee ("VLF") tax rate was equal to 2.00% of the value of a vehicle, with 0.65% paid by the vehicle owner and an additional 1.35% supplemented with a backfill from the State General Fund. A large portion of those funds was allocated to cities (42.50%) and counties (42.50%) based on population, while newly-incorporated cities received an additional population subvention based on three (3) times the number of registered voters for the first seven (7) years after incorporation.

As discussed earlier, in 2004, the VLF allocation was altered. The California Legislature implemented the "VLF Swap" in which the VLF was lowered to 0.65%. The resultant loss of city revenue was swapped with an augmentation of property tax, termed property tax in-lieu of VLF. These amounts grow annually based on the annual increase in assessed value within each respective jurisdiction (see above).

(II). SUPPLEMENTAL LAW ENFORCEMENT FUNDING ("SLESF") AND OTHER STATE LAW ENFORCEMENT GRANTS

As a part of the 2009 state budget agreement, a number of law enforcement grant programs previously funded by the state general fund were instead funded in fiscal year ("FY") 2009-10 and FY 2010-11 by a temporary 0.15% state VLF increase, which ended on June 30, 2011. The additional 0.15% VLF rate was intended to generate around $500 million annually – the tax generated $414 million in FY 2009-10 and $442 million in FY 2010-11.

(III). SENATE BILL (SB) 89 - FEES SHIFTED TO FUND STATE LAW ENFORCEMENT GRANTS

SB89, signed in 2010 by Governor Brown, effectively eliminates the 0.65% VLF revenue that was being allocated as a general fund revenue source to California cities. Provisions in SB89 shift hundreds of millions of VLF revenues to fund the state law enforcement grants beginning FY 2011-12. The SB89 plan operates as follows:

- The "Vehicle License Registration Fee" is increased by $12 to produce approximately $300 million in FY 2011-12. This fee will fund state DMV vehicle license registration operations, thereby "freeing up" $300 million of VLF revenue that had been used to fund DMV operations. This money will be transferred to a new Local Law Enforcement Services Account ("LLESA)" to fund the law enforcement grants.

- In addition, beginning July 1, 2011, SB89 transfers the remaining VLF revenue (after the Local Revenue Fund allocation for county health and welfare programs) previously allocated to cities and the County of Riverside to the LLESA.

SB89 takes $130 million of city general revenue and shifts it to save state law enforcement grant programs. Less than $100 million of these grant funds will come back to cities, earmarked for police services. But these funds will likely be offset by the loss of city VLF. Therefore, VLF (as

opposed to property tax in-lieu of VLF) revenue was not analyzed as a Center revenue source in this Study.

E. SALES AND USE TAXES

Direct sales tax revenues are generated by retail sales from businesses within City limits, with 1% of taxable sales receipts passed through to the City. **Exhibit 5** of **Appendix A** reflects taxable sales receipts per square foot for each on-site non-residential land use type, based on data from the *Urban Land Institute's Dollars & Cents of Shopping Centers (2008)* publication and total taxable sales receipts for the Center, based on information provided by Highland Fairview and the City.

Indirect sales tax revenues, as summarized in **Exhibit 5** of **Appendix A**, are generated by the purchases made by the Center's employees within the City. Based on studies outlined in the *International Council of Shopping Centers' Office Worker Local Retail Spending Patterns,* DTA assumed that each on-site employee spends nearly $4,168 annually within the City.

TABLE 2B – SALES TAX ASSUMPTIONS

Sales Tax Assumptions	
% Sales Tax Passed Through to City of MV	1%
Local Employee Spending (Annual)	$4,168
Capture Rate of Employee Spending (within City of MV)	*50%*
Displacement Rate (of existing taxable sales within City)	*20%*
Taxable Sales per Square Foot – Retail	$250

F. INVESTMENT INCOME REVENUES

Investment Income revenues are generated by the increase in General Fund Revenues resulting from the Center. This increase reflects growth in the following revenue categories: property taxes, sales taxes, and multiplier revenues (as discussed below).

Revenues from this source are estimated by multiplying the Projected Recurring General Fund Revenues Available for Investment of $11,537,696 by the Local Agency Investment Fund ("LAIF") investment fund rate of return of 0.40% by the LAIF Percentage of Earnings Cost factor of 50%. This calculation results in estimated Investment Income (less Earnings Cost) of $23,075 (which when added to $11,537,696 equals $11,560.771). LAIF factors are determined quarterly by the California State Treasurer whose office governs the investment of revenues by municipalities.

Please refer to **Table 2C** below and **Exhibit 6** of **Appendix A** for details regarding the investment income assumptions utilized in the fiscal impact analysis.

TABLE 2C – INVESTMENT INCOME ASSUMPTIONS

Investment Income Assumptions	
Investment Period for Recurring Non-Interest General Fund Revenues	12 Months
Local Agency Investment Fund (LAIF) Rate of Return	0.40%
Local Agency Investment Fund (LAIF) Percentage of Earnings	50%
Projected Recurring General Fund Revenues Available for Investment	$11,537,696

MULTIPLIER METHOD:

G. OTHER TAX REVENUES

The Utility Users Tax ("UUT") and the Transient Occupancy Tax ("TOT") were forecasted at $59.85 per Persons Served using the *Per Capita-Employee Multiplier Method.* Please note that this revenue multiplier has been reduced by 25% to account for only the portion of the UUT and TOT revenues that are expected to be variable with population and employee growth in the City. Historically, UUT is one of the General Fund's largest revenue sources, as well as one of the most stable due to trends in the natural gas, wireless telephone, and cable industries.

H. BUSINESS RECEIPTS TAX & LICENSES

Business Receipts Tax and Business Licenses revenues to the City General Fund are anticipated to grow due to employment growth only. Therefore, Business Receipts Tax and Business Licenses revenues were projected at $59.63 per Employee using the *Per Employee Multiplier Method.* However, the future addition of new retail businesses will have a particularly positive effect on the Business Receipts Tax.

I. FRANCHISE TAXES

Franchise Taxes, including Cable TV, Sewer, etc., were forecasted at $24.81 per Persons Served using the *Per Capita-Employee Multiplier Method.*

J. LICENSES AND PERMITS

Licenses and Permits are based on the City's collection of fees for various types of permits and community programs. Revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of $5.69 per Persons Served.

K. INTERGOVERNMENTAL REVENUES

Intergovernmental Revenues are forecasted using a *Per Capita-Employee Multiplier Method* that results in a total multiplier of $6.00 per Persons Served.

L. CHARGES FOR CURRENT SERVICES

Current Services, including parking control fees, plan check fees, and inspections fees, were projected at $38.12 per Persons Served, based on the *Per Capita-Employee Multiplier Method*.

M. USE OF MONEY AND PROPERTY (NON-INTEREST REVENUES)

Use of Money and Property Revenues, including Park and Community Building Rentals, were forecasted at $0.25 per Persons Served using the *Per Capita-Employee Multiplier Method*.

N. FINES AND FORFEITURES

This revenue category represents fines and penalties collected by the City for various infractions, including Vehicle, Code, and certain Parking Fines. Fines and Forfeitures were forecasted at $0.64 per Persons Served using the *Per Capita-Employee Multiplier Method.*

O. TRANSFERS IN

Direct cost of development related services and all development services revenue are budgeted in special funds, and the portion of the fee revenues that are attributable to overhead costs are shown as a transfer into the General Fund to reimburse the City for general support. Transfers In revenue is forecasted at $0.37 per Persons Served, using the *Per Capita-Employee Multiplier Method.*

P. OTHER REVENUE

Other Revenues, including Miscellaneous Revenues, Donations, and Mandated Cost Reimbursements, were projected at $1.21 per Persons Served utilizing the *Per Capita-Employee Multiplier Method.*

TABLE 2D – OTHER GENERAL FUND REVENUES (MULTIPLIER METHOD)

Category	Amount	Methodology
Other Tax Revenues	**$59.85**	Persons Served plus 25% Discount
Business Receipts Tax & Licenses	**$59.63**	Per Employee
Franchise Taxes	**$24.81**	Persons Served
Licenses and Permits	**$5.69**	Persons Served
Intergovernmental Revenues	**$6.00**	Persons Served
Charges for Current Services	**$38.12**	Persons Served
Use of Money and Property (Non-Interest Revenues)	**$0.25**	Persons Served
Fines and Forfeitures	**$0.64**	Persons Served

Category	Amount	Methodology
Transfers In	**$0.37**	Persons Served
Other Revenues	**$1.21**	Persons Served

Please refer to **Exhibit 7** of **Appendix A** for more details on the case study assumptions and revenue multipliers utilized in the Study.

II. ANALYSIS OF RECURRING COSTS

CASE STUDY METHOD:

A. INFRASTRUCTURE AND PARKS MAINTENANCE

The Center will require the construction of new infrastructure to be ultimately owned by the City and maintained by the City's General Fund. At this time, it is estimated that these public infrastructure improvements will consist of 54 lane miles of roadways, 75 acres of landscaped parkways and medians, 4 signalized intersections, 699 streetlights, 18.1 linear miles of storm drains, and 17.2 linear miles of sidewalks/trails. Notably, other improvements to be maintained by other City Funds, i.e., Enterprise Funds, Special Funds, etc., were disregarded for purposes of this Study.

These improvements were multiplied by estimated annual cost figures for each category derived from the DTA Public Works Database, resulting in annual Infrastructure and Parks Maintenance costs of $1,839,878.

Finally, Measure A funding – a half-cent sales tax for roadway funding administered by the Riverside County Transportation Commission – was incorporated, based on the percentage of total Measure A funds allocated to the City of Moreno Valley. Following a $21,997 Measure A set-off, the annual Infrastructure and Parks Maintenance forecast is $1,817,881.

TABLE 2E – INFRASTRUCTURE/PARKS REQUIREMENTS (CASE STUDY METHOD)

Infrastructure/Parks to be Maintained by City General Fund	Quantity	Cost/Unit
Roadways (Lane Miles)	**54**	**$7,834**
Signalized Intersections	**4**	**$4,938**
Street Lights	**699**	**$126**
Parkways/Medians (Acres)	**75**	**$14,953**
Storm Drains (Lineal Miles)	**18.1**	**$1,177**
Sidewalks/Trails (Lineal Miles)	**17.2**	**$3,497**

B. GENERAL GOVERNMENT COSTS

General Government costs are projected at a marginal rate of 7.58% of the City General Fund recurring costs, based on the assumption that the FY 2012-2003 General Government expenditures, equaling $7.1 million, will remain at the same relative proportion of the FY 2012-2013 City General Fund non-governmental expenditures of approximately $70.0 million in future years. The current percentage of General Government expenditures to City General Fund non-governmental expenditures is approximately 10.1%; however, these General Government costs are not expected to increase on a one-for-one basis as a result of the land use development depicted in this Study. Therefore, this Study assumes that General Government costs increase at an estimated marginal rate of 75%, or 7.58%, of the existing General Government cost overhead rate. This approach results in annual General Government costs of $391,956.

MULTIPLIER METHOD:

C. POLICE AND FIRE PROTECTION

Police services include those costs associated with Law Enforcement and Patrol, Administration, Traffic Enforcement, Crime Prevention, Volunteer Programs, and Community-Based Policing. Police Services costs are forecasted at $196.20 per Persons Served using the *Per Capita-Employee Multiplier Method.* Fire services include those costs associated with Fire Suppression, Fire Prevention, Equipment and Vehicles, Outreach, and Training. Fire Services costs are forecasted at $72.84 per Persons Served using the *Per Capita-Employee Multiplier Method.*

D. ANIMAL SERVICES

Animal Control Services costs were projected at $4.70 per Persons Served using the *Per Capita-Employee Multiplier Method*. Please note that this cost multiplier has been reduced by 50% to account for only the portion of Animal Services costs that are expected to be variable with population and employee growth in the City.

E. DEVELOPMENT SERVICES

Development Services costs, including elements of the Planning and Building Divisions, Land Development services, and certain Public Works (non-overhead/department) services related to new growth, were forecasted at $20.87 per Employee using the *Per Capita-Employee-Multiplier Method*.

F. OTHER USES

Other Uses costs, including Records Management, Sign Programs, and the Office of Emergency Management and Volunteers, were forecasted at $6.27 per Persons Served based on the *Per Capita-Employee Multiplier Method.* Please note that this cost multiplier has been reduced by 50% to account for only the portion of Other Uses costs that are expected to be variable with population and employee growth in the City.

G. COMMUNITY DEVELOPMENT

Community Development costs, including certain costs associated with existing City Planning and Building Safety, were forecasted at $4.17 per Persons Served based on the *Per Capita-Employee Multiplier Method.* Please note that this cost multiplier has been reduced by 50% to account for only the portion of Community Development costs that are expected to be variable with population and employee growth in the City.

H. PUBLIC WORKS – OVERHEAD/DEPARTMENT COSTS

Public Works costs, including Administration, Engineering, and Operations and Maintenance expenses, were projected at $10.79 per Persons Served using the *Per Capita-Employee Multiplier Method*. This category includes those Public Works costs not directly associated with Center-related roadway maintenance, signalized intersections, park rehabilitation, and other infrastructure (i.e. 54 lane miles of roadways, 75 acres of landscaped parkways and medians, 4 signalized intersections, 699 streetlights, 18.1 linear miles of storm drains, and 17.2 linear miles of sidewalks/trails).

I. TRANSFERS OUT

Transfers Out costs were forecasted at $6.28 per Persons Served using the *Per Capita-Employee-Multiplier Method*.

TABLE 2F – OTHER GENERAL FUND COSTS (MULTIPLIER METHOD)

Category	Amount	Methodology
Police Services	**$196.20**	Persons Served
Fire Services	**$72.84**	Persons Served
Animal Services	**$4.70**	Persons Served plus 50% Discount
Development Services	**$20.87**	Persons Served
Other Uses	**$6.27**	Persons Served plus 50% Discount
Community Development	**$4.17**	Persons Served plus 50% Discount
Public Works	**$10.79**	Persons Served
Transfers Out	**$6.28**	Persons Served

SECTION 3 FISCAL IMPACTS

I. TOTAL RECURRING REVENUES: CITY OF MORENO VALLEY

Total recurring revenues to the City equal approximately $11,560,771 per year. As illustrated in **Table 3A** below, the largest percentage of revenue is attributed to the property tax in lieu of VLF revenues (40.1% of total) and property tax revenues (secured and unsecured) (31.9%), together constituting approximately 72.0% of total recurring revenues to the City General Fund. **Exhibits 1-6** of **Appendix A** provide additional details about all recurring revenues and the assumptions used in their derivation.

TABLE 3A
RECURRING FISCAL REVENUES (CITY GENERAL FUND)

Category	Amount	Percent*
Property Tax In-Lieu of Vehicle License Fee	$4,636,853	40.1%
Secured Property Tax	$3,357,120	29.0%
Business Receipts Tax & Licenses	$1,240,751	10.7%
Tax Revenues (UUT & TOT)	$622,664	5.4%
Indirect Sales Tax	$433,594	3.8%
Charges for Services	$396,591	3.4%
Unsecured Property Tax	$335,712	2.9%
Franchises	$258,117	2.2%
Property Transfer Tax	$102,977	0.9%
Intergovernmental Revenues	$62,423	0.5%
Licenses/Permits	$59,197	0.5%
Investment Income	$23,075	0.2%
Other Revenues	$12,589	0.1%
Fines and Forfeitures	$6,658	0.1%
Direct Sales Tax	$6,000	0.1%
Transfers In	$3,849	0.0%
Use of Money & Property	$2,601	0.0%
Motor Vehicle Licensing Fees	$0	0.0%
Total Revenues	**$11,560,771**	**100.0%**

**Numbers may not sum due to rounding*

II. TOTAL RECURRING SERVICES COSTS: CITY OF MORENO VALLEY

As illustrated in **Table 3B** below, total annual recurring costs to the City are estimated at **$5,561,094** per year. A majority of the costs are estimated to result from police services, fire

services, and Center-specific infrastructure and parks maintenance costs. **Exhibits 2 and 7-10** of **Appendix A** provide additional details about all recurring costs and the assumptions used in their derivation.

TABLE 3B
RECURRING FISCAL COSTS (CITY GENERAL FUND)

Category	Amount	Percent*
Police	$2,041,216	36.7%
Infrastructure & Parks Maintenance Costs	$1,817,881	32.7%
Fire Services	$757,809	13.6%
General Government	$391,956	7.0%
Development Services	$217,126	3.9%
Public Works	$112,256	2.0%
Transfers Out	$65,336	1.2%
Other Uses	$65,232	1.2%
Animal Services	$48,898	0.9%
Community Development	$43,384	0.8%
Total Costs	**$5,561,094**	**100.00%**

**Numbers may not sum due to rounding*

III. OVERALL NET FISCAL IMPACT TO THE CITY OF MORENO VALLEY

As shown in **Table 3C** below, the overall fiscal impact to the City as a result of revenues generated by the Center is a recurring annual fiscal surplus of **$5,999,678** based on the generation of **$11,560,771** in recurring annual revenues and **$5,561,094** in recurring annual costs. Annual revenues are projected to equal **2.08** times the associated City General Fund costs. A summary of the overall fiscal impacts to the City is provided in **Exhibit 11** of **Appendix A.**

TABLE 3C
NET FISCAL IMPACT (CITY GENERAL FUND)

Category	Amount
Total Recurring Revenues	$11,560,771
Total Recurring Costs	($5,561,094)
Annual Recurring Surplus/(Deficit)	**$5,999,678**
Total Annual Revenue/Cost Ratio	*2.08*
Surplus per 1,000 SF Industrial	$144

SECTION 4 ECONOMIC IMPACTS

The Study also identifies the general economic impacts on the City that would occur due to the Center, and quantifies these impacts wherever possible. General economic impacts include additions to the City's employment (number of average annual full- & part-time jobs), economic output (e.g., gross receipts), and earnings (the sum of wages, salaries and benefits, other labor income, and employer and employee contributions to social security). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring time basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year.

I. RECURRING ECONOMIC IMPACTS

A. ASSUMPTIONS

In evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs, earnings, and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts, and can occur elsewhere within the City. The **indirect** impacts represent the economic activity – buying and selling of goods and services – of *suppliers* to the land use types analyzed. In this Study, suppliers to the Center consist primarily of maintenance and repair professionals, utilities' providers, wholesale trade companies, and business support services; while suppliers to retail/office developments consist mainly of real estate firms, computer and other technology firms, accounting and bookkeeping professionals, and utilities' providers. Furthermore, the suppliers representing the indirect one-time impacts are mainly heavy industrial and construction suppliers for the actual development of buildings and facilities. The **induced** impacts represent the economic activity that results from household spending by *employees* of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in this Study. Indirect and induced impacts can occur throughout all industries of the economy, and have been categorized using the North American Industry Classification System (NAICS). Adopted by the Office of Management and Budget (OMB) in 1997 to replace the Standard Industrial Classification System (SIC), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a six-digit coding system to classify all economic activity into twenty broad sectors, five of which are mainly goods-producing sectors and fifteen of which are services-producing sectors. This six-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include the Construction, Retail Trade, and Administrative and Support Services classifications, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under the analysis.

Based on information provided by Highland Fairview, the Center is comprised of 41.4 million building square feet of high-cube industrial land use, 200,000 building square feet of general warehouse space, and 3,000 building square feet of light retail. DTA estimated the number of direct employees in the proposed development based upon an average employee per SF ratio for

similar land uses in the region. Other assumptions used to analyze the economic impact of the Center are summarized in **Table 4A** below.

TABLE 4A
ASSUMPTIONS

Assumptions	
Land Use Assumptions	*Sq. Ft.*
Logistics Development ("LD")	**41,400,000**
Light Logistics ("LL")	**200,000**
Logistics Support ("LS")	**3,000**
Employment Assumptions [1]	*per 1,000*
Logistics (LD/LL)	**0.50**
Retail (LS)	**2.50**
Wage Assumptions [2]	*Annual $*
Warehousing/Transportation (Logistics) [3]	**$42,341**
Construction	**$48,825**
Retail [4]	**$22,885**
Riverside County Average (2010)	**$40,602**

[1] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG (2001), and "Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010).

- *Identical to metric utilized in fiscal impact analysis, please see Exhibit 3 of Appendix A (0.50 Employees/KSF = 2,000 SF per Employee).*

[2] Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[3] Standard Warehousing/Transportation Salary (~$41,229) plus a small salary bump for 10% of employees (~$52,346) to account for presence of high-level management and related office personnel.

[4] Reflects a blended average, by employee count, of local "Retail" and "Food Service/Accommodation" salary codes.

B. JOB CREATION & EMPLOYEE WAGES

Development will contribute to the creation of new jobs in the City and County. As shown below in **Table 4B**, development of the Center is projected to generate approximately 20,808 estimated new on-site jobs within the City. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may

occur; therefore, the actual results achieved may vary from these projections stated throughout the Study.

In addition to these employment opportunities, DTA estimates that the Center will generate new off-site jobs in all industries of the economy, which constitute the indirect/induced employment impacts of the project. Seven thousand five hundred sixty nine (7,569) indirect/induced jobs are expected to be created in the County, of which 3,785 are projected to be within the City, as a result of the development of the Center. This estimate was derived utilizing the Impact Analysis for Planning ("IMPLAN") Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the "multiplier effect" of a firm's spending on payroll and the purchasing of goods and services. Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. Unlike similar econometric models, e.g., the Regional Input-Output Modeling System ("RIMS II"), IMPLAN is the industry standard. RIMS II and IMPLAN both include induced effects, but RIMS II differs from IMPLAN in two ways: (i) RIMS II uses a single household type for induced personal consumption while IMPLAN uses nine (9) household types; and (ii) RIMS II uses the traditional single row/column Type II formulation whereas IMPLAN uses a more robust mapping of factor income to household consumption using several sub-matrices. RIMS II uses location quotients to regionalize the national technical coefficients, a method which underestimates inter-regional trade and overestimates regional multipliers when cross-hauling is present.

The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e. the Center) is allocated across the producing industries from which it buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation.

While the specific location of the additional indirect jobs created within the County cannot be specifically determined, experience and modeling indicate that a large percentage of these jobs will be support service jobs, and are likely to be located close to the Center, and therefore within the City itself. For purposes of this Study, it is conservatively modeled that one-half of these indirect jobs will be located within the City. **Table 4B** shown below, and **Exhibits 1** and **3** of **Appendix B** summarize the direct and indirect employment impacts of the Center.

TABLE 4B
RECURRING EMPLOYMENT AND WAGES
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect	Induced	Total
Employees				
Countywide	20,808	3,349	4,219	28,377
Within City	20,808	1,675	2,110	24,593
Employee Wages				
Countywide	$881 Million	$136 Million	$171 Million	$1.2 Billion
Within City	$881 Million	$68 Million	$86 Million	$1.0 Billion

Overall, the creation of new jobs will provide many benefits to the City. More jobs will lead to more consumer spending by employees in existing retail establishments within the City, as well as new retail development that will be attracted to the City as a result of this spending. Job creation also results in increased tax revenues to the City through increased property taxes and sales taxes related to this new development.

However, because of the difference in timing of the various Center developments, the number of employees summarized above will not be realized at the same time. It is estimated the build-out of the Center will occur over many years, as many individual elements have not yet begun and the demand for such elements may fluctuate.

C. OVERALL ECONOMIC OUTPUT

Total Output (i.e., total expenditures including sales or gross receipts, or other operating income) within the City will increase substantially with development. Total output is estimated based on the different types of development projected to occur. As stated in Section I, this Study analyzes direct and indirect/induced impacts. Regarding gross receipts, the direct impact reflects the initial or first-round increases in output (total spending/gross receipts, including payroll), all of which occur directly on the Center site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct output impacts, and can occur outside of the Center. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers and/or supporting businesses. The induced impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the Center (please see **Table 1** on *Page 3* for a graphical representation of the indirect and induced effects). **Table 4C** shown below and **Exhibit 2 of Appendix B** summarize the Total Output projections anticipated.

Based again on IMPLAN multipliers and other assumptions utilized in the fiscal impact model, DTA estimated that the direct and indirect/induced effects total $2.4 billion for the County, of which $2.0 billion is attributable to the City.

TABLE 4C
RECURRING TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect	Induced	Total
Overall Output				
Countywide	$1.5 Billion	$386 Million	$506 Million	$2.4 billion
Within City	$1.5 Billion	$193 Million	$253 Million	$2.0 billion

However, similar to the effect that Center absorption will have on employment, it will have a similar effect on the generation of total output, specifically due to the difference in timing of the various Center developments. As a result, the overall output summarized above will not be realized at the same time.

II. ONE-TIME EMPLOYMENT, WAGES, AND OUTPUT IMPACTS (CONSTRUCTION)

According to IMPLAN, development of the Center is also projected to create 16,928 estimated construction-related full-time equivalent ("FTE") jobs within the City. Therefore, given a buildout period of approximately 10 years, with projected even absorption, the construction of the Center will create approximately 1,700 FTE total annual construction/one-time jobs in the City. One-time construction and development costs will also have multiplier effects on the economy, generating one-time increases in output and wages from construction of the non-residential buildings and all related site improvements.

As with recurring economic impacts, experience and modeling indicate that a large percentage of these jobs will be support service jobs, and are likely to be located close to the Center, and therefore within the City itself. For purposes of this Study, it is conservatively modeled that one-half of these indirect jobs will be located within the City. **Table 4D** and **Table 4E** below and **Exhibit 5** of **Appendix B** summarize the projected increases in employment, wages, and output that are generated directly from construction of the Center land uses, based on DTA wage and construction cost assumptions.

TABLE 4D
ONE-TIME INCREASES IN EMPLOYMENT AND WAGES
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect	Induced	Total
Employees				
Countywide	13,123	3,367	4,243	20,733
Within City	13,123	1,683	2,122	16,928
Employee Wages				
Countywide	$641 Million	$137 Million	$172 Million	$950 Million
Within City	$641 Million	$68 Million	$86 Million	$795 Million

TABLE 4E

ONE-TIME TOTAL OUTPUT

(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect	Induced	Total
Overall Output				
Countywide	$1.7 billion	$446 million	$509 million	$2.7 Billion
Within City	$1.7 billion	$223 million	$254 million	$2.2 Billion

III. OTHER IMPACTS (JOBS-HOUSING BALANCE)

As stated earlier, the Center is estimated to create approximately 20,808 new on-site jobs, and DTA estimates that an additional 7,569 new off-site jobs will be created County-wide (of which 3,785 will be located within the City). As depicted in **Table 4F** and **Figure B** below, as well as in **Exhibit 4** of **Appendix B**, because the Center does not involve a residential component, the jobs generated by the Center do not need to support new households as a result of direct employment or indirect employment. This results in a Jobs-Housing balance calculation wherein the numerator increases (as described above), while the denominator remains constant.

The Jobs-Housing balance is an indicator of the balance between employment and housing opportunities. Defining what constitutes a balance between jobs and housing is not an easy task. Assuming a simple ratio of one job to one household is inappropriate today when so many households include more than one person in the workforce. A study prepared by the Southern California Association of Governments ("SCAG") suggests that if an area has a Jobs-Household balance that significantly diverges from a regional standard of 1.0–1.29, it can be considered out of balance.

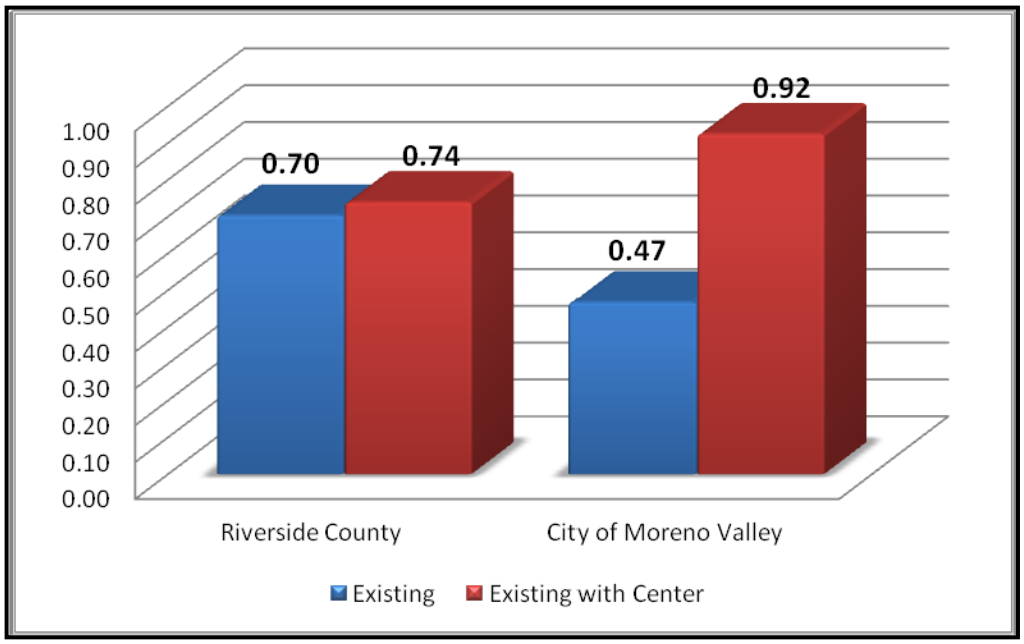
At build-out, the Center will significantly affect the Jobs-Housing balance. As described in **Exhibit 4** of **Appendix B**, moving forward with the Center will increase total employment in the City from 25,120 (current, per California Employment Development Department, Labor Market Information Division) to 49,713 (projected), increasing the City Jobs-Housing balance from 0.47 to 0.92, a metric now largely in line with the SCAG standard. The 28,377 new County employees from the Center will increase total County employment to 579,869 (projected) from 551,492 (current), resulting in an increase in the County Jobs-Housing balance as well, up to 0.74 from 0.70. **Table 4F** and **Figure B** below, and **Exhibit 4** of **Appendix B** summarize the pre- and post-Center Jobs-Housing Balance.

TABLE 4F

Jobs-Housing Balance	Balance without Center	Balance with Center	% Increase /(Decrease)
Countywide	0.70	0.74	5.15%
Within City	0.47	0.92	97.90%

However, as development of the Center is expected to occur over many years, the Jobs-Housing balance will not be significantly changed in the earlier years due to the Center. As the City's current Jobs-Housing balance is exceptionally low according to SCAG standards, the need for employment is immediate. A balance between jobs and housing has a positive impact on the City by decreasing costs associated with commuting and traffic congestion. A balanced Jobs-Housing ratio provides, inter alia, reduced commute times, improved social and cultural involvement, a more attractive work/life balance to residents, and savings to local public agencies in terms of the need to construct and maintain new road improvements and other facilities. For example, the lower transportation facility costs experienced by local public agencies will enable these agencies to invest their tax proceeds in other facilities that can improve the quality of life within the City, such as libraries, recreational centers, and other community amenities.

FIGURE B
JOBS-HOUSING BALANCE



APPENDIX A

FISCAL IMPACT MODEL

EXHIBIT A-1
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
CITY GENERAL FUND REVENUES (BY TYPE)

I. Demographics and Other Data

2012 Estimated City Population [1]	195,216
2012 Estimated City Employees [2]	25,120
2012 Persons Served Population [3]	207,776

Notes:

[1] California Department of Finance, Price and Population Information, January 1, 2011.

[2] California Employment Development Department ("EDD") - Labor Market Information Division, 2010 Annual Average NAICS Sector Data.

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

[4] Certain revenues are not expected to increase one-to-one with the new development. A discount of 25% was applied to reflect the estimated ratio of fixed revenues to variable revenues and/or one-time to recurring revenues.

II. City Revenue Sources (by Type)

Revenue Type	Total Revenues	Revenue Type	Fiscal Impact Basis	Discount [4]	Fiscal Impact Revenue Factor
Tax Revenue	**$50,894,540**		**Persons Served**		**$59.85**
Property Tax	$5,756,540	Recurring	Case Study	0%	NA
Sales Tax	$11,444,000	Recurring	Case Study	0%	NA
Property Tax in Lieu-VLF	$13,195,000	Recurring	Case Study	0%	NA
Property Tax in Lieu-Sales Tax	$3,449,000	Recurring	Case Study	0%	NA
Documentary Transfer Tax	$470,000	Recurring	Case Study	0%	NA
Utility Users Tax	$15,980,000	Recurring	Persons Served	25%	$57.68
Transient Occupancy Tax	$600,000	Recurring	Persons Served	25%	$2.17
Business Receipts Tax & Licenses	**$1,498,000**	**Recurring**	**Per Employee**	**0%**	**$59.63**
Franchises	**$5,154,208**	**Recurring**	**Persons Served**	**0%**	**$24.81**
Licenses/Permits	**$1,182,200**	**Recurring**	**Persons Served**	**0%**	**$5.69**
Intergovernmental Revenues	**$1,247,000**	**Recurring**	**Persons Served**	**0%**	**$6.00**
Charges for Services	**$7,920,254**	**Recurring**	**Persons Served**	**0%**	**$38.12**
Use of Money & Property	**$52,800**	**Recurring**	**Persons Served**	**0%**	**$0.25**
Interest Income	**$4,018,000**	**Recurring**	**Case Study**	**0%**	**NA**
Fines and Forfeitures	**$132,000**	**Recurring**	**Persons Served**	**0%**	**$0.64**
Transfers In	**$77,513**	**Recurring**	**Persons Served**	**0%**	**$0.37**
Motor Vehicle License Fee	**$400,000**	**Recurring**	**Case Study**	**0%**	**NA**
Other Revenues	**$251,550**	**Recurring**	**Persons Served**	**0%**	**$1.21**
Total Recurring Revenues	**$72,828,065**				

EXHIBIT A-2
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
CITY GENERAL FUND EXPENDITURES (BY TYPE)

I. Demographics and Other Data

2012 Estimated City Population [1]	195,216
2012 Estimated City Employees [2]	25,120
2012 Persons Served [3]	207,776

Notes:

[1] California Department of Finance, Price and Population Information, January 1, 2011.

[2] California Employment Development Department ("EDD") - Labor Market Information Division, 2010 Annual Average NAICS Sector Data.

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

[4] Certain expenditures are not expected to increase one-to-one with the new development. A discount of 50% was applied to reflect the estimated ratio of fixed expenditures to variable expenditures and/or one-time to recurring expenditures.

II. City Expenditures (by Type)

Expenditure Type	Total Expenditures	Revenue Type	Fiscal Impact Basis	Discount [4]	Fiscal Impact Revenue Factor
GENERAL GOVERNMENT					
City Council - Administration	$577,099	Recurring	Case Study	0%	NA
City Manager	$844,795	Recurring	Case Study	0%	NA
City Clerk - Administration	$490,205	Recurring	Case Study	0%	NA
Economic Dev. - Administration	$312,518	Recurring	Case Study	0%	NA
City Attorney - Admin.	$930,802	Recurring	Case Study	0%	NA
Communications - Admin.	$66,233	Recurring	Case Study	0%	NA
Human Resources - Admin.	$709,395	Recurring	Case Study	0%	NA
Graphics Support	$190,104	Recurring	Case Study	0%	NA
FASD - Administration	$292,275	Recurring	Case Study	0%	NA
Financial Operations	$1,192,981	Recurring	Case Study	0%	NA
Treasury Operations	$1,003,866	Recurring	Case Study	0%	NA
Purchasing	$474,506	Recurring	Case Study	0%	NA
NON-GENERAL GOVERNMENT					
Community Development	$1,734,906	Recurring	Persons Served	50%	$4.17
Public Works	$2,242,854	Recurring	Persons Served	0%	$10.79
Police	$40,764,819	Recurring	Persons Served	0%	$196.20
Animal Services	$1,952,210	Recurring	Persons Served	50%	$4.70
Other Uses	$2,605,735	Recurring	Persons Served	50%	$6.27
Development Services	$4,336,491	Recurring	Persons Served	0%	$20.87
Fire Services	$15,134,968	Recurring	Persons Served	0%	$72.84
Transfers Out	$1,303,900	Recurring	Persons Served	0%	$6.28
Total Recurring Expenditures	$77,160,662				

EXHIBIT A-3
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
LAND USE AND DEMOGRAPHICS SUMMARY

FUTURE LAND USE DATA

I. World Logistics Center Developable Land Use Description

A. Residential Land Uses	Number of Units [1]
Single-Family Detached	0
Multi-family (Affordable)	0

B. Commercial Land Uses	Sq. Ft. [1]
Retail	3,000
Non-Retail (Logistics Development and Light Logistics)	41,600,000

DEMOGRAPHIC DATA

II. Demographics

A. Residential Land Use Population	Persons per Household [2]
Persons per Household	3.74

B. Non-Residential Land Use Employee Generation Commercial Land Uses	Sq. Ft. per Employee [3]
Retail	400
Non-Retail (Logistics Development and Light Logistics)	2,000

POPULATION AND EMPLOYEES (CALCULATIONS)

III. Residential Land Use Type	Number of Units	Residential Population
Single-Family Detached	0	0
Multi-family (Affordable)	0	0

IV. Non-Residential Land Use Type	Sq. Ft.	Total Direct Employees
Retail	3,000	8
Non-Retail (Logistics Development and Light Logistics)	41,600,000	20,800

SOI POPULATION AND EMPLOYEES (TOTALS)

V.	Total Projected Residential Population	0
VI.	Total Projected Direct Employees	20,808
VII.	Total Persons Served Population	10,404

NOTES:

[1] Source: Highland Fairview, City of Moreno Valley.

[2] California Department of Finance - Demographic Research Unit, Census 2010 Demographic Profile Summary File, generated May 12, 2011.

[3] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG (2001), and "Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010). Identical to metrics utilized in economic impact analysis, please see Exhibit B-1.

* *All figures subject to rounding*

EXHIBIT A-4
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
PROPERTY TAX REVENUE ANALYSIS

GENERAL PROPERTY TAX ASSUMPTIONS

I. Property Tax Allocation (as a Portion of the 1% General Property Tax Levy)

Category	Upon Full Annexation to City of Moreno Valley [1]
	City of Moreno Valley
General Fund [2]	0.08965230
	8.97%

II. Homeowner's Exemption

Homeowner's Exemption (Annually)	$7,000
Percent of Sale Units Taking Homeowner's Exemption [3]	90%

ASSESSED VALUATION ASSUMPTIONS

III. Assessed Valuation - Projected Land Uses

	Residential Land Uses	
A.	**Single-Family Detached Units**	
	Number of Units [4]	0
	Estimated Blended Sales Price per Unit [5]	$0
	Total Estimated Net Taxable Value (Includes Estimated Takedown from Homeowner's Exemptions)	$0
B.	**Multi-family (Affordable)**	
	Number of Units [4]	0
	Estimated Sales Price per Unit [5]	$0
	Total Estimated Net Taxable Value	$0
	Non-Residential Land Uses	
C.	**Retail**	
	Estimated Number of Sq. Ft. [4]	3,000
	Estimated Valuation per Sq. Ft. [6]	$200
	Total Estimated Net Taxable Value	$600,000
D.	**Non-Retail (Logistics Development and Light Logistics)**	
	Estimated Number of Sq. Ft. [4]	41,600,000
	Estimated Valuation per Sq. Ft. [6]	$90
	Total Estimated Net Taxable Value	$3,744,000,000
E.	**Total Land Use Net Taxable Value (Includes Takeout from Homeowner's Exemption)**	$3,744,600,000

OTHER PROPERTY TAX REVENUE ASSUMPTIONS

IV. Unsecured Property Taxes - Assumptions [7]

Residential	
Unsecured Taxes as a % of Secured	2.75%
Non-Residential	
Unsecured Taxes as a % of Secured	10.00%

V. Property Tax Transfer - Assumptions [8]

Residential Property Turnover Rate	10.00%
Non-Residential Property Turnover Rate	5.00%
Transfer Tax as a % of Assessed Value	0.11%
Property Transfer Tax Passed Through to City of Moreno Valley	50.00%

VI. Motor Vehicle Licensing Fees - Assumptions

Vehicle Licensing Fees per Capita	$2.05

VII. Property Tax In-Lieu of Vehicle License Fee - Assumptions

Total City of Moreno Valley Gross Assessed Value [9]	$10,445,118,397
City of Moreno Valley Property Tax In-Lieu of Vehicle License Fee [10]	$13,195,000
Property Tax In-Lieu of Vehicle License Fee Increase per $1,000 Assessed Value	$1.26

EXHIBIT A-4
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
PROPERTY TAX REVENUE ANALYSIS

Fiscal Impact Calculation

VIII. Fiscal Impact Category	Fiscal Impact Amount
A. Secured Property Tax	
Residential Land Uses	
Single-Family Detached	$0
Multi-family (Affordable)	$0
Non-Residential Land Uses	
Commercial Land Uses	
Retail	$538
Non-Retail (Logistics Development and Light Logistics)	$3,356,582
B. Unsecured Property Tax	
Residential Land Uses	
Single-Family Detached	$0
Multi-family (Affordable)	$0
Non-Residential Land Uses	
Commercial Land Uses	
Retail	$54
Non-Retail (Logistics Development and Light Logistics)	$335,658
C. Property Transfer Tax	
Residential Land Uses	
Single-Family Detached	$0
Multi-family (Affordable)	$0
Non-Residential Land Uses	
Commercial Land Uses	
Retail	$17
Non-Retail (Logistics Development and Light Logistics)	$102,960
D. Motor Vehicle Licensing Fees [11]	$0
E. Property Tax In-Lieu of Vehicle License Fee [12]	
Projected Residential and Non-Residential Land Uses	$4,636,853
Total Property Tax Revenues	**$8,432,662**

NOTES:

[1] Based on "General Fund" levy for Tax Rate Areas (TRAs). Data provided by the County of Riverside Auditor-Controller's Office. TRA allocations adjusted for ERAF. Figure reflects multiple TRAs ranging from 3%-21%, weighted by assessed value. As agreed, figure does not include non-General Funds.

[2] Regarding those TRAs in unincorporated Riverside County, the City of Moreno Valley will receive 25% of the incremental ERAF-adjusted tax allocation post annexation. Source: Resolution No. 85-551 - *Master Property Tax Transfer Agreement Between the County of Riverside and the City of Moreno Valley Relating to Annexations,* dated September 10, 1985.

[3] Estimate, subject to change.

[4] Please see Exhibit A-3. Subject to change.

[5] Please see Exhibit A-3. Subject to change.

[6] Estimated valuation per square foot based on recently conducted fiscal impact studies by DTA and research conducted by DTA for recently constructed comparable buildings in the Inland Empire. Estimate, subject to change

[7] Based on typical DTA baseline assumptions.

[8] Source: California Revenue & Taxation Code §11901, et seq. ; Moreno Valley Municipal Code §3.22.020.

[9] Source: *Riverside County Assessor Annual Report;* Fiscal Year 2011-12, City of Moreno Valley total assessed value.

[10] Source: City of Moreno Valley Operating Budget, Fiscal Year 2012-2013.

[11] City of Moreno Valley no longer receiving motor vehicle licensing fees. Please see page 7 of Study for explanation.

[12] Property Tax in-lieu of Vehicle Licensing Fees applies to incremental property value post-annexation. Current estimated land value of Center site of $74,082,308 excluded from calculation.

* ***All figures subject to rounding***

EXHIBIT A-5
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
SALES TAX REVENUE ANALYSIS

INDIRECT SALES TAX ASSUMPTIONS

I. Residential Indirect Sales Tax Assumptions

A. Mortgage Assumptions

Projected Residential Units	
Single-Family Residential and Multi-family (Affordable)	
Projected Sales Price per Unit (Blended)	$0
Average Mortgage (20% Down Payment) [1]	$0
Annual Mortgage Payment (8% for 30 Years) [2]	$0
Additional Annual Taxes & Insurance (2.00%)	$0

B. Disposable Income Assumptions

Projected Residential Units	
Single-Family Residential and Multi-family (Affordable)	
Average Household Income (3:1 Income to Household Payment Ratio) [1]	$0.00
Retail Taxable Expenditures (as a % of Disposable Income) [3]	0.00%

C. Other Indirect Sales Tax Assumptions

Employees (annual spending per employee) [4]	$4,168
Retail Taxable Sales Capture	
City of Moreno Valley Retail Taxable Purchase Capture [5]	50%
Other Sales Tax Assumptions	
% to the City of Moreno Valley [6]	1.00%

DIRECT SALES TAX ASSUMPTIONS

II. Non-Residential Direct Sales Tax Assumptions

A. Taxable Sales per Sq. Ft. [7]	
Non-Residential	
Retail	$250
Non-Retail	$0
B. Displaced Taxable Sales	
Displaced Existing Taxable Sales within the City of Moreno Valley [8]	20%

FISCAL IMPACT CALCULATION

III. Fiscal Impact Category	Fiscal Impact Amount
A. Indirect Sales Tax	
Projected Residential Land Uses	
Single-Family Residential and Multi-family (Affordable)	$0
Employee Taxable Sales	$433,594
B. Direct Sales Tax [7]	
Projected Non-Residential Land Uses	
Commercial Land Uses	
Retail	$6,000
Non-Retail	$0
Total Sales Tax Revenues	**$439,594**

NOTES:

[1] DTA estimates. Subject to change.
[2] DTA estimate. Annual payment includes principal, interest, property taxes, and homeowner's insurance.
[3] Source: BOE *2008 Consumer Expenditure Survey*.
[4] Source: "Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study," ICSC (2004). Adjusted for inflation assuming 3% annual inflation rate.
[5] Estimate, subject to change.
[6] Source: Moreno Valley Municipal Code §3.36.020.
[7] Based on the median sales per sq. ft. figure for retail centers as outlined in "Dollars and Cents of Shopping Centers" (2008) published by the Urban Land Institute. However, no retail activity expected on Center site, only logistics warehousing. Source: Highland Fairview.
[8] Estimate, subject to change.
* *All figures subject to rounding*

EXHIBIT A-6
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
INVESTMENT INCOME REVENUES ANALYSIS

ASSUMPTIONS

I.	Investment Income Assumptions	
	Investment Period for Recurring Non-Interest General Fund Revenues	12 Months
	Local Agency Investment Fund (LAIF) Rate of Return [1]	0.40%
	Local Agency Investment Fund (LAIF) Percentage of Earnings Cost [2]	50.00%

FISCAL IMPACT CALCULATION

II.	Fiscal Impact Category	Fiscal Impact Amount
	Total Property Tax Revenues (Exhibit 4)	$8,432,662
	Total Sales Tax Revenues (Exhibit 5)	$439,594
	Total Multiplier Revenues (Exhibit 7)	$2,665,440
	Projected Recurring General Fund Revenues Available for Investment	**$11,537,696**
	Plus: Investment Income (Less Earnings Cost)	$23,075
	Total Recurring General Fund Revenues	**$11,560,771**

NOTES:

[1] 47-Quarter Average (March Beginning 2000 to September Ending 2011) is 3.0%, yet current rate is ~0.50%, LAIF Apportionment Rates as provided by the California State Treasurer.

[2] Based on quarter ending September 30, 2010, LAIF Administrative Earnings Costs as provided by the California State Treasurer.

* ***All figures subject to rounding***

EXHIBIT A-7
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
MULTIPLIER REVENUE SOURCES ANALYSIS

ASSUMPTIONS

I. Multiplier Revenues

Revenue Category	Multiplier Factor [1]	Revenue Projection Basis
Tax Revenue	$59.85	Persons Served
Business Receipts Tax & Licenses	$59.63	Per Employee
Franchises	$24.81	Persons Served
Licenses/Permits	$5.69	Persons Served
Intergovernmental Revenues	$6.00	Persons Served
Charges for Services	$38.12	Persons Served
Use of Money & Property	$0.25	Persons Served
Fines and Forfeitures	$0.64	Persons Served
Transfers In	$0.37	Persons Served
Other Revenues	$1.21	Persons Served

FISCAL IMPACT CALCULATION

II. Fiscal Impact Category	Fiscal Impact Amount
Tax Revenue	$622,664
Business Receipts Tax & Licenses	$1,240,751
Franchises	$258,117
Licenses/Permits	$59,197
Intergovernmental Revenues	$62,423
Charges for Services	$396,591
Use of Money & Property	$2,601
Fines and Forfeitures	$6,658
Transfers In	$3,849
Other Revenues	$12,589
Total Multiplier Revenues	**$2,665,440**

NOTES:

[1] Based on City of Moreno Valley Operating Budget, Fiscal Year 2012-2013.

* *All figures subject to rounding*

EXHIBIT A-8
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
MULTIPLIER EXPENDITURES ANALYSIS

ASSUMPTIONS

I. Multiplier Expenditures

Expenditure Category	Multiplier Factor [1]	Expenditure Projection Basis [1]
Community Development	$4.17	Persons Served
Public Works	$10.79	Persons Served
Police	$196.20	Persons Served
Animal Services	$4.70	Persons Served
Other Uses	$6.27	Persons Served
Development Services	$20.87	Persons Served
Fire Services	$72.84	Persons Served
Transfers Out	$6.28	Persons Served

FISCAL IMPACT CALCULATION

II. Fiscal Impact Category	Fiscal Impact Amount
Community Development	$43,384
Public Works	$112,256
Police	**$2,041,216**
Animal Services	$48,898
Other Uses	$65,232
Development Services	$217,126
Fire Services	**$757,809**
Transfers Out	$65,336
Total Multiplier Expenditures	**$3,351,257**

NOTES:

[1] Based on City of Moreno Valley Operating Budget, Fiscal Year 2012-2013.

* *All figures subject to rounding*

EXHIBIT A-9
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
CASE STUDY EXPENDITURES ANALYSIS

Infrastructure & Parks Maintenance Costs

I.	**Estimated Additional Infrastructure Requirements [1]**	
	Estimated Lane Miles of Roadway	54.0
	Estimated Number of Signalized Intersections	4
	Estimated Number of Streetlights	699
	Estimated Acres of Parkways and Medians	75.0
	Estimated Mileage of Storm Drains	18.1
	Estimated Mileage of Sidewalks/Trails	17.2
II.	**Estimated Annual Costs [2]**	
	Roadway Maintenance Costs per Lane Mile	$7,834
	Traffic Signal Maintenance per Intersection	$4,938
	Street Light Maintenance per Light	$126
	Parkway/Median Maintenance Costs per Acre	$14,953
	Storm Drain Maintenance Per Mile	$1,177
	Sidewalk/Trail Mileage per Lineal Mile	$3,497
III.	**Estimated Annual Infrastructure & Parks Maintenance Calculation**	
	Roadways	$423,029
	Signalized Intersections	$19,752
	Street Lights	$87,759
	Parkway/Median	$1,121,505
	Open Space	$106,399
	Sidewalks/Trails	$60,149
IV.	**Measure A Set-Off [3]**	
	Measure A Sales Tax	0.50%
	Measure A Sales Tax Passed Through to the City	10.15%
	(Measure A Set-Off resulting from World Logistics Center)	($21,997)
	Total Infrastructure & Parks Maintenance Costs	**$1,817,881**

NOTES:

[1] Source: Highland Fairview; reflects only those improvements to be operated and maintained by the City's General Fund. Subject to change.

[2] Based on data obtained from the DTA Public Works database, in concert with research from the Engineering News-Record.

[3] Half cent sales tax of which ~10% goes to the City of Moreno Valley based on percentage of total Measure A funds allocated to Moreno Valley with respect to the County total. Subject to change. Source: Riverside County Transportation Commission (RCTC) Annual Budget, Fiscal Year 2011-2012.

* *All figures subject to rounding*

EXHIBIT A-10
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
GENERAL GOVERNMENT EXPENDITURES ANALYSIS

ASSUMPTIONS

Total Recurring General Fund Expenditures (excluding General Government Overhead) [1]	$70,075,883
Recurring General Government Overhead Expenditures (as a % of Total Recurring General Fund Expenditures) [2]	10%
Marginal Increase in General Government Costs [3]	75%

FISCAL IMPACT CALCULATION

I. Fiscal Impact Category	Fiscal Impact Amount
Total Multiplier Expenditures (Exhibit 8)	$3,351,257
Total Case Study Expenditures (Exhibit 9)	$1,817,881
Projected Recurring General Fund Expenditures	**$5,169,138**
Plus: General Government Costs	$391,956
Total Recurring Expenditures	**$5,561,094**

NOTES:

[1] Based on City of Moreno Valley Operating Budget, Fiscal Year 2012-2013.

[2] General Government Overhead Expenditures defined as costs for City Council, City Manager, City Clerk, Administrative Services, City Treasurer, etc.

[3] Estimate, subject to change. Current City staffing numbers are likely artificially low and are thus not suitable for serving new development.

* *All figures subject to rounding*

EXHIBIT A-11
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
NET FISCAL IMPACT SUMMARY

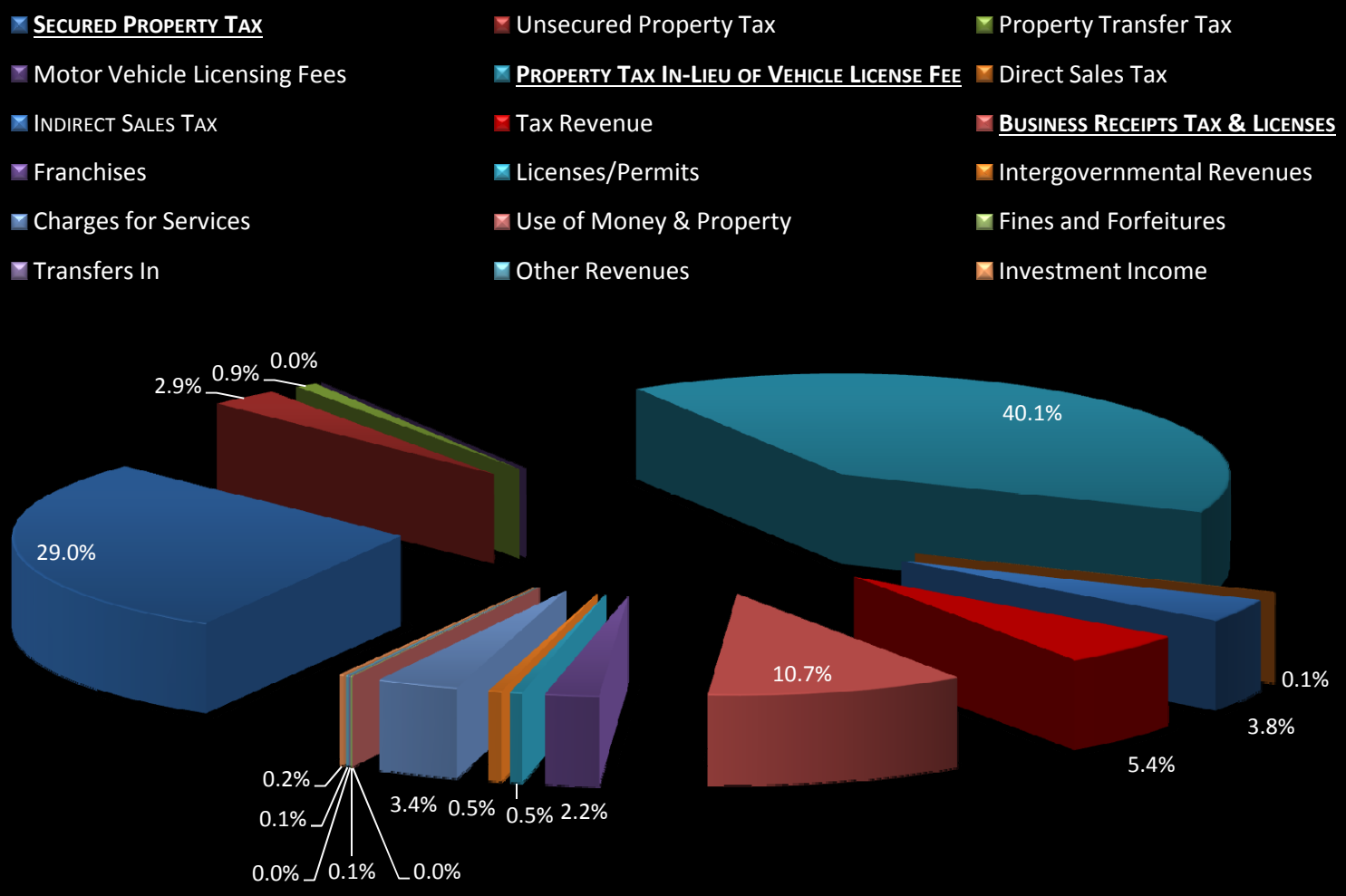
RECURRING GENERAL FUND REVENUES [1]	AMOUNT	PERCENT OF TOTAL
Secured Property Tax	$3,357,120	29.0%
Unsecured Property Tax	$335,712	2.9%
Property Transfer Tax	$102,977	0.9%
Motor Vehicle Licensing Fees	$0	0.0%
Property Tax In-Lieu of Vehicle License Fee	$4,636,853	40.1%
Direct Sales Tax	$6,000	0.1%
Indirect Sales Tax	$433,594	3.8%
Tax Revenue	$622,664	5.4%
Business Receipts Tax & Licenses	$1,240,751	10.7%
Franchises	$258,117	2.2%
Licenses/Permits	$59,197	0.5%
Intergovernmental Revenues	$62,423	0.5%
Charges for Services	$396,591	3.4%
Use of Money & Property	$2,601	0.0%
Fines and Forfeitures	$6,658	0.1%
Transfers In	$3,849	0.0%
Other Revenues	$12,589	0.1%
Investment Income	$23,075	0.2%
Total Recurring General Fund Revenues	**$11,560,771**	**100.0%**

RECURRING GENERAL FUND EXPENDITURES [2]	AMOUNT	PERCENT OF TOTAL
Community Development	$43,384	0.8%
Public Works	$112,256	2.0%
Police	$2,041,216	36.7%
Animal Services	$48,898	0.9%
Other Uses	$65,232	1.2%
Development Services	$217,126	3.9%
Fire Services	$757,809	13.6%
Transfers Out	$65,336	1.2%
General Government	$391,956	7.0%
Infrastructure & Parks Maintenance Costs	$1,817,881	32.7%
Total Recurring General Fund Expenditures	**$5,561,094**	**100.0%**

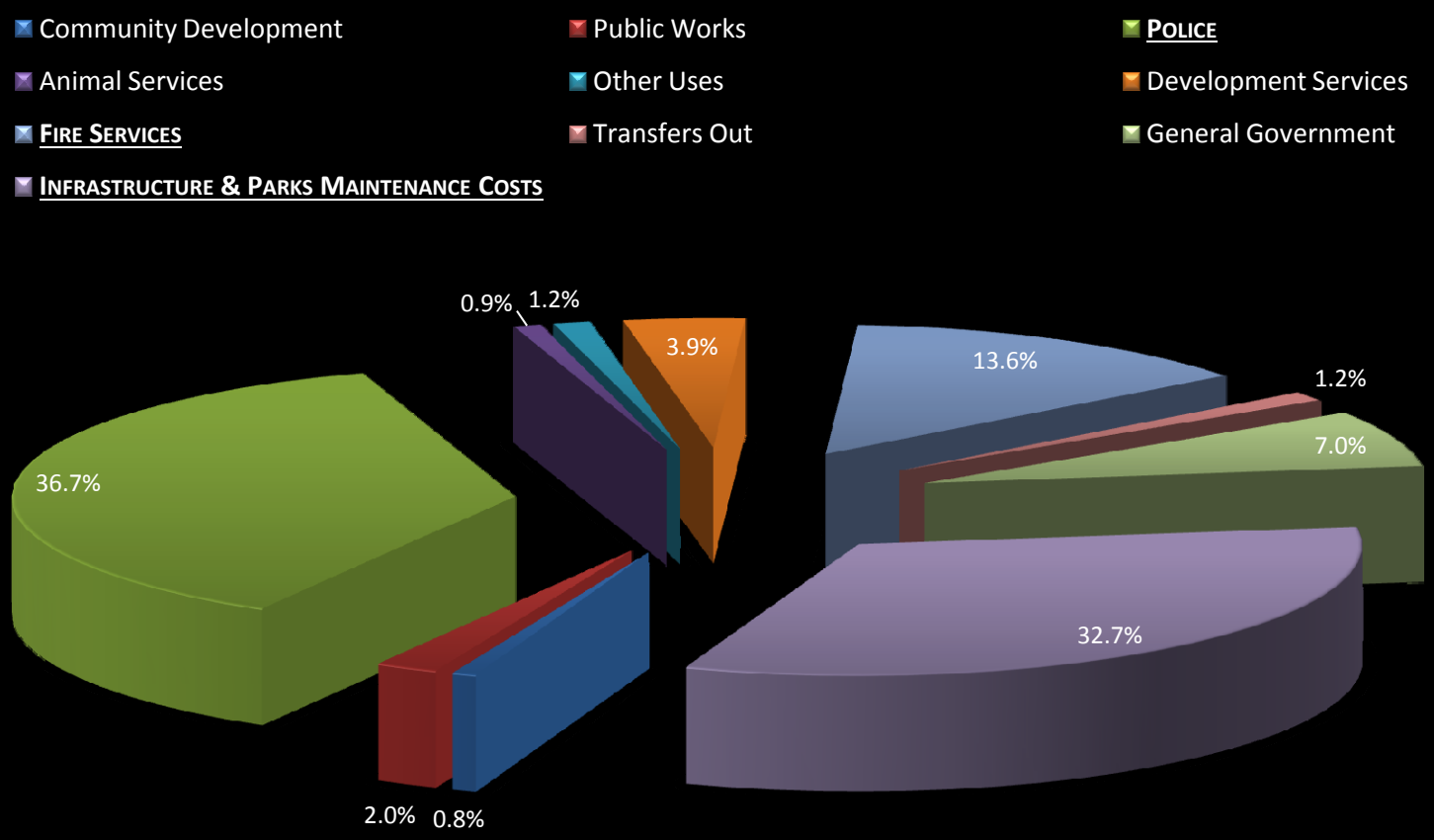
NET FISCAL IMPACT	
Total Annual Recurring General Fund Surplus/(Deficit)	**$5,999,678**
Total Annual Revenue/Expenditure Ratio	**2.08**
Total Fiscal Surplus/(Deficit) per 1,000 SF Logistics	**$144**

NOTES:
[1] Please see Exhibits 4-7 for the derivation of these calculations.
[2] Please see Exhibits 8-10 for the derivation of these calculations.
* *All figures subject to rounding*

Recurring General Fund Revenues



Recurring General Fund Expenditures



APPENDIX B

ECONOMIC IMPACT MODEL

EXHIBIT B-1
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
JOB CREATION

ASSUMPTIONS

I. Non-Residential Land Use Assumptions

A. Commercial Land Uses	Sq. Ft. [1]
Office	0
Retail	3,000
Logistics Development / Light Logistics	41,600,000

B. Employees/KSF [2]	
Office	2.00
Retail	2.50
Logistics Development / Light Logistics	0.50

JOB CREATION CALCULATION

II. COUNTY

Non-Residential Land Use	Direct Employees [3]	Indirect Employees [4]	Induced Employees [5]	Total Employees
Office	0	0	0	0
Retail	8	1	1	11
Logistics Development / Light Logistics	20,800	3,348	4,218	28,366
TOTAL, NON-RESIDENTIAL	20,808	3,349	4,219	**28,377**

III. CITY [6]

Non-Residential Land Use	Direct Employees [3]	Indirect Employees [4]	Induced Employees [5]	Total Employees
Office	0	0	0	0
Retail	8	1	1	10
Logistics Development / Light Logistics	20,800	1,674	2,109	24,583
TOTAL, NON-RESIDENTIAL	20,808	1,675	2,110	**24,593**

NOTES:

[1] Source: Highland Fairview.

[2] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG (2001), "Logistics Trends and Specific Industries," NAIOP Research Foundation (March 2010), and World Logistics Center EIR. Identical to metrics utilized in fiscal impact analysis, please see Exhibit A-3.

[3] Based on multiplying SF by Employees/1,000 SF metric.

[4] Based on indirect-effect employment multiplier multiplied by Direct Output (see Exhibit B-2). Indirect Employment metric is based on Direct Output metric. Source: Riverside County IMPLAN multipliers.

[5] Based on induced-effect employment multiplier multiplied by Direct Output (see Exhibit B-2). Induced Employment metric is based on Direct Output metric. Source: Riverside County IMPLAN multipliers.

[6] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

EXHIBIT B-2
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
TOTAL OUTPUT

TOTAL OUTPUT CALCULATION

I. COUNTY	Total Square Footage [1]	Direct Output [2]	Indirect Output [3]	Induced Output [4]	Total Output
Office	0	$0	$0	$0	$0
Retail	3,000	$637,500	$152,275	$175,599	$965,374
Logistics Development / Light Logistics	41,600,000	$1,540,761,748	$385,622,987	$505,501,561	$2,431,886,295
TOTAL, NON-RESIDENTIAL	**41,603,000**	**$1,541,399,248**	**$385,775,262**	**$505,677,160**	**$2,432,851,669**

II. CITY [5]	Total Square Footage [1]	Direct Output [2]	Indirect Output [3]	Induced Output [4]	Total Output
Office	0	$0	$0	$0	$0
Retail	3,000	$637,500	$76,137	$87,800	$801,437
Logistics Development / Light Logistics	41,600,000	$1,540,761,748	$192,811,494	$252,750,780	$1,986,324,021
TOTAL, NON-RESIDENTIAL	**41,603,000**	**$1,541,399,248**	**$192,887,631**	**$252,838,580**	**$1,987,125,458**

NOTES:

[1] Source: Highland Fairview.

[2] Source: Riverside County IMPLAN multipliers. Retail Direct Output derived by multiplying SF by projected retail taxable sales per SF of $250; discounted by 15% to reflect "leakage."
Logistics Direct Output based on direct-effect employment multiplier divided into Direct Logistics Jobs (see Exhibit A-1), i.e., Direct Output metric is based on projected Direct Employment for this category.

[3] Source: Riverside County IMPLAN multipliers. Indirect Output metric is based on Direct Output metric.

[4] Source: Riverside County IMPLAN multipliers. Induced Output metric is based on Direct Output metric.

[5] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

EXHIBIT B-3
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
TOTAL WAGES

I. COUNTY

Non-Residential Land Use	Direct Wages [1]	Indirect Wages [2]	Induced Wages [3]	Total Wages
Office	$0	$0	$0	$0
Retail	$183,082	$46,153	$59,899	$289,134
Logistics Development / Light Logistics	$880,685,919	$135,943,227	$171,247,176	$1,187,876,322
TOTAL, NON-RESIDENTIAL	**$880,869,002**	**$135,989,380**	**$171,307,075**	**$1,188,165,456**

II. CITY [4]

Non-Residential Land Use	Direct Wages [1]	Indirect Wages [2]	Induced Wages [3]	Total Wages
Office	$0	$0	$0	$0
Retail	$183,082	$23,076	$29,950	$236,108
Logistics Development / Light Logistics	$880,685,919	$67,971,613	$85,623,588	$1,034,281,121
TOTAL, NON-RESIDENTIAL	**$880,869,002**	**$67,994,690**	**$85,653,538**	**$1,034,517,229**

NOTES:

[1] Based on Direct Employees multiplied by Retail annual salary of $22,885, which reflects a blended average of local "retail" codes and "food service/accomodation" codes.
Based on Direct Employees multiplied by Logistics annual salary of $42,341, which equals standard Warehousing/Transportation Salary (~$41,229) plus a small salary bump for 10% of employees (~$52,346) to account for presence of high-level management and related office personnel.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[2] Based on indirect employees multiplied by County average annual salary of $40,602.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[3] Based on induced employees multiplied by County average annual salary of $40,602.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[4] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

EXHIBIT B-4
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
JOBS-HOUSING BALANCE

ASSUMPTIONS

I. Existing Demographics

	Amount
A. Riverside County	
Housing Units [1]	784,357
Employees [2]	551,492
B. City of Moreno Valley	
Housing Units [1]	53,772
Employees [2]	25,120

II. Job Impacts [3]

A. Riverside County	
Direct Impact	20,808
Additional Indirect, County	3,349
Additional Induced, County	4,219
Total Center, County	**28,377**
B. City of Moreno Valley	
Direct Impact	20,808
Additional Indirect, City	1,675
Additional Induced, City	2,110
Total Center, City	**24,593**

III. Cumulative Center Demographics

A. Existing plus Center - Riverside County	**579,869**
Percentage Increase	*5.15%*
B. Existing plus Center - City	**49,713**
Percentage Increase	*97.90%*

JOBS-HOUSING BALANCE CALCULATION

IV. Jobs-Housing Balance

A. Riverside County	
Existing	0.70
Existing with Center	0.74
Percentage Increase	***5.15%***
B. City of Moreno Valley	
Existing	0.47
Existing with Center	0.92
Percentage Increase	***97.90%***

NOTES:

[1] Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, 2001-2010.

[2] Source: California Employment Development Department ("EDD") - Labor Market Information Division, 2010 Annual Average NAICS Sector Data. Selected zip codes in Riverside County and City of Moreno Valley, special request by DTA. For these purposes, County employee figure does not equal Riverside County "labor force" figure because "labor force" reflects employed County residents irrespective of where they work.

[3] Please see Exhibit B-1.

* ***All figures subject to rounding***

EXHIBIT B-5
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
ONE-TIME IMPACTS

JOB CREATION CALCULATION - FULL-TIME EQUIVALENTS ("FTE")

I. COUNTY

Non-Residential Land Use	Direct Employees [1]	Indirect Employees [2]	Induced Employees [3]	Total Employees
Office	0	0	0	0
Retail	1	0	0	1
Logistics Development / Light Logistics	13,122	3,366	4,243	20,731
TOTAL, NON-RESIDENTIAL	13,123	3,367	4,243	**20,733**

II. CITY [4]

Non-Residential Land Use	Direct Employees [1]	Indirect Employees [2]	Induced Employees [3]	Total Employees
Office	0	0	0	0
Retail	1	0	0	1
Logistics Development / Light Logistics	13,122	1,683	2,122	16,927
TOTAL, NON-RESIDENTIAL	13,123	1,683	2,122	**16,928**

NOTES:

[1] Based on direct-effect employment multiplier multiplied by one-time output (see below). As this is an analysis of just one industry (construction), Direct Employment metric is based on Direct Output Source: Riverside County IMPLAN multipliers.

[2] Based on indirect-effect employment multiplier multiplied by one-time output (see below). Indirect Employment metric is based on Direct Output Source: Riverside County IMPLAN multipliers.

[3] Based on induced-effect employment multiplier multiplied by one-time output (see below). Induced Employment metric is based on Direct Output Source: Riverside County IMPLAN multipliers.

[4] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

TOTAL WAGE CALCULATION

III. COUNTY

Non-Residential Land Use	Direct Wages [1]	Indirect Wages [2]	Induced Wages [3]	Total Wages
Office	$0	$0	$0	$0
Retail	$46,203	$9,857	$12,424	$68,484
Logistics Development / Light Logistics	$640,681,136	$136,681,476	$172,276,486	$949,639,098
TOTAL, NON-RESIDENTIAL	**$640,727,339**	**$136,691,333**	**$172,288,909**	**$949,707,581**

IV. CITY [4]

Non-Residential Land Use	Direct Wages [1]	Indirect Wages [2]	Induced Wages [3]	Total Wages
Office	$0	$0	$0	$0
Retail	$46,203	$4,928	$6,212	$57,343
Logistics Development / Light Logistics	$640,681,136	$68,340,738	$86,138,243	$795,160,117
TOTAL, NON-RESIDENTIAL	**$640,727,339**	**$68,345,666**	**$86,144,455**	**$795,217,460**

NOTES:

[1] Based on direct employees multiplied by Construction annual salary of $48,825.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[2] Based on indirect employees multiplied by County average annual salary of $40,602.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[3] Based on induced employees multiplied by County average annual salary of $40,602.
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics Reports (California, 2010) for Riverside-San Bernardino-Ontario Metropolitan Area and Riverside County; confirmed by Bureau of Labor Statistics (May 2010).

[4] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

TOTAL OUTPUT CALCULATION

V. COUNTY	Total Square Footage [1]	Direct Output [2]	Indirect Output [3]	Induced Output [4]	Total Output
Office	0	$0	$0	$0	$0
Retail	3,000	$123,386	$32,181	$36,673	$192,240
Logistics Development / Light Logistics	41,600,000	$1,710,954,655	$446,240,640	$508,534,262	$2,665,729,558
TOTAL, NON-RESIDENTIAL	**41,603,000**	**$1,711,078,041**	**$446,272,821**	**$508,570,936**	**$2,665,921,798**

VI. CITY [5]	Total Square Footage [1]	Direct Output [2]	Indirect Output [3]	Induced Output [4]	Total Output
Office	0	$0	$0	$0	$0
Retail	3,000	$123,386	$16,090	$18,337	$157,813
Logistics Development / Light Logistics	41,600,000	$1,710,954,655	$223,120,320	$254,267,131	$2,188,342,106
TOTAL, NON-RESIDENTIAL	**41,603,000**	**$1,711,078,041**	**$223,136,411**	**$254,285,468**	**$2,188,499,919**

NOTES:

[1] Source: Highland Fairview.

[2] Construction costs reflect amount estimated to be spent within the County, which is assumed to be 85% of the total construction expenditure.
Total construction expenditures equal approximately 41.6 million SF at an estimated cost of $42 per SF. Source: Highland Fairview; confirmed by RSMeans data.

[3] Based on indirect-effect output multiplier of per $ of Direct Output. Indirect Output metric is based on Direct Output Metric. Source: Riverside County IMPLAN multipliers.

[4] Based on induced-effect output multiplier of per $ of Direct Output. Induced Output metric is based on Direct Output Metric. Source: Riverside County IMPLAN multipliers.

[5] An estimated 50% of the Center impacts occurring in Riverside County will take place in the City of Moreno Valley. Typical DTA baseline assumption. Subject to change.

* ***All figures subject to rounding***

EXHIBIT B-6
RANCHO BELAGO, CALIFORNIA: WORLD LOGISTICS CENTER
SUMMARY

ASSUMPTIONS (IMPLAN)

I.	LAND USE ASSUMPTIONS	Sq. Ft.
	Logistics Development / Light Logistics	41,600,000
	Office	0
	Retail	3,000

II.	EMPLOYMENT ASSUMPTIONS	per 1,000 SF
	Logistics Development / Light Logistics	0.50
	Office	2.00
	Retail	2.50

III.	SALES ASSUMPTIONS	per SF
	Logistics Development / Light Logistics	$0.00
	Office	$0.00
	Retail	$250.00

CONCLUSIONS (IMPLAN)

Recurring Impacts

IV.	JOB CREATION	Direct	Indirect/Induced	Total
	Countywide	20,808	7,569	28,377
	Within City	20,808	3,785	24,593

V.	EMPLOYEE WAGES	Direct	Indirect/Induced	Total
	Countywide	$880,869,002	$307,296,455	$1,188,165,456
	Within City	$880,869,002	$153,648,227	$1,034,517,229

VI.	TOTAL OUTPUT	Direct	Indirect/Induced	Total
	Countywide	$1,541,399,248	$891,452,422	$2,432,851,669
	Within City	$1,541,399,248	$445,726,211	$1,987,125,458

One-Time Impacts

VII.	CONSTRUCTION JOBS	Direct	Indirect/Induced	Total
	Countywide	13,123	7,610	20,733
	Within City	13,123	3,805	16,928

VIII.	CONSTRUCTION WAGES	Direct	Indirect/Induced	Total
	Countywide	$640,727,339	$308,980,242	$949,707,581
	Within City	$640,727,339	$154,490,121	$795,217,460

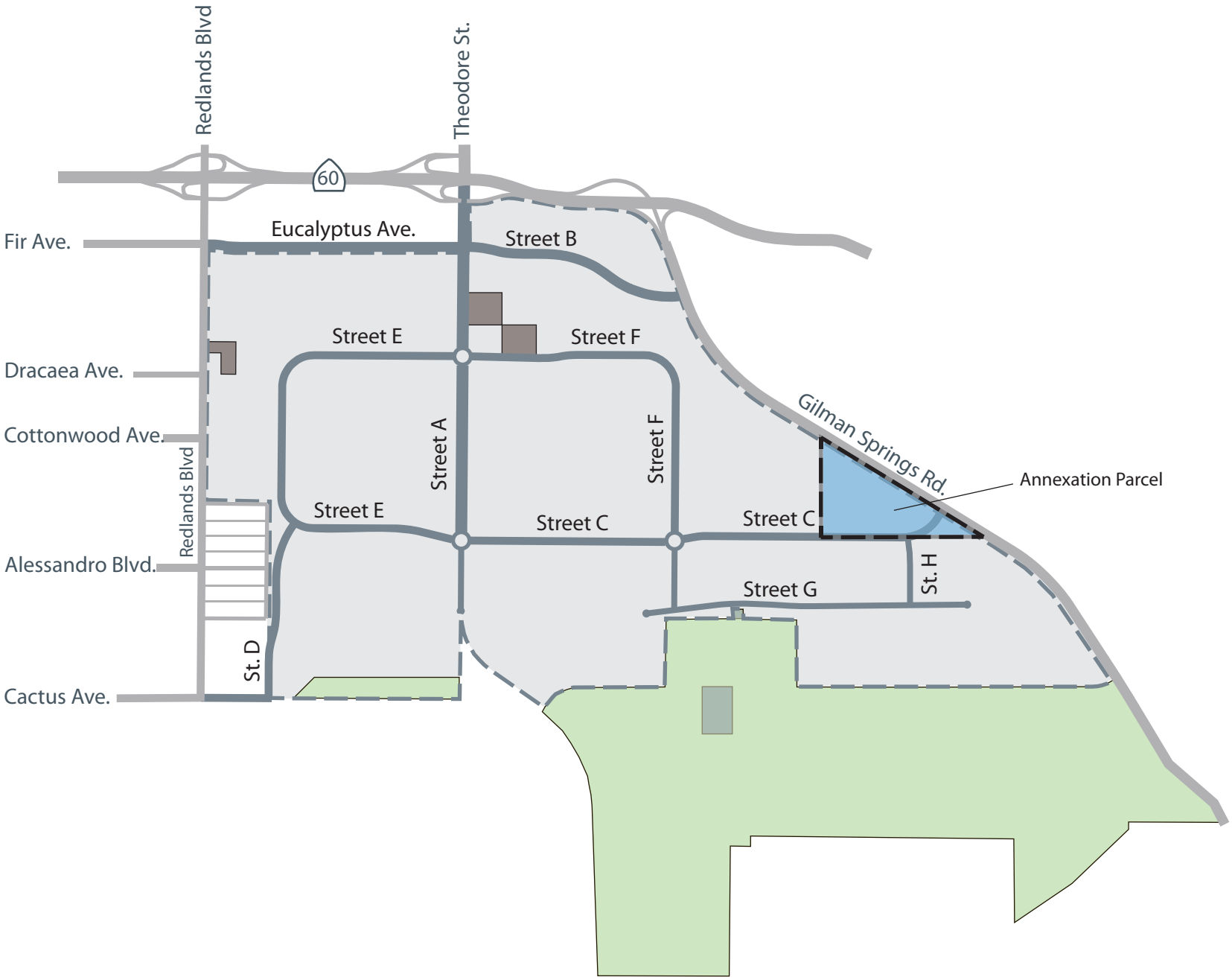
IX.	CONSTRUCTION OUTPUT	Direct	Indirect/Induced	Total
	Countywide	$1,711,078,041	$954,843,757	$2,665,921,798
	Within City	$1,711,078,041	$477,421,878	$2,188,499,919

Other Impacts

X.	JOBS-HOUSING BALANCE	Balance With Center	% Increase/ (Decrease)
	Countywide	0.74	5.15%
	Citywide	0.92	97.90%

APPENDIX C

ANNEXATION EXHIBIT



Annexation Exhibit

Scale: None
May 2, 2012

HIGHLAND FAIRVIEW
Rancho Belago, Ca 92555

P:/World Logistics Center/SP/WLC SP Exhibits-Brian/Files for LPA/Illustrator/Annexation Bdry

Economic Development Action Plan

Community Forum
January 18, 2012

MORENO VALLEY
WHERE DREAMS SOAR

Moreno Valley
On The Move

Challenges Facing Moreno Valley in 2011

- High Unemployment
- Depressed residential property values
- No residential development activity
- Slow economic recovery
- Can’t look for help from Sacramento or DC
- Major problem: Jobs to Housing Imbalance

Objectives for Economic Development Success

- Create jobs locally and address the City's high unemployment rate
- Address the community's jobs to housing imbalance
- Improve customer service delivery for development services
- Strengthen and broaden the local economic foundation by attracting quality businesses
- Enhance City revenue generation from sources such as sales tax, property tax, transient occupancy tax, and utility tax – all aimed at improving quality of life in Moreno Valley

Its all about **Jobs**, **Jobs**, and more **Jobs**….

- Must address the community's jobs to housing imbalance
- No short term recovery of residential development
- Focus on growth in two key business sectors:

  Medical/Healthcare

  Logistics/Distribution

Industrial/Business Park Zoning

- Ontario 25.3%
- Chino 17.1%
- Fontana 17.0%

- Rancho Cucamonga 15.3%
- Riverside 15.2%

- Moreno Valley **9.0%**

Built Industrial/Business Park

City	Developed S.F. (Million)	City Size (sq. miles)	Jobs
Ontario	97.0	50.0	159,100
Fontana	48.3	52.4	61,600
Chino	40.1	30.9	34,411
Riverside	39.3	81.5	159,100
Rancho Cucamonga	36.8	40.2	70,275
Moreno Valley	**10.5**	**60.0**	**32,411**

Jobs to Housing Balance

City	Jobs	Housing	Ratio	Population	Labor Force
Riverside	159,100	98,622	1.61	306,779	161,000
Ontario	107,069	47,578	2.25	165,392	81,500
Rancho Cucamonga	70,275	57,287	1.23	168,181	76,400
Fontana	61,600	52,171	1.18	198,486	61,900
Chino	34,331	21,816	1.57	78,537	21,816
Moreno Valley	**32,411**	**55,635**	**0.58**	**195,216**	**87,900**

Strategic Economic Development

Key Policy Actions in 2011:

- Identified Areas of Opportunity (March)
- Adopted Economic Development Action Plan (April)
- Updated Housing Element (May)
- Established Prioritized Goals (June)
- Adopted Action Steps to make Moreno Valley a “Best Place to do Business” (July)

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY
ON THE MOVE

Strategic Economic Development

Other Actions:

- Reorganization of Development Services
- Began Quarterly Developer Workshops
- Collaboration with major Developers to advance projects
- Protecting projects funded by Redevelopment Agency

How Are We Doing??

- **Job Creation-** 2,198
- **Sales tax revenue** growth
  - 7 straight quarters
- **Strong business attraction**
- **Significant industrial development underway**
- **Unemployment rate improving**
  - 5 straight months of decreases
- **Residential property values stabilizing**

Establish Core Values for Development

- Commitment to Excellence in Customer Service
- Address Jobs to Housing Imbalance
- Combined Planning, Building & Safety, & Land Development with Economic Development to form a consolidated Development Services Team
- Aggressively pursue new development with a focus on job creation in two key areas:
  - ✔ Medical/Healthcare
  - ✔ Logistics/Distribution

Achieve Results: First to Market – First to Jobs

Work with developers to:

- Re-start plan checks
- Start construction on new projects
- Plan for new development
- Seize opportunities for business expansions and attraction of new corporate users – all aimed at job creation

Economic Development Action Plan (Adopted April 2011)

Focus on five geographic areas for significant economic improvement in 2 years

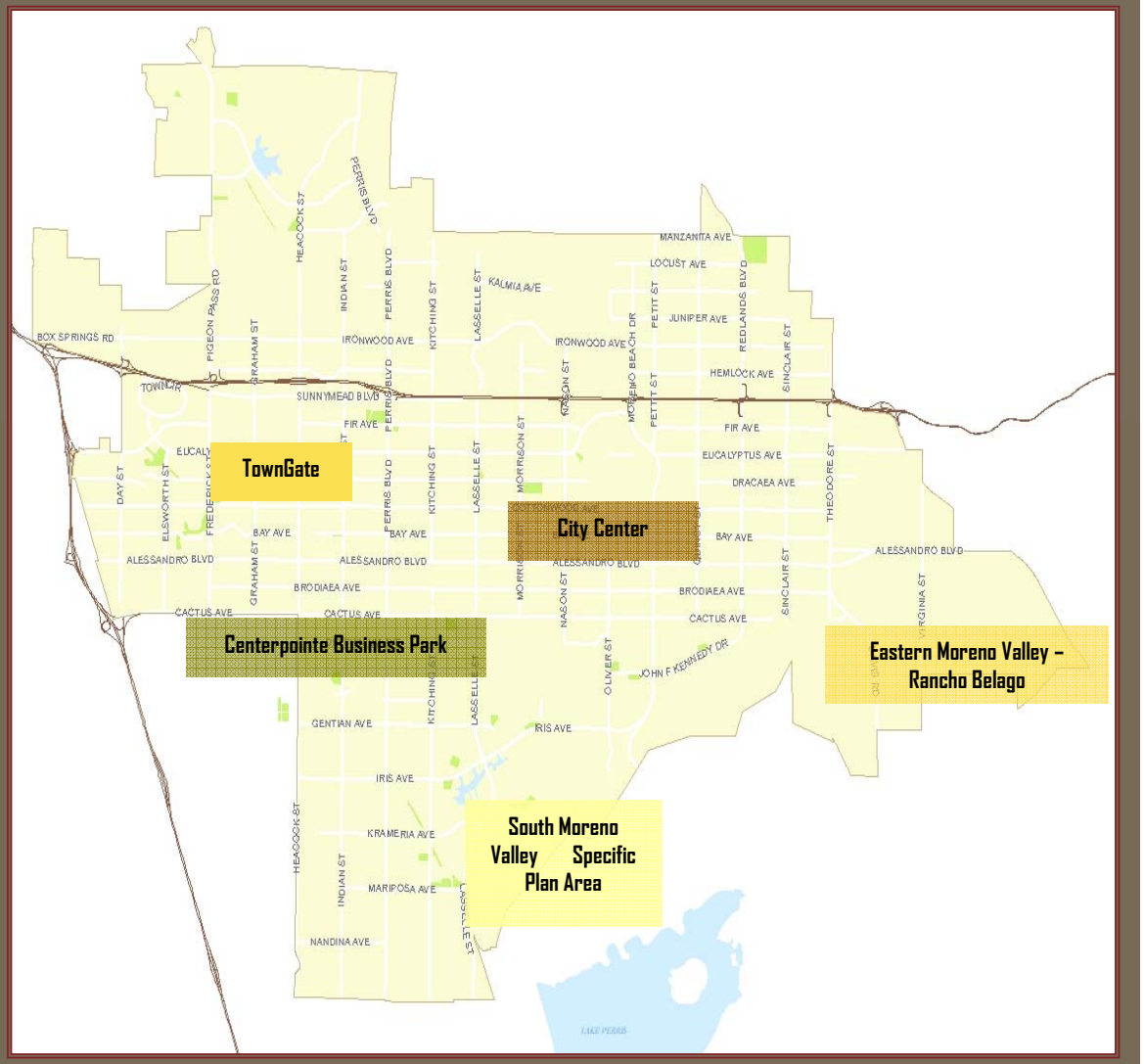
- TownGate
- Centerpointe Business Park
- South Moreno Valley Industrial Area
- Eastern Moreno Valley – Rancho Belago
- City Center

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY ON THE MOVE

Economic Development Action Plan

Areas of Opportunity



Eastern Moreno Valley
Rancho Belago and City Center

- Master Planned Development – Specific Plans
- Next Generation Development Centers
- Sustainable and Green Building
- Target Major Business – Corporate Users
- Focus on Growing Business Sectors (Medical/Healthcare/ Logistics)
- Address Jobs to Housing Imbalance
- Right Place and Right Time

Eastern Moreno Valley
Rancho Belago and City Center

- Future Development Opportunities
- Future Job Centers
- Future Economic Growth
- Future of Moreno Valley

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY
ON THE MOVE

City Center
Re-sequencing of CIP Projects

- SR 60/ Nason Interchange Improvements
- Installation of new SR 60 southerly
  ramps at Moreno Beach
- Extension of Nason St. southerly to connect Cactus Ave. with Iris Ave.
- Improvements on Cactus Ave. between Lasselle St. and Nason St.
- Ultimate Improvements on Nason St.

Total of $75 Million

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY
ON THE MOVE

City Center

Advance the development of the City's medical overlay zone

Kaiser Permanente's expansion under construct
-74,000 s.f. new medical building

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY ON THE MOVE

"Best Place to do Business" (Adopted July 2011)

- Development Services
- Business Attraction
- Business Retention and Expansion
- Marketing and Communication
- Community Vitality

Moreno Valley

- Right Location
- Right Leadership
- Right Development Services Staff
- Right Development Concepts
- Right Action Plan
- Right Time

The future is now – lets all work together to make Moreno Valley the

RIGHT CHOICE

Economic Development

The key is improving jobs to housing balance

JOBS, JOBS, AND MORE JOBS…

GROWTH IN MEDICAL/HEALTHCARE AND LOGISTICS/DISTRIBUTION

MORENO VALLEY
WHERE DREAMS SOAR

MORENO VALLEY
ON THE MOVE

Contact Us
Development Services Team

Barry Foster
Community & Economic Development Director
951.413.3458
barryf@moval.org

John Terell
Planning Official
951.413.3238
johnt@moval.org

Anne Schneider
Building Official
951.413.3354
annesc@moval.org

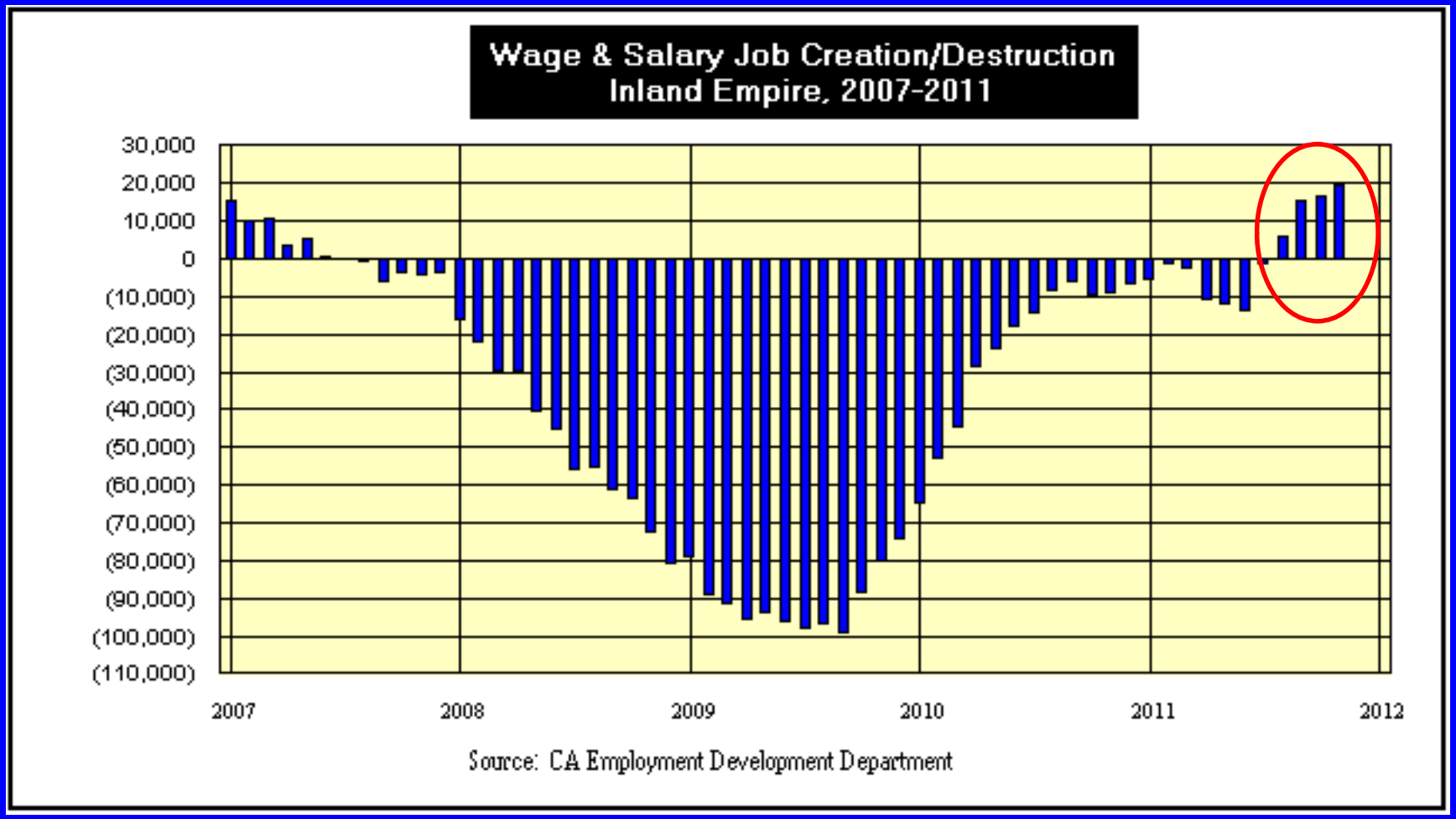
Mark Sambito
Engineering Manager
951.413.3191
marksa@moval.org

Moreno Valley
Economic Development Strategy

John Husing, Ph.D.

Economics & Politics, Inc.

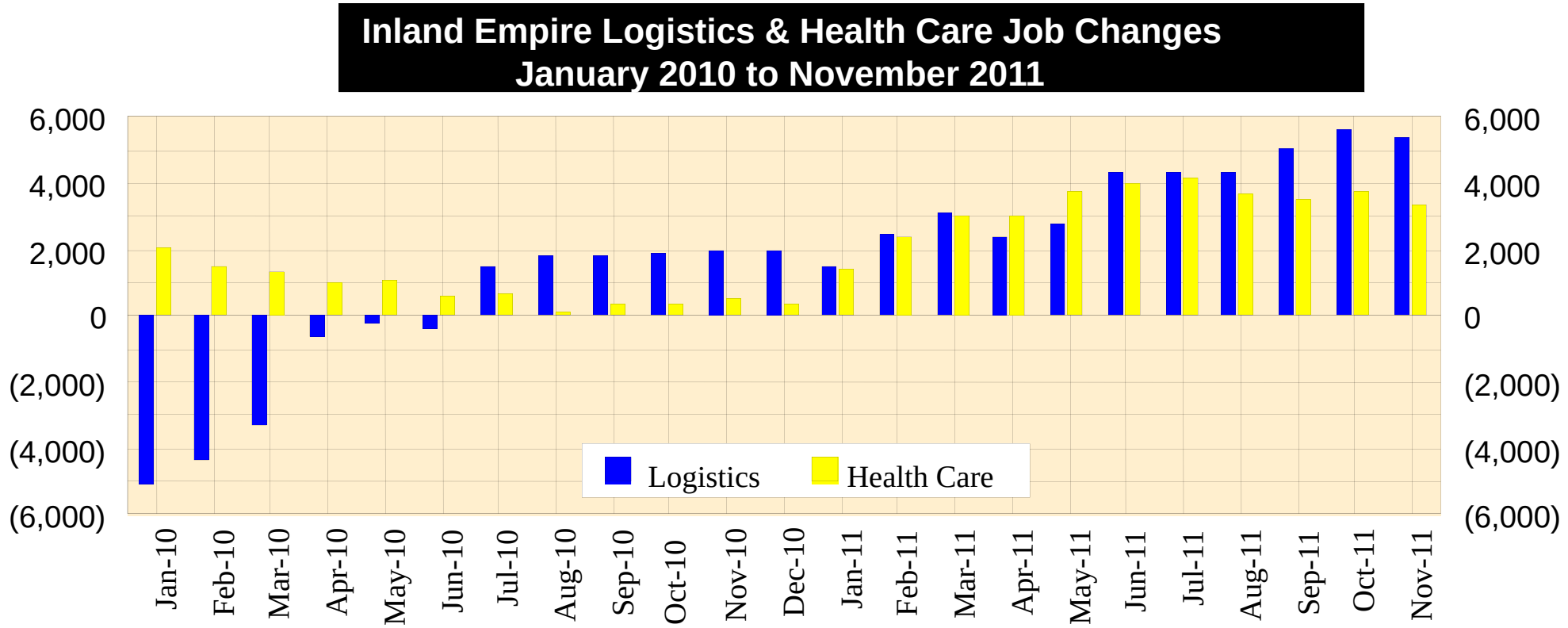
Inland Empire Job Changes, 2007-2011



IE Construction Still Negative in 2011

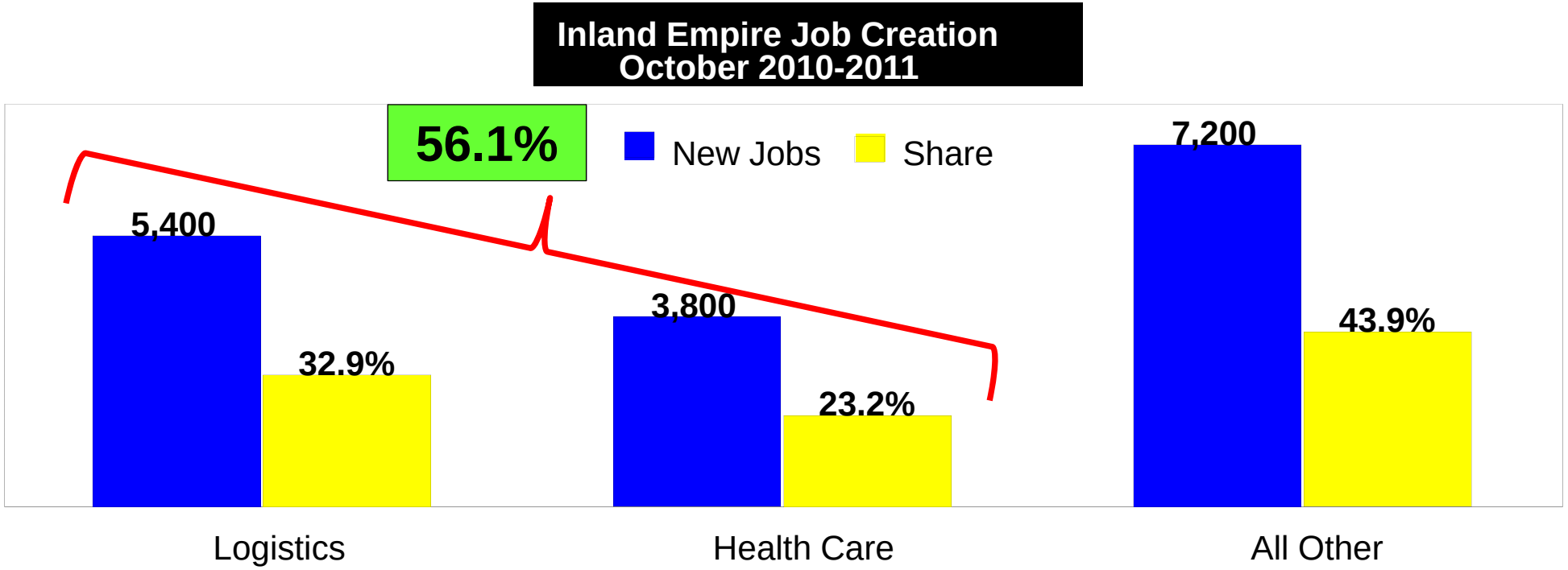
Note: 2011 average assuming December loss of -400
Source: CA Employment Development Department

IE Job Change: Key Economic Drivers



Source: CA Employment Development Department

Two Sectors Are Dominating Inland Empire Job Growth



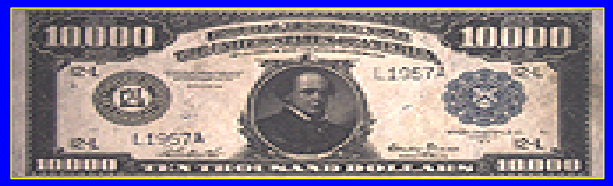
Source: CA Employment Development Department

Gold Mine Theory

Secondary Tier

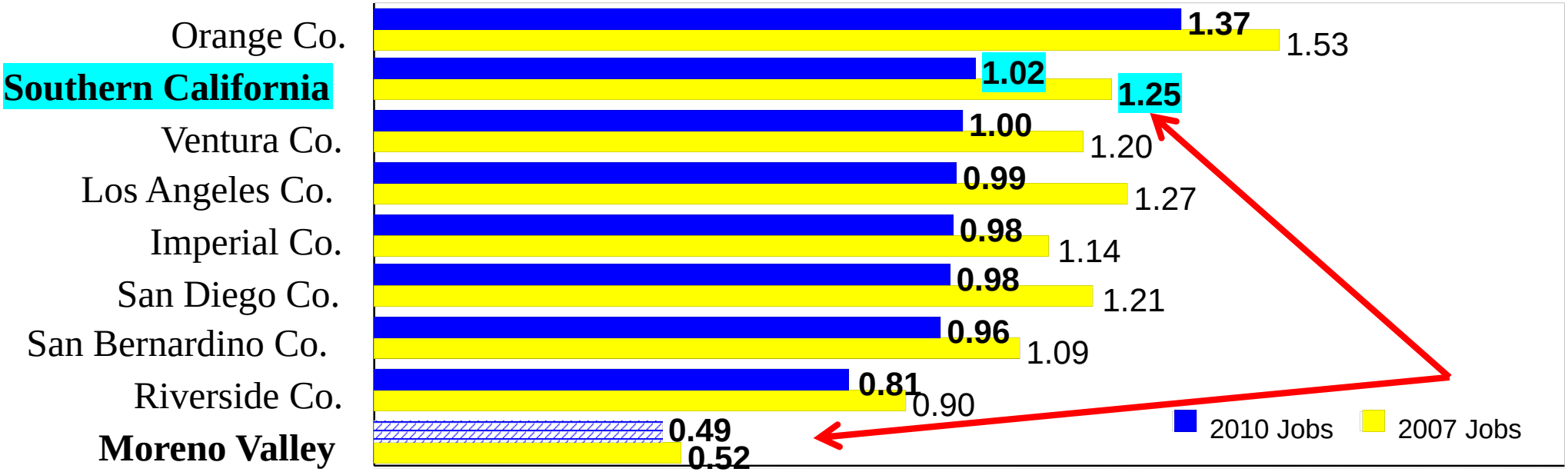
Another
-$10.6 Billion

Primary Tier



Moreno Valley Needs Jobs
Jobs:Housing Balance Extremely Low

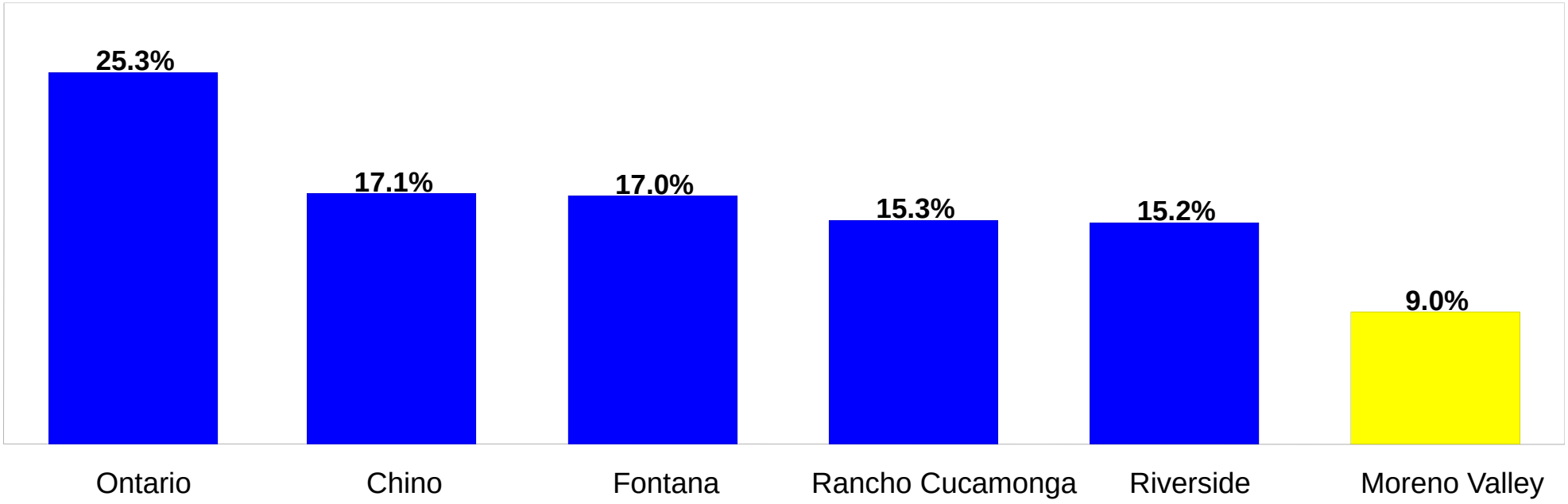
Jobs:Housing Balance, Southern California
2010 & 2007 Wage & Salary Jobs v. 2010 Occupied Housing



Sources: CA Department of Finance & CA Employment Development Department

Commuting Issue Is largely Self-Imposed By Zoning

Land Share with Industrial Zoning
Major Inland Empire Cities



Source: City of Moreno Valley

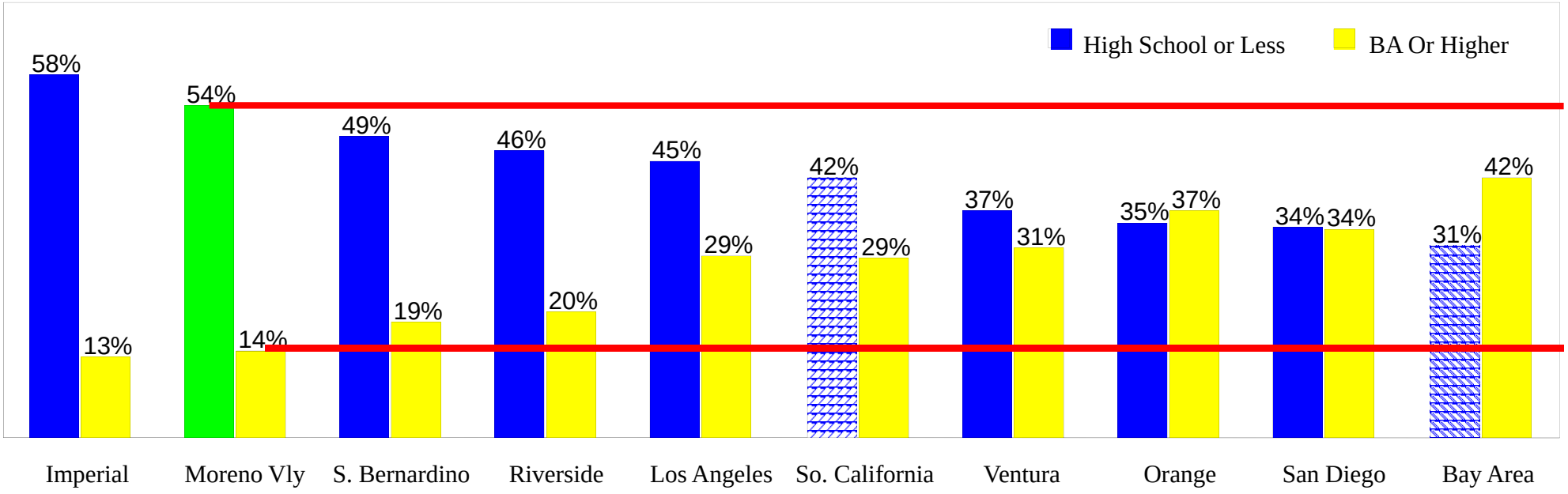
Moreno Valley Needs An Economic Boost

Economic Statistics

	Moreno Valley	Riv. County
Unemployment Rate (*Nov.*)	14.8%	12.8%
No Health Insurance	25.1%	21.1%
People Below Poverty Line	19.4%	16.3%
Notices of Default (*Nov. 2010-11*)	6.3%	5.8%
Retail Sales *(3rd Qtr-2010-11)*	6.9%	10.2%
Assessed Valuation	+0.7%	-1.6%

What Types of Jobs Do Residents Need?

Educational Attainment, Persons 25 & Over
Southern California Counties & Bay Area, 2010



Source: American Community Survey, 2010

Few Training Barriers To Beginning Employment

Mining	**($65,268)**	**Blue Collar**
Manufacturing	**($49,884)**	**Blue Collar**
Construction	**($48,444)**	**Blue Collar**
Logistics	**($45,868)**	**Blue Collar**

Gaming	**($37,827)**
Retail Trade	**($28,824)**
Agriculture	**($24,552)**
Hotel/Motel	**($16,026)**
Eating & Drinking	**($16,026)**

Not Reach Middle Class

Results Of Blue Collar Job Suppression

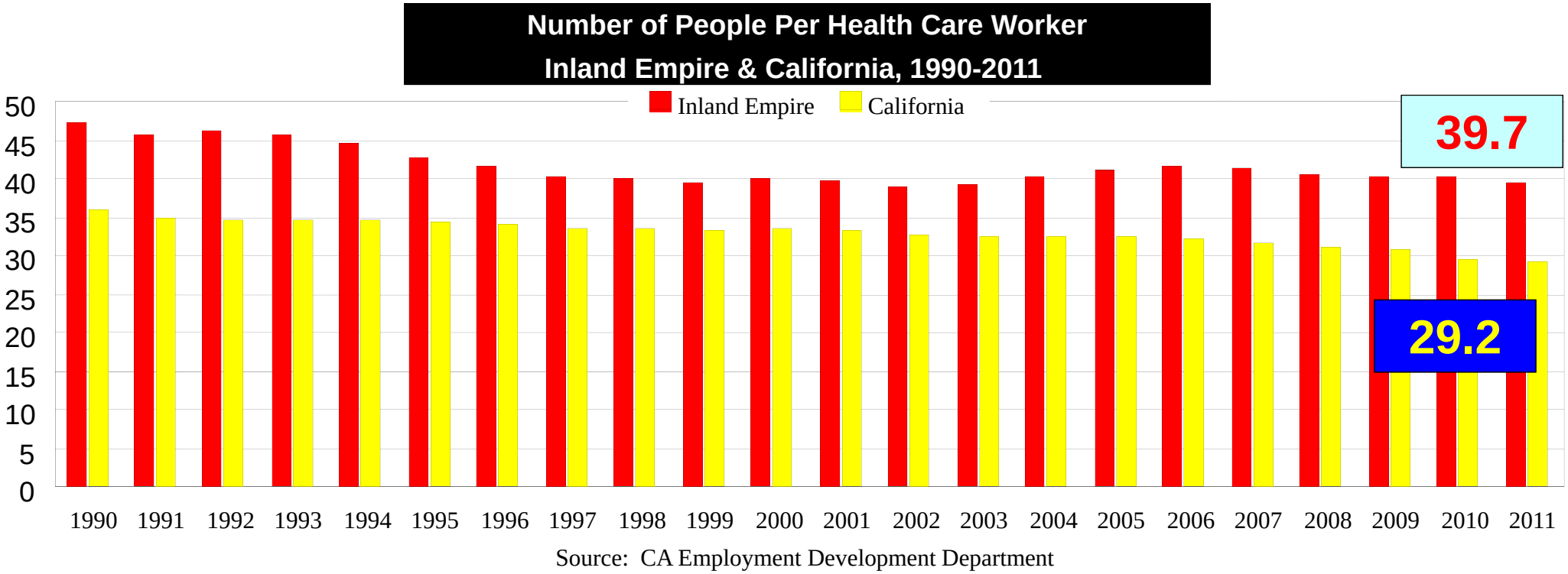
- Unemployment Higher Than It Needs To Be
- Underemployment A Constant Difficulty
- Lack of Access to Jobs Leading to the Middle Class

- Health Issues of Poverty
- Divorce
- Spousal Abuse
- Drug & Alcohol Abuse
- Suicide
- Lack of Timely Medical Care

Public Health Issues!

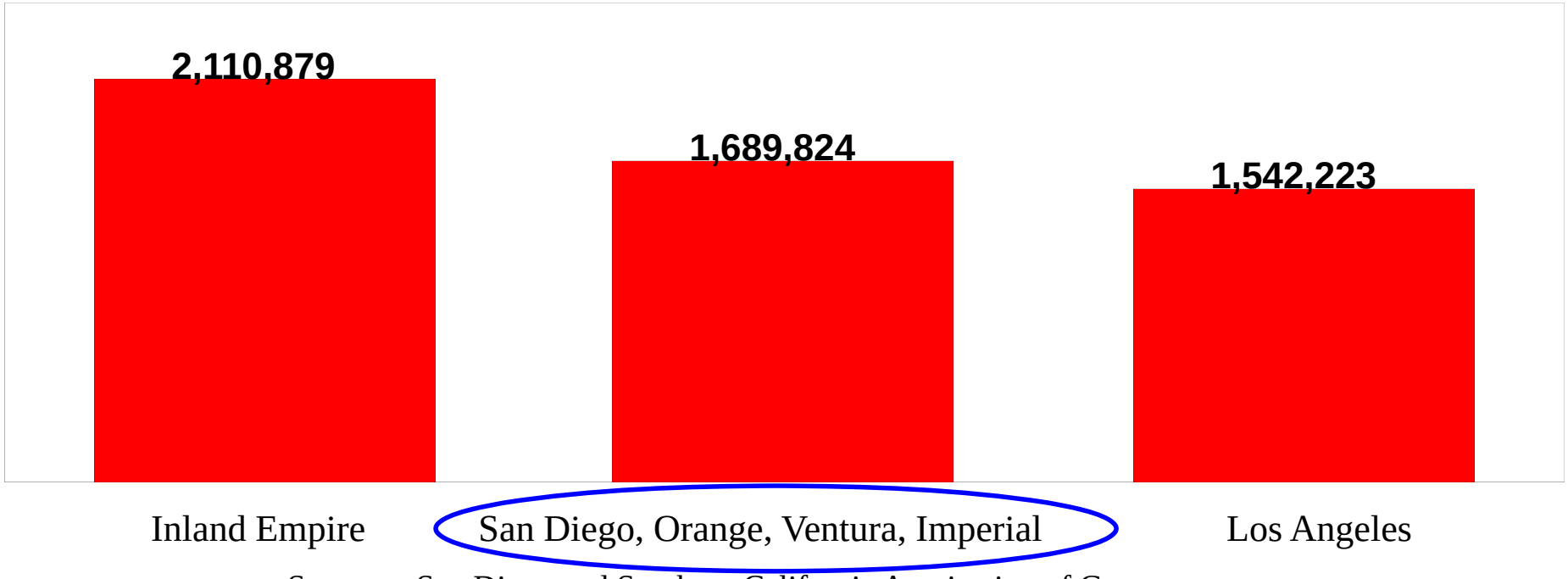
Why Demand For Inland Empire Health Care Workers

Too Many Inland Residents Per Health Care Worker



Demand For Health Care Will Increase

Population Forecasts
Southern California Areas, 2008-2035



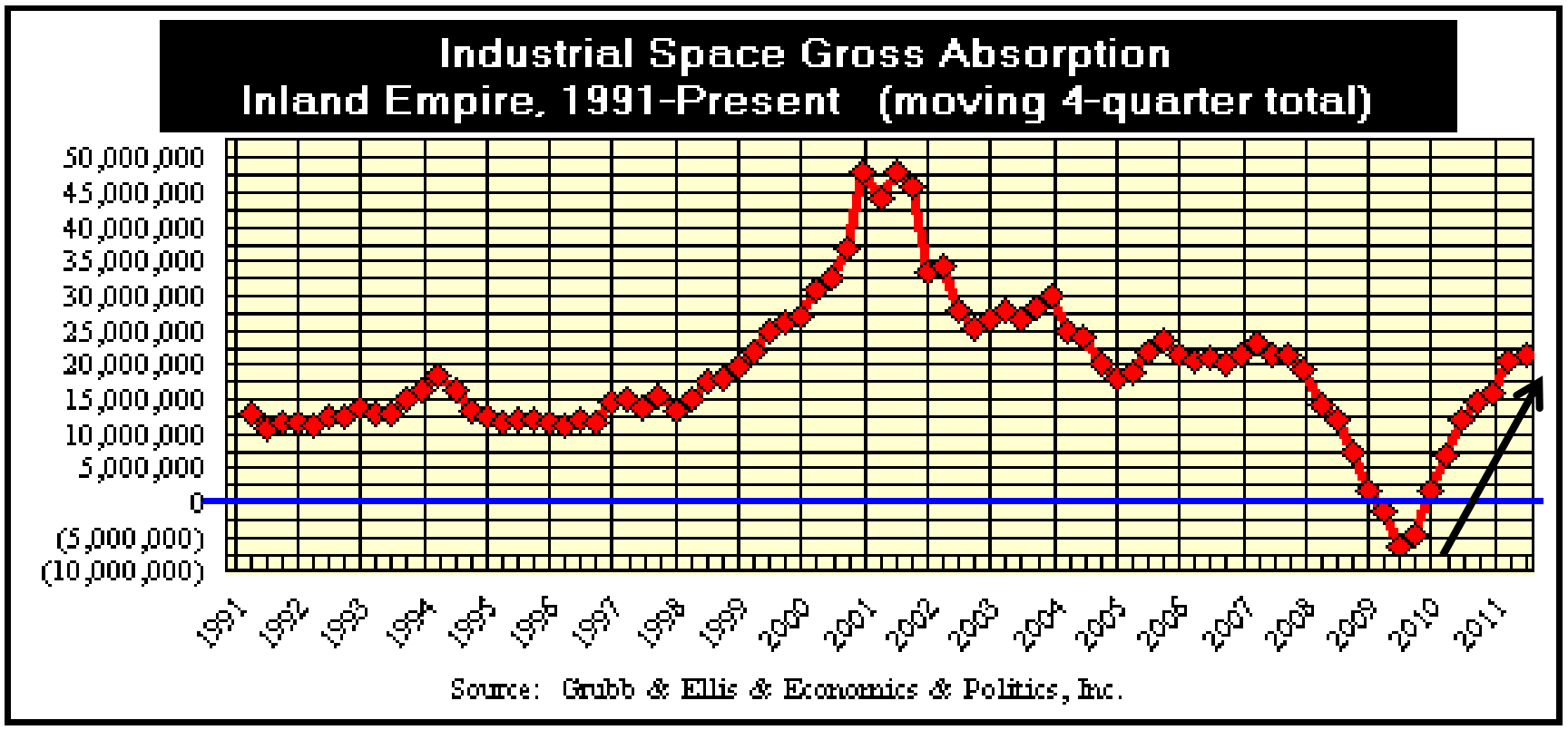
Sources: San Diego and Southern California Assoication of Governments

Hospitals: A Key Source of Upward Mobility

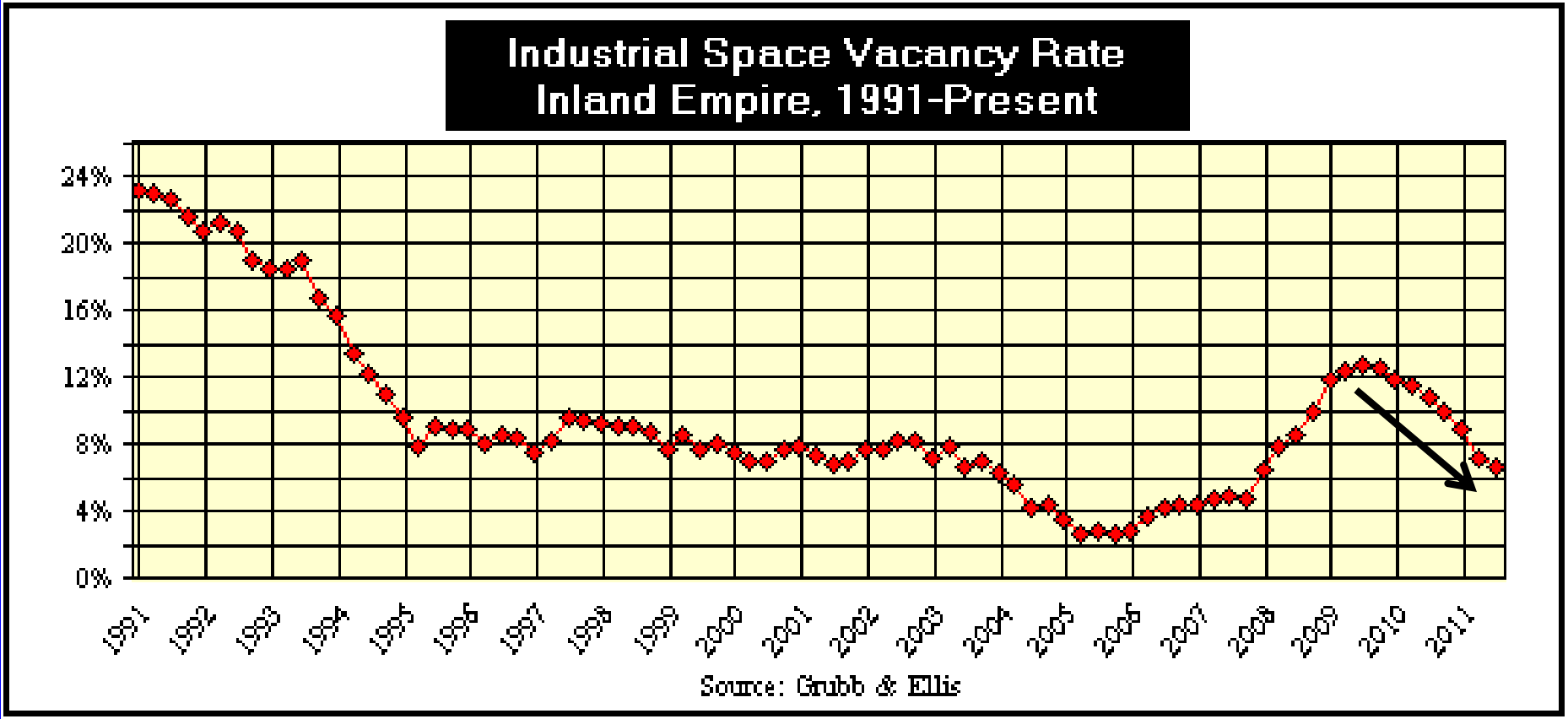
Medical and Health Services Managers	$43.48	$90,438
Registered Nurses	$38.29	$79,643
Medical and Clinical Laboratory Technologists	$36.94	$76,835
Medical Scientists, Except Epidemiologists	$35.43	$73,694
Healthcare Practitioners and Technical Workers, All Other	$33.42	$69,514
Health Diagnosing and Treating Practitioners, All Other	$32.40	$67,392
Respiratory Therapists	$30.63	$63,710
Respiratory Therapy Technicians	$26.62	$55,370
Medical and Public Health Social Workers	$26.52	$55,162
Medical Appliance Technicians	$21.84	$45,427
Licensed Practical and Licensed Vocational Nurses	$21.56	$44,845
Medical Equipment Repairers	$21.24	$44,179
Medical Transcriptionists	$19.68	$40,934
Medical Records and Health Information Technicians	$18.82	$39,146
Health Technologists and Technicians, All Other	$18.53	$38,542
Medical and Clinical Laboratory Technicians	$17.57	$36,546
Healthcare Support Workers, All Other	$16.51	$34,341
Emergency Medical Technicians and Paramedics	$15.17	$31,554
Medical Equipment Preparers	$14.32	$29,786
Medical Secretaries	$14.18	$29,494
Ambulance Drivers and Attendants	$13.78	$28,662
Medical Assistants	$12.99	$27,019
Healthcare Support Occupations	$12.76	$26,541
Nursing Aides, Orderlies, and Attendants	$11.83	$24,606

Why Demand For Inland Empire Logistics Workers

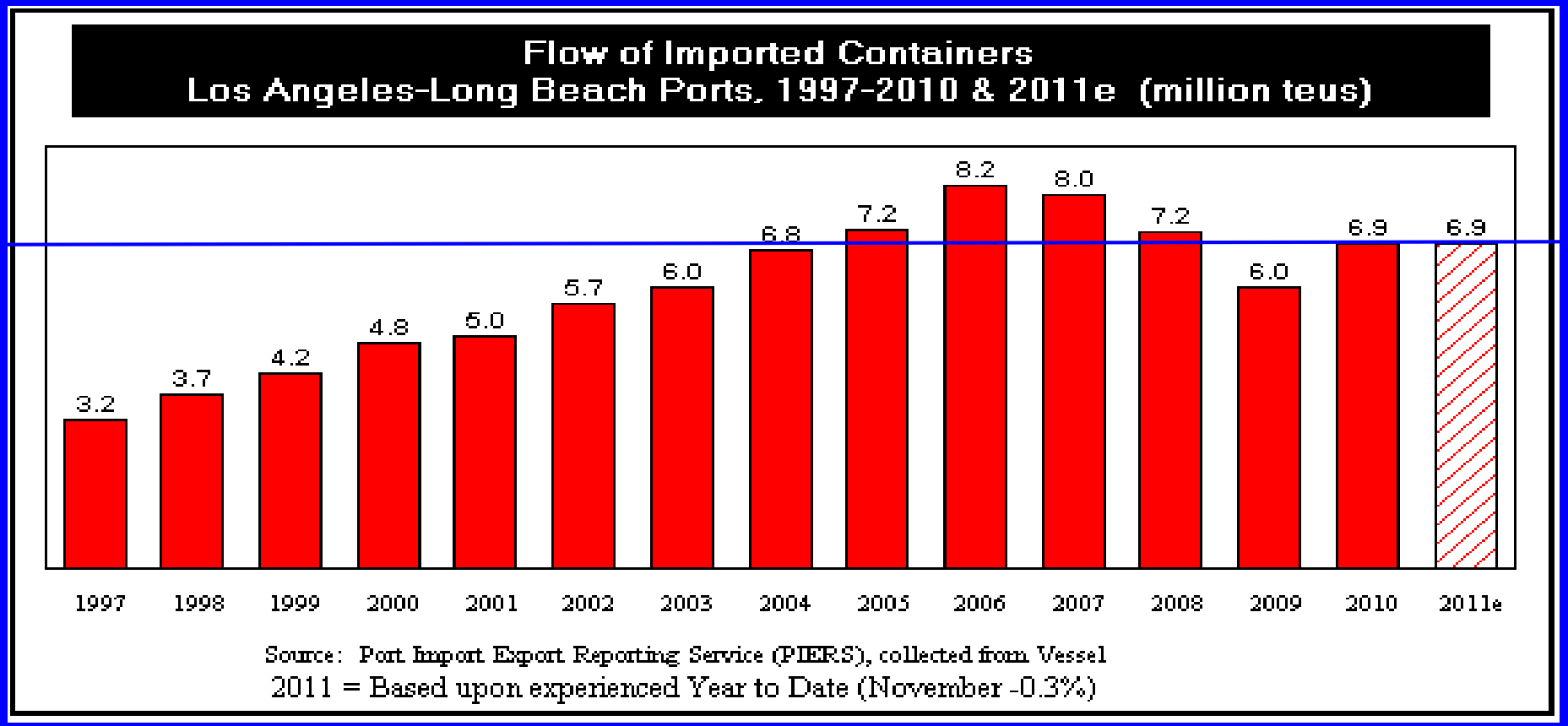
Industrial Space Absorption Rising



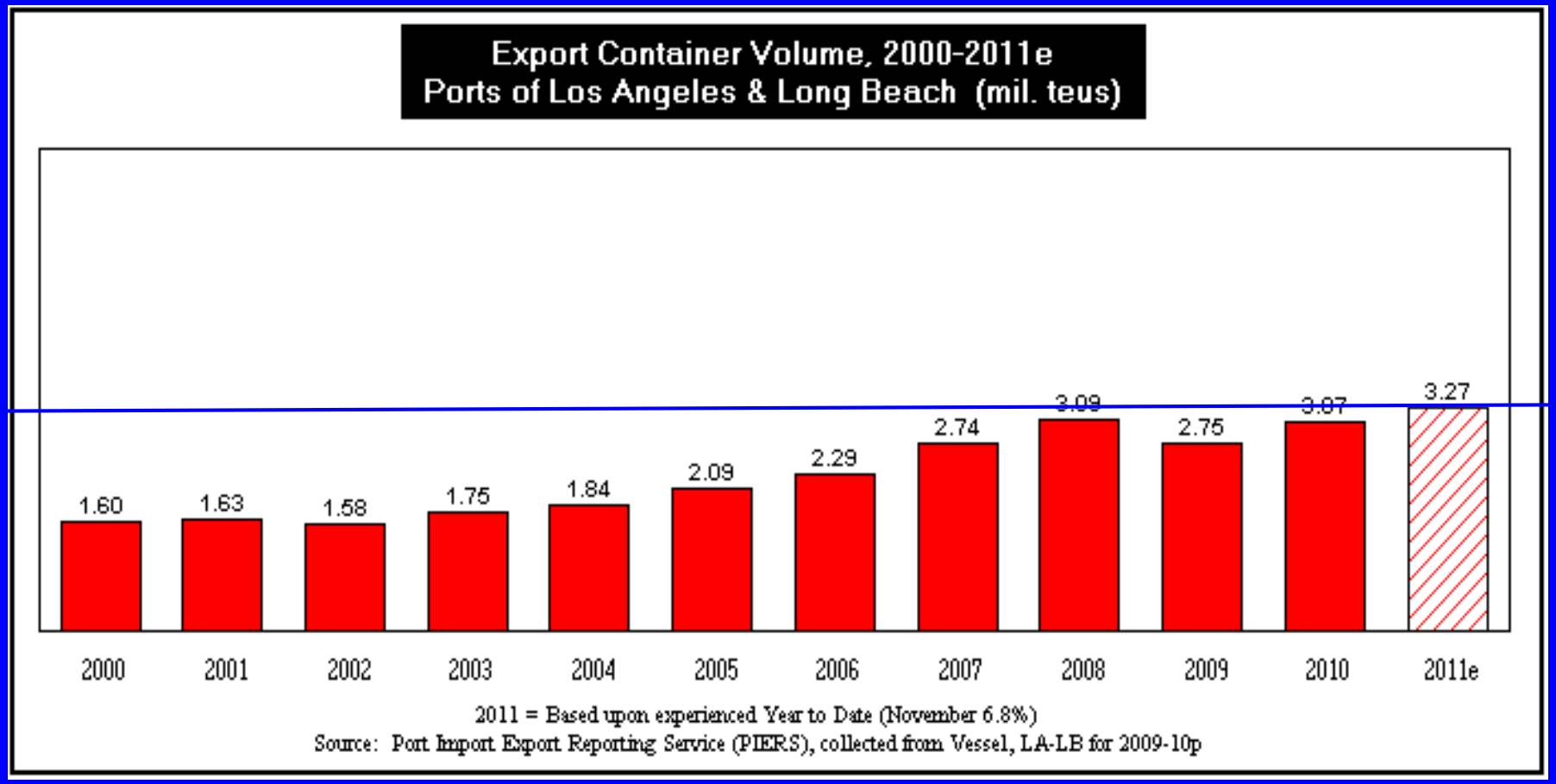
Industrial Space Vacancy Rate Falling



Strong Imported Container Levels



Record Export Container Volume



Job & Financial Impact: Logistics Alone

Direct New Construction Jobs

40,000,000 Square Feet

$93.69 Per Square Foot Of Construction

$3,747,600,000 Construction Activity

Sources: Construction Cost Per Square Foot, RSMeans September 2009 for Los Angeles Area

Direct & Secondary Construction Increase

	Jobs	Payroll	Output
Direct Effect	30,337	$ 1,808,715,704	$ 3,747,600,000
Indirect Effect	2,346	$ 112,232,486	$ 294,693,116
Induced Effect	7,634	$ 317,490,615	$ 958,408,543
Total Effect	40,316	$ 2,238,438,804	$ 5,000,701,659
Years	10	10	10
Each Year	4,032	$ 223,843,880	$ 500,070,166

Direct New Permanent Jobs, Income

40,000,000 Square Feet

2,000 Square Feet per Job

20,000 Direct New Jobs

$45,868 Income Per Logistics Job

$917,361,553 Annual Payroll

$118,438,872 Proprietorship Income

Sources

1,906 Jobs per square foot from 2003 Study By U.S. Energy Information Agency, Distribution & Shipping Centers from Table 5, increased 5% to 2,000

Weighted average of income per wholesale trade plus transportation & warehousing job from U.S. Census Bureau Longitudinal Employer Dynamics Reports, 2010 *(Riverside SMA)*

Direct & Secondary Permanent Increase

Moreno Valley	Jobs	Payroll/Proprietors	Output
Direct Effect	20,000	$1,035,800,425	$2,644,763,776
Indirect Effect	3,525	$153,904,228	$394,918,255
Induced Effect	4,653	$193,908,095	$584,309,881
Total Effect @ Build-Out	**28,178**	**$1,383,612,748**	**$3,623,991,912**
2010 Base	**25,440**	**$934,575,664**	
New Base At Build-Out	**53,618**	**$2,318,188,412**	
Increase from 2010	**111%**	**148%**	

Sources: IMPLAN Modeling For Moreno Valley Zip Codes; EDD data for 2010 Base

Riverside Co.	Jobs	Payroll/Proprietors	Output
Indirect & Induced over MV	**+4,335**	**+$191,821,792**	**+$602,565,124**
Total County Impact	**32,513**	**$1,575,434,540**	**$4,226,557,036**

Taxes:
City, Schools, County, Special Districts

40,000,000 Square Feet of Logistics Space

$178.01 Assessed Value Per SF

$7,120,400,000 New Assessed Valuation

1.15% Rate (Tax Zone 021-579)

$82,169,416 New Annual Taxes Revenue

Planning: Best Practices

<u>Isolate Industrial</u>

No Homes
No Schools
No Shopping Centers
Direct Freeway Access

john@johnhusing.com