--Working Draft for Salton Sea Authority Review--

Salton Sea Funding and Feasibility Action Plan

Benchmark 5: Infrastructure Financing Feasibility Analysis

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Comments will be reviewed and incorporated as appropriate. If substantive comments are received, a revised document may be produced and distributed.

Executive Summary

The Salton Sea Authority ("Authority") has jurisdiction over approximately 300,000 acres adjacent to the Salton Sea in Riverside and Imperial Counties. The Authority has statutory authority to form Infrastructure Financing Districts ("IFD") in part or all of the Authority's area "for the purpose of funding the construction of, and purchasing power for, projects for the reclamation and environmental restoration of the Salton Sea…"(Calif. Gov. Code 53395.9). This "Feasibility Study" assumes that IFDs will be funded by property tax increments generated by development that is enabled by the funded seaside infrastructure. The Feasibility Study also considers the potential for sales tax and transient occupancy tax revenues.

Formation of an IFD requires a number of steps, one of which is the preparation of an infrastructure-financing plan (Section 53395.14). The Authority is asserting a leadership role in spearheading a reconnaissance level analysis of the feasibility of forming one or more Enhanced Infrastructure Financing Districts ("EIFD"s), Infrastructure and Revitalization Financing Districts ("IRFD"s), or a combination of both EIFDs and IRFDs (collectively referred to as "IFD"s), depending on existing legislation at the time of implementation. As the Salton Sea recedes, it is anticipated that the Authority will have the ability to fashion the Salton Sea along the former shoreline with combinations of dikes and dredging to produce water features that will be able to sustain recreationally attractive water near the shoreline ("Seaside Improvements").

This Feasibility Study has been prepared to analyze and determine the following:

1. Total estimated revenues generated by development attracted by the recreational water and Seaside Improvements ("Landside Development")
2. Total estimated Seaside Improvement costs that can be repaid with such revenues

Sources and Uses Summary

This Feasibility Study analyzes the estimated sources generated by the Landside Development and the amount of estimated Seaside Improvement costs that could be paid back with these sources. Four scenarios (1A, 1B, 2A, 2B) have been prepared to look at the impacts of the following:

- Percentage of the tax increment available to the IFD after making statutory deductions for ERAF and schools
- Remaining amount of tax increment allocated to the IFD and local affected taxing agencies to provide basic services such as police and fire. (Chapter 2.2.1 provides a description of the allocation of the 1% ad valorem property taxes)
- Interest rate, if required, paid back on State, Federal, or other loans obtained to fund the Seaside Improvement costs

The funds potentially available for Seaside Improvements and the interest to be paid for the four scenarios are summarized in Table 1. These funds may support Seaside Improvements in part or in total. The total funding requirements for Seaside Improvements are not defined as part of this document, and are addressed separately (Benchmark 4, Volume 2).

Table 1: Sources and Uses Summary

($ Millions)					
Scenario	Ref	1A	1B	2A	2B
IFD % Available	2.2.1	50%	50%	25%	25%
Interest Rate - State/Fed/Other	2.4	3%	0%	3%	0%
Total Sources		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**
Uses:					
Funding Available for Seaside Improvements (a)	2.4	$ 904.5	$2,224.2	$ 715.8	$1,760.2
Interest	2.4	1,319.8	-	1,044.4	-
Total Uses		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**

(a) 10 year timline. Annual costs spread evenly over ten year period.

Sources and Uses Detail

The Feasibility Study looks at a variety of revenue sources that may be applied to repay the costs of the Seaside Improvements in part or in total. These revenue sources become available as Landside Development occurs and include, but are not limited to, the following:

- IFD Net Bond Proceeds (Chapter 2.2.2)
- IFD Tax Increment and Pay Go revenues (Chapters 2.2.1 and 2.2.3)
- Transient Occupancy Tax ("TOT") revenues (Chapter 2.2.4)
- Sales Tax revenues (Chapter 2.2.5)

The estimated revenue amounts, by type and scenario, are illustrated in Table 2.

Study Period

The Feasibility Study financial model allows for the following time horizons, assuming year 0 to be the formal beginning of the planning:

- Two years of planning and California Environmental Quality Act (CEQA) planning and evaluation of projects, followed by ten years of construction related to Seaside Improvements
- Fifty years of Landside Development based on annual absorption of 1,475 residential units (See Chapter 5)

Table 2: Sources and Uses Detail

($ Millions)					
Scenario	Ref	1A	1B	2A	2B
IFD % Available	2.2.1	50%	50%	25%	25%
Interest Rate - State/Fed/Other	2.4	3%	0%	3%	0%
Sources:					
IFD Net Bond Proceeds	2.2.2	$ 570.1	$ 570.1	$ 276.2	$ 276.2
Tax Increment/Pay Go	2.2.3	340.4	340.4	170.2	170.2
TOT Revenues	2.2.4	920.4	920.4	920.4	920.4
Sales Tax Revenue	2.2.5	393.4	393.4	393.4	393.4
Total Sources		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**
Uses:					
Funding Available for Seaside Improvements (a)	2.4	$ 904.5	$2,224.2	$ 715.8	$1,760.2
Interest/Other Costs	2.4	1,319.8	-	1,044.4	-
Total Uses		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**

(a) 10 year timline. Annual costs spread evenly over ten year period.

50 Year Landside Development Period

Assuming a 50 year Landside Development period commencing in year 8 and continuing through year 57, Table 3 and Figure 1 illustrate in five year increments, the cumulative annual IFD tax increment and revenue source additions generated by the Landside Development. The cumulative annual revenue sources are shown graphically in Figure 2.

Table 3: Tax Increment and Revenue Sources (Scenario 1)

($ Millions)									
Period	**IFD Tax Increment**			**Sources**					
	Riv	**Imp**	**Total**	**Bond Sale**	**Pay Go**	**TOT Revenues**	**Sales Tax**	**Energy Revenues**	**Total**
Years									
1-5	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.1	$ -	$ 0.1
6-10	1.2	0.7	1.9	7.1	0.6	1.5	4.4	-	13.7
11-15	6.1	3.7	9.8	12.9	3.0	8.8	12.5	-	37.3
16-20	11.8	7.0	18.8	14.5	5.8	27.2	23.5	-	71.0
21-25	18.1	10.8	28.8	16.2	9.0	63.8	34.7	-	123.6
26-30	25.0	14.9	39.9	18.0	12.4	107.0	41.5	-	178.9
31-35	32.6	19.5	52.1	20.1	16.2	120.6	46.3	-	203.1
36-40	41.1	24.5	65.6	33.3	20.3	130.1	50.4	-	234.2
41-45	50.4	30.0	80.4	39.9	25.0	135.2	52.7	-	252.7
46-50	60.7	36.2	96.8	44.2	30.1	135.9	53.0	-	263.2
51-55	72.0	43.0	115.0	49.0	33.4	135.9	53.0	-	271.3
56-60	32.2	19.2	51.5	21.0	14.5	54.4	21.2	-	111.1
TOTAL	**$ 702.2**	**$ 418.9**	**$1,121.2**	**$ 570.1**	**$ 340.4**	**$ 920.4**	**$ 393.4**	**$ -**	**$2,224.2**

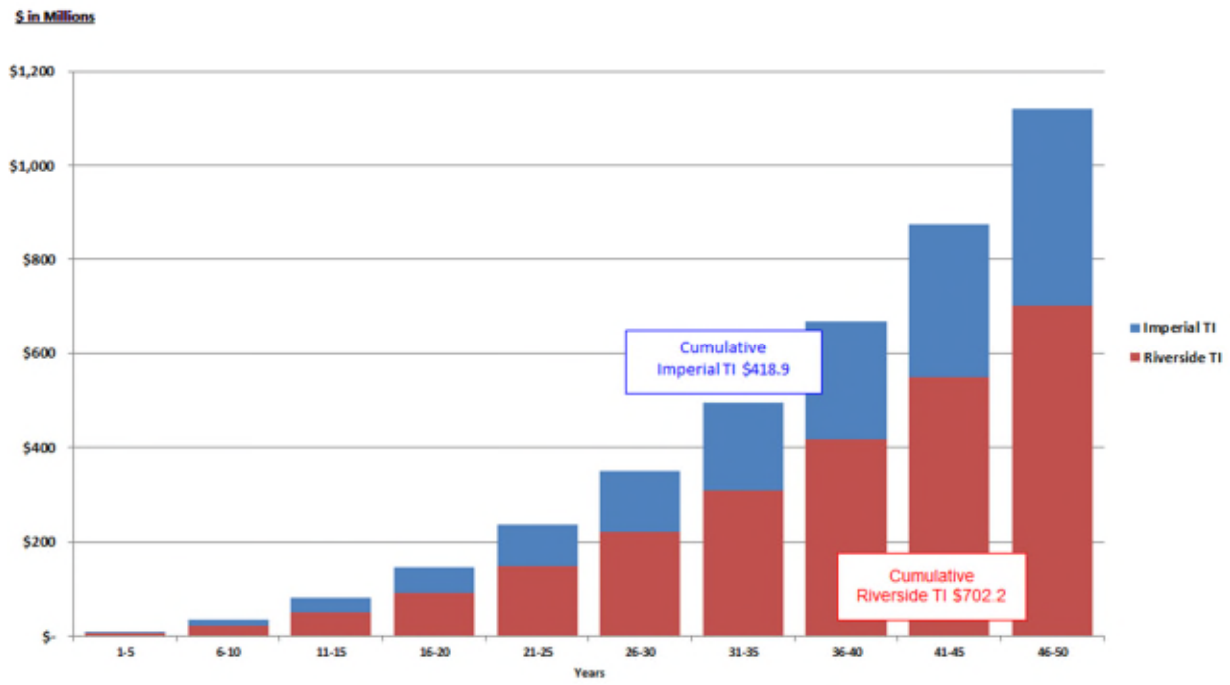

Figure 1: Cumulative IFD Tax Increment (TI) by county for Scenario1

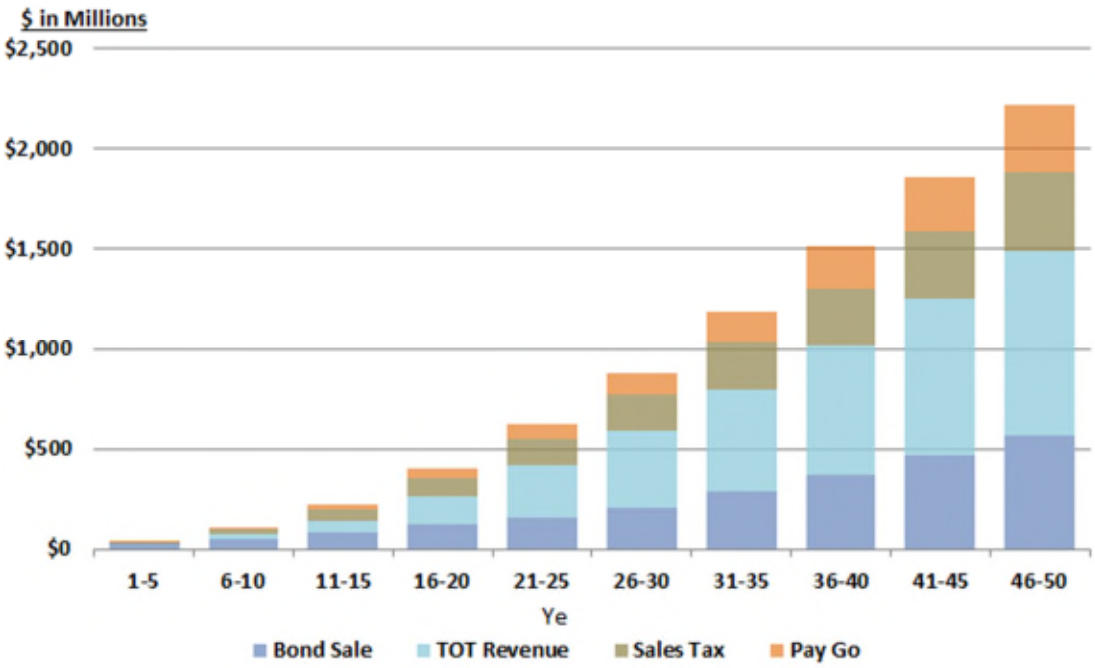

Figure 2: Cumulative Revenue Sources (Scenario 1)

Funding Gap

The revenue sources identified above are generated from Landside Development spurred by stabilized, recreationally attractive water. This Feasibility Study assumes that Landside Development will not be triggered until after Seaside Improvement costs have been incurred, creating a "Funding Gap" between the time costs are incurred and Landside Development revenue sources become available. Other forms of financing (e.g. state funding, state loans, federal grants, etc.) will be required to bridge the Funding Gap until IFD tax increment and other Landside Development revenue sources become available.

Table 4 illustrates the Funding Gap between the timing of Seaside Improvements and Landside Development revenue sources, as well as loan additions and repayment, assuming a 3.0% interest-bearing loan, to bridge the Funding Gap. There is a funding gap in a general sense, but it cannot be quantified fully until the seaside improvement costs are known. This table has been included for illustration purposes only, as the total funding requirements for Seaside Improvements are not defined as part of this document, and are addressed separately (Benchmark 4, Volume 2).

Table 4: Annual Sources Uses and Seaside Improvement Costs. Highlighted box shows period with funding gap.

($ Millions)					
		Uses			
Period	Total Sources	Loan Additions	Interest @ 3.0%/ Other	Loan Repayment	Funding Available for Seaside Improvements (a)
Years					
1-5	0.1	$ 308.5	$ 18.4	$ -	$ 308.6
6-10	22.4	403.2	84.1	-	425.6
11-15	55.0	151.7	147.2	(36.4)	170.2
16-20	93.1	-	164.8	(93.1)	-
21-25	150.5	-	172.0	(150.5)	-
26-30	211.1	-	170.4	(211.1)	-
31-35	241.1	-	161.4	(241.1)	-
36-40	289.6	-	145.3	(289.6)	-
41-45	319.2	-	119.6	(319.2)	-
46-50	339.2	-	86.2	(339.2)	-
51-55	355.5	-	44.6	(355.5)	-
56-60	147.3	-	5.7	(144.8)	-
TOTAL	**$2,224.2**	**$ 863.4**	**$1,319.8**	**$ (2,180.6)**	**$ 904.5**

(a) 10 year timline. Annual costs spread evenly over ten year period.

Next Steps

The results of this Feasibility Study are subject to change based on the assumptions contained herein, and discussed in the attached Appendices. This Feasibility Study analyzes possible revenue sources that may be available to fund Seaside Improvements. Additionally, the estimated costs of the Seaside Improvements have not been calculated as part of this Feasibility Study, as such, any results are simply an illustration of potential scenarios.

Suggested next steps to move forward with infrastructure financing would include the following:

- Work with the Authority to identify Seaside Improvement costs
- Further analysis of the IFD allocation and preparation of the fiscal impact analysis
- IFD bonding assumptions (e.g. interest rate and debt service coverage)
- Development scenarios including timing of absorption
- Implementation steps for IFD
- Extend development scenario to 75 years

Acronyms and Abbreviations

Acronyms and abbreviations used in the Benchmark 5: Infrastructure Financing Feasibility Analysis are listed below.

ATEs	Affected Taxing Agencies
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CVWD	Coachella Valley Water District
EIFD	Enhanced Infrastructure Financing District
ERAF	Educational Revenue Augmentation Fund
IFD	Infrastructure Financing District
IID	Imperial Irrigation District
IRFD	Infrastructure and Revitalization Financing District
PFA	Public Financing Authority
RDA	Redevelopment Agency
ROI	Resolution of Issuance
TOT	Transient Occupancy Taxes
VLF	Motor Vehicle in-lieu Fees

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1.0 Introduction and Background
1.1 Introduction and Background
1.2 Five Key Factors

1.0 Introduction and Background

The Infrastructure Financing Feasibility Study was undertaken to determine if Landside Development could be a major funding source for Seaside Improvements. Objectives for this initiative are outlined, and the key tasks performed to create a comprehensive analysis are explained.

1.1 Introduction and Background

In response to the Authority's Request for Proposal No. 15-01 dated June 3, 2015 ("RFP No. 15-01"), the Salton Sea Action Committee ("SSAC") assembled a consulting team ("Consulting Team") consisting of the following:

- Development Planning and Financing Group ("DPFG")
- The Concord Group ("TCG")
- Economics and Politics Inc. ("E & P")
- FORMA ("FORMA")

1.2 Five Key Factors

In preparing the Feasibility Study, five key factors ("Key Factors") were evaluated to enable the development of estimates of the potential financing opportunity to support a long-term Salton Sea management program. Table 5 outlines the Key Factors and the corresponding chapters and appendices/exhibits where the analysis is contained.

Consulting Team Reports and Analysis

The Consulting Team prepared a series of reports and analysis to address the Key Factors, and ultimately determine the estimated Landside Development revenues and Seaside Improvement costs (partial or total) that can be repaid with such revenues. These reports and key conclusions are summarized within the chapters of this Feasibility Study. Detailed reports and analysis have been attached as appendices. The report chapters and appendices are organized as shown in Table 6.

Feasibility Study Area

The Consulting Team identified land surrounding the Salton Sea within the Riverside and Imperial Counties that would support Landside Development attracted to a stabilized, recreational body of water ("Feasibility Study Area").

The Feasibility Study Area was then separated into distinct opportunity areas 1, 2, 2a, 3, 4, 5 and 6 (collectively "Opportunity Areas") for purposes of preparing the Feasibility Study.

Table 5: Five Key Factors

Key Factors	Chapter	Appendix/Exhibit
i. Scale and Type of Development that is Anticipated Based on the Improvements	3, 4, 5	App 2.1; Ex 15 App 2.2; Ex 11 App 3 App 4; Ex I-16-A App 4; Ex I-16-B
ii. The Value of this Land-Side Development	5	App 4; Ex I-16-A App 4; Ex I-16-B App 1; Ex F, I
iii. The Property Tax Increment Generated by that Development	2	App 1; Ex E
iv. The Market Absorption Rate of that Development	5	App 4; Ex I-15-A App 4; Ex I-15-B App 1; Ex G, H
v. The Cost of Public Infrastructure Required to Support that Development Scenario	2, 5	App 1; Ex L App 4; Ex I-17B-i App 4; Ex I-17B-ii

Table 6: Consulting Team Reports and Analysis

Report	Analysis	Chapter Ref	Appendix Ref
Financial Feasibility Analysis	• Landside Development revenue sources • Seaside Improvement cost capacity • Gap Funding • IFD tax increment analysis • IFD bonding capacity • CFD bonding capacity	2	1
Tourist Demand Impact Analysis	• Tourism demand and economic analysis • TOT revenues • Sales tax revenues	3	2
Salton Sea Recreation Opportunities	• Identification of recreational opportunity areas	4	3
Market Study and Land Use Analysis	• Residential and non-residential demand and absorption • Value additions • Residual value	5	4

A map of the Feasibility Study Area and Opportunity Areas is shown in Figure 3.

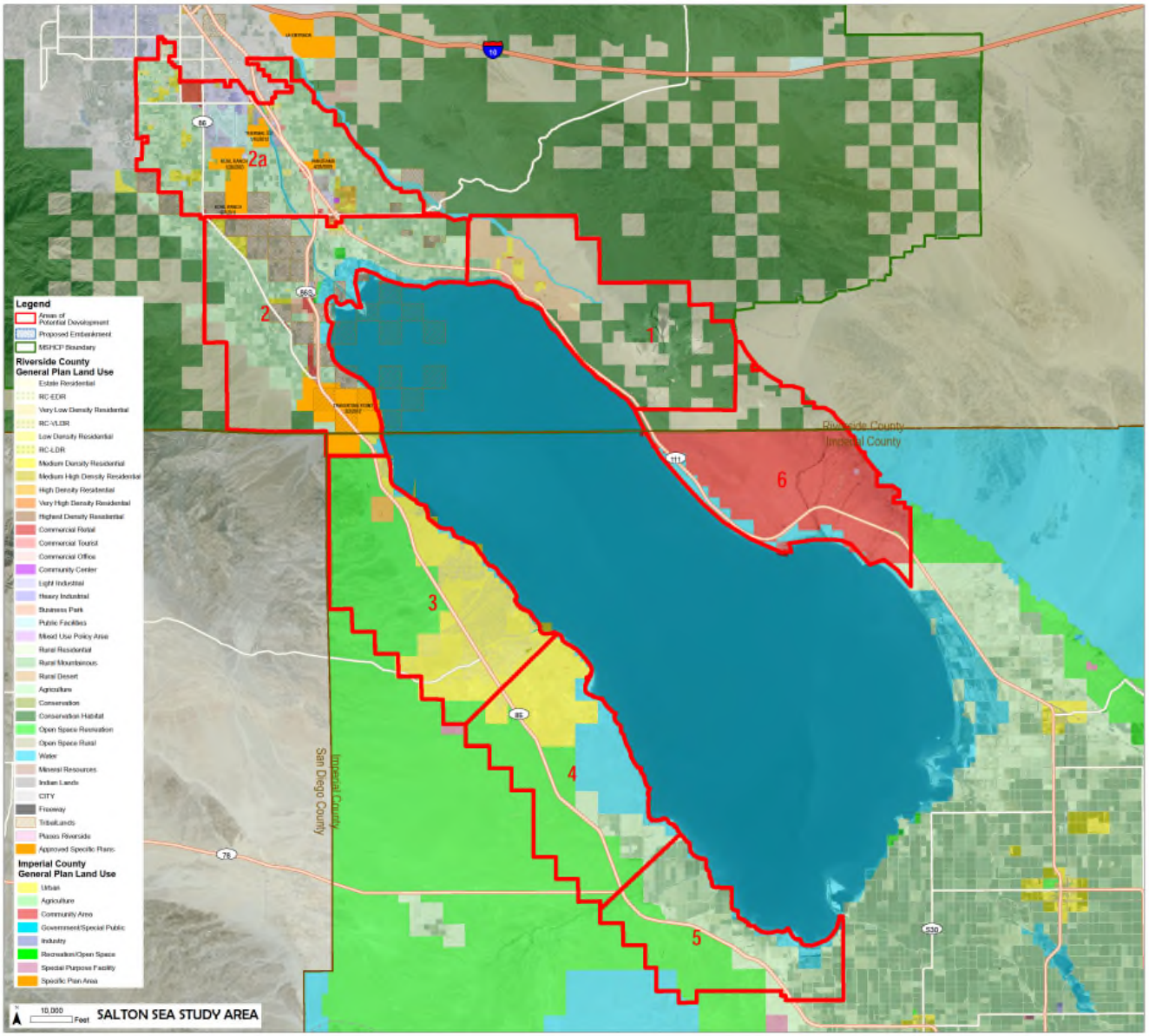

Figure 3: Feasibility Study Area and Opportunity Areas

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2.0 Financial Feasibility Analysis

The Financial Feasibility Analysis pulls together the collective work of the Consulting Team. Reports and studies are referenced and relied upon to determine estimated Landside Development revenues assuming various scenarios. IFD funding alternatives, and the Gap Funding necessary prior to IFD funding and other Landside Development revenue sources becoming available are also discussed.

2.0 Financial Feasibility Analysis

2.1 Key Conclusions and Scenario Summary

2.2 Revenue Sources

2.3 IFDs - EIFD vs. IRFD

2.4 Funding Gap and Matching Fund Concept

2.5 Summary of Supporting Exhibits

2.1 Key Conclusions and Scenario Summary

The Financial Feasibility Analysis pulls together the collective work of the Consulting Team to determine the following:

1. Total estimated revenues generated by Landside Development
2. Total estimated Seaside Improvement costs that can be repaid with such revenues

In an effort to calculate the estimated Landside Development revenues and the capacity to fund Seaside Improvement costs with such revenues, four scenarios have been prepared to look at the impacts of the following:

- Percentage of the tax increment available to the IFD after making statutory deduction for ERAF and schools
- Remaining amount of tax increment allocated to the IFD and local affected taxing agencies to provide basic services such as police and fire. (Chapter 2.2.1 provides a description of the allocation of the 1% ad valorem property taxes)
- Interest rate, if required, paid back on State, Federal, or other loans obtained to fund the Seaside Improvement costs

The results of the four scenarios are shown in Table 7.

Table 7: Sources and Uses Detail

($ Millions)					
Scenario	Ref	1A	1B	2A	2B
IFD % Available	2.2.1	50%	50%	25%	25%
Interest Rate - State/Fed/Other	2.4	3%	0%	3%	0%
Sources:					
IFD Net Bond Proceeds	2.2.2	$ 570.1	$ 570.1	$ 276.2	$ 276.2
Tax Increment/Pay Go	2.2.3	340.4	340.4	170.2	170.2
TOT Revenues	2.2.4	920.4	920.4	920.4	920.4
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Total Sources		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**
Uses:					
Funding Available for Seaside Improvements (a)	2.4	$ 904.5	$2,224.2	$ 715.8	$1,760.2
Interest/Other Costs	2.4	1,319.8	-	1,044.4	-
Total Uses		**$2,224.2**	**$2,224.2**	**$1,760.2**	**$1,760.2**

(a) 10 year timline. Annual costs spread evenly over ten year period.

Scenarios 1 and 2 assume that 100% of the transient occupancy tax ("TOT") and sales tax revenues generated by Landside Development is available to fund Seaside Improvements. In addition to Scenarios 1 and 2, the impacts of reduced TOT and sales tax revenues were prepared based on the following assumptions:

- IFD bond interest rates ranging from 7% to 5% (Note: The Table 1 rate of 3.0% is based on the lower interest costs assumed for a loan from the state or federal government.)
- Percentage of TOT and sales tax available to fund Seaside Improvement costs ranging from 100% to 25%.

Table 8 summarizes the impact to the total revenue sources.

Table 8: Impact of Adjusted TOT, Sales Tax, and IFD Bond Interest Rate (Scenario 1)

($ Millions)			
% of TOT and Sales Tax Available to Seaside Improvement Costs	**Total Revenue Sources**		
	IFD Bond Interest Rate		
	7%	**6%**	**5%**
100%	$ 2,161.7	$ 2,224.2	$ 2,298.3
75%	$ 1,833.3	$ 1,895.8	$ 1,969.9
50%	$ 1,504.8	$ 1,567.3	$ 1,641.5
25%	$ 1,176.4	$ 1,238.9	$ 1,313.0

2.2 Revenue Sources

Study Period

The Financial Feasibility Analysis allows for the following time horizons:

- Two years of planning and CEQA and ten years Seaside Improvement construction
- 50 years of Landside Development based on annual absorption of 1,475 residential units (See Chapter 5, Exhibits I-15-A and I-15-B of Appendix 4, and Exhibit G of Appendix 1)
- Seaside Improvement and Landside Development timing horizons are illustrated on Exhibit B of Appendix 1
- It is anticipated the Landside Development will generate revenue sources used to repay Seaside Improvement. The Scenario 1 and Scenario 2 revenues sources are discussed in the following chapters

2.2.1 IFD Tax Increment

IFD tax increment is generated from the additional assessed value created by the Landside Development. The estimated IFD tax increment revenues are summarized in Table 9.

Table 9: Estimated IFD Tax Increment Revenues

($ Millions)			
Scenario	Ex.	1	2
Tax Increment	E	$ 1,121.2	$ 560.6

The following assumptions were used in determining the IFD tax increment:

- Annual Landside Development value additions per the Market Study and Land Use Analysis (See Exhibits I-15A and I-15B of Appendix 4)
    - 50 years of Landside Development commencing in year 8 and continuing through year 57
- Gross Riverside County IFD tax collections totaling 24.38% of 1%
    - Reviewed the allocation of the 1.0% for tax rate areas 058-002 and 058-011, and used the highest Coachella Valley USD amount of the studied areas
- Gross Imperial County IFD tax collections totaling 40.05% of 1%

  - Per the Imperial County Auditor-Controller's Office. Represents a countywide average due to varying school district amounts.

- 50% of the gross IFD tax collections available for IFD funding purposes for Scenario 1 and 25% for Scenario 2
- Remaining IFD tax collections available to local affected taxing agencies to provide basic services such as police and fire.
- For purposes of this Feasibility Study, IFD tax increment is assumed to fund Seaside Improvements only. No IFD tax increment is allocated to the funding of Landside Development. See further discussion in Chapter 2.5.

The allocation of the IFD tax collections is illustrated in Table 10.

Table 10: Allocation of IFD Tax Collections

	IFD Tax Increment	
Allocation of IFD Tax Collections:	Riverside County	Imperial County
Gross County IFD Tax Collections	24.38%	40.05%
% to Local Agencies	50.00%	50.00%
Net Available for IFD Funding	12.19%	20.03%

2.2.2 IFD Net Bond Proceeds

IFD net bond proceeds were calculated based on available IFD tax increment. The estimated IFD net bond proceeds are summarized in Table 11.

Table 11: Estimated IFD Net Bond Proceeds

($ Millions)			
Scenario	Ex.	1	2
IFD Net Bond Proceeds	D	$ 570.1	$ 276.2

The following assumptions were used in calculating the IFD net bond proceeds:

- Full 30 year term bonds
  - This assumes the ability to set the IFD clock as development occurs via an IRFD or amended EIFD
  - See discussion of EIFD vs IRFD legislation in Chapter 2.3, and Exhibit M of Appendix 1

- Annual bond issuances, commencing with the first year of Landside Development, to capture additions to value
- IFD bond interest rate of 6.0%
- Debt service coverage of 145% (Secures debt with tax increment from project areas and maintains a minimum coverage ratio of $1.45 in tax increment per $1 in debt service for any given year).
- A financing authority to capture increment from multiple IFDs, similar to merged project area financing used by RDAs
- Additional assumptions are discussed in Exhibit D of Appendix 1

2.2.3 Pay Go

Pay Go represents tax increment not used to pay IFD bond debt service. The estimated Pay Go revenues are summarized in Table 12.

Table 12: Estimated Pay Go

($ Millions)			
Scenario	Ex.	1	2
Pay Go	D	$ 340.4	$ 170.2

The following assumptions were used in calculating the Pay Go revenues:

- 45 years of tax increment for each bond series to simulate the 45 year time clock of an EIFD
- Pay Go revenues could be used for the following:
  - Fund Seaside Improvements
  - Pay for enhancements or restoration of Seaside Improvements
  - Pay for other eligible Seaside Improvements

2.2.4 Transient Occupancy Tax (TOT) Revenue

TOT is a tax charged for the privilege of occupancy in any hotel, motel, or other lodging facility. Scenario 1 and Scenario 2 estimated TOT revenues are summarized in Table 13.

Table 13: Estimated TOT Revenues

($ Millions)			
Scenario	Ex.	1	2
TOT Revenues	K	$ 920.4	$ 920.4

The following assumptions were used in calculating the Scenario 1 and Scenario 2 TOT revenues:

- Hotel demand, revenues and TOT estimates from the Tourist Demand Impact Analysis (See Exhibits 1 and 2 of Appendix 2.3)
- 10.0% TOT rate for Riverside County per the Treasurer-Tax Collector
- 8.0% TOT rate for Imperial County per the Treasurer-Tax Collector
- Assumes full TOT allocation is available for funding purposes

In addition to Scenarios 1 and 2, the impacts of reduced TOT revenues were prepared based on the percentage of TOT revenues available to fund Seaside Improvement costs ranging from 100% to 25%.

Table 14 summarize the impact to the total TOT revenues.

Table 14: Impact of Adjusted TOT Revenues

($ Millions)	
% of TOT Available to Seaside Improvement Costs	**Total Tot Revenues**
100%	$ 920.4
75%	$ 690.3
50%	$ 460.2
25%	$ 230.1

2.2.5 Sales Tax Revenue

The estimated sales tax revenues are summarized in Table 15.

Table 15: Estimated Sales Tax Revenue

($ Millions)			
Scenario	Ex.	1	2
Sales Tax Revenue	J	$ 393.4	$ 393.4

The following assumptions were used in calculating the sales tax revenues:

- Total sales and sales tax amounts obtained from the Tourist Demand Impact Analysis (See Exhibits 3A-3C of Appendix 2.3)
- Assumes full sales tax allocation is available for funding purposes

In addition to Scenarios 1 and 2, the impacts of reduced sales tax revenues were prepared based on the percentage of sales tax revenues available to fund Seaside Improvement costs ranging from 100% to 25%.

Table 16 summarizes the impact to the total sales tax revenues.

Table 16: Impact of Adjusted Sales Tax Revenues

($ Millions)	
% of Sales Tax Available to Seaside Improvement Costs	**Total Sales Tax Revenues**
100%	$ 393.4
75%	$ 295.0
50%	$ 196.7
25%	$ 98.3

2.3 IFDs - EIFD vs. IRFD

The Financing Feasibility Analysis assumes that IFD bonds are issued annually commencing with the first year of Landside Development. It is assumed that each of the bond series will have a 30-year bond term.

- This approach could include a combination of EIFD and IRFD financing mechanisms and may require changes to existing legislation
- Based on current law, EIFDs have a 45 year tax increment limit and do not allow for separate project areas (within the same EIFD, we could set up multiple EIFDs (This is somewhat cumbersome with current law).
- However, IRFDs allow for separate 40 year tax increment clocks for each Project Area (i.e., commencement dates to start the clock) as development moves along. This is one of the benefits of IRFDs vs. EIFDs.

Table 17 has been prepared to summarize certain key differences between an IRFD and an EIFD based on current legislation.

Table 17: IFDs – IRFD vs. EIFD

Description	Infrastructure and Revitalization Financing District ("IRFD") AB 229	Enhanced Infrastructure Financing District ("EIFD") SB 628
Code	Government Code Section 53369 et seq.	Government Code Section 53398.50 et seq.
Agency Type	City, County or Joint Powers Authority	• Newly created Public Financing Authority ("PFA") • Membership may include affected taxing agencies ("ATEs")
Election	• Generally, the same as a CFD formation, including ballot specifications, waivers of election formalities and timing, appropriations limit, 2/3 vote required, landowner versus registered voter elections, etc.	• An election is required **only** for bond authorization; the bond authorization election is generally the same as a CFD formation. However, only **55%** of the vote is required to approve the measures.
Bond Issuance	• Legislative body may, by a majority vote, initiate proceedings to issue bonds by adopting a resolution of issuance ("ROI") to issue bonds.	• Bonds may be issued if 55 percent of the voters voting on the proposition vote in favor of issuing the bonds. Note: District could be formed, but bonds could be voted down. • The PFA may, by a majority vote, initiate proceedings to issue bonds by adopting ROI to issue bonds.
Creation of Project Areas	• May be divided into any number of project areas.	• Project areas not permitted, meaning new EIFDs would need to be created to achieve similar distinct limitations.
Annexation of Property	• Permitted	• Not Permitted
Tax Increment Limits	• 40 years from the date on which the ordinance is adopted • or a later date, if specified by the ordinance, on which the allocation of tax increment will begin	• 45 years from the date on which the issuance of bonds is approved
Eligible Facilities	• Useful life of 15 years or longer • facilities with community wide significance • Don't need to be located in boundaries of IRFD	• Useful life of 15 years or longer • Public capital facilities with community wide significance • Don't need to be located in boundaries of IRFD
Maintenance	• May not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.	• May not finance routine maintenance, repair work, or the costs of ongoing operation or providing services of any kind.
Affordable Housing	• If the IRFD constructs dwelling units, it shall set aside not less than 20% of such units to increase supply of low/moderate income housing at an affordable cost or at an affordable rent.	• None
Motor Vehicle in-lieu Fees ("VLF")	• VLF revenue can't be pledged.	• VLF revenues may be pledged.

2.4 Funding Gap and Matching Fund Concept

- Revenue sources included in the Financial Feasibility Analysis are generated from Landside Development spurred by recreationally attractive water.
- Based on the analysis and conclusions reached in the Tourist Demand Impact Analysis (Appendix 3) and the Market Study and Land Use Analysis (Appendix 4), Landside Development will not be triggered until after Seaside Improvement costs have been incurred.
- A Funding Gap is created between the time costs, not determined in this Feasibility Study, are incurred and Landside Development revenue sources become available.
- Other forms of financing (e.g. state funding, state loans, federal grants, etc.) will be required to bridge the Funding Gap until tax increment and other Landside Development revenue sources become available.
- Scenario 1A and Scenario 2A assume a loan with a 3.0% interest rate to bridge the Funding Gap

Exhibit B of Appendix 1 illustrates the Funding Gap concept. The actual Funding Gap amount may not be estimated until after the Seaside Improvement costs have been determined, as further discussed in Benchmark 4, Volume 2.

- Timing of annual revenue and cost assumptions
- Calculates the estimated Seaside Improvement costs that could be repaid with Landside Development revenue sources
- Actual Seaside Improvement costs not repaid with Landside Development revenue sources will require other sources of funding
- Local matching funds from federal, state and other local sources may be required to fully fund actual Seaside Improvement costs
- Exhibit C of Appendix 1 provides a summary roll-up of the Exhibit B Funding Gap analysis in five-year increments.
- Cost of Public Infrastructure Required to Support Development Scenario (Landside Improvements)

Funding Tools for Seaside Improvements vs. Landside Development

Funding tools for seaside improvements and landside development are discussed below:

- For purposes of this Study, the IFD is assumed to fund Seaside Improvements only. No tax increment is allocated to the funding of Landside Development
- With regard to property taxes, the IFD is below the 1% line
- CFD taxes to fund Landside Development infrastructure are above the 1% line
- There is a tradeoff between funding for basic services (e.g., police and fire) or fiscal impacts. Scenarios 1A and 1B show 50% to the IFD, while Scenarios 2A and 2B show 25% to the IFD (75% to local agencies)
- One of the requirements of preparing the Infrastructure Financing Plan is an analysis of the projected fiscal impact of the IFD upon the County. This will need to be performed in the implementation of and IFD

Figure 4 describes the IFD tax allocation and CFD collection, illustrating that only a portion of the general tax levy and 1% ad valorem tax is allocated towards IFD funding, while the remaining amount is retained by state, local and regional agencies. This figure also illustrates how CFD special taxes are collected in addition to the 1%.

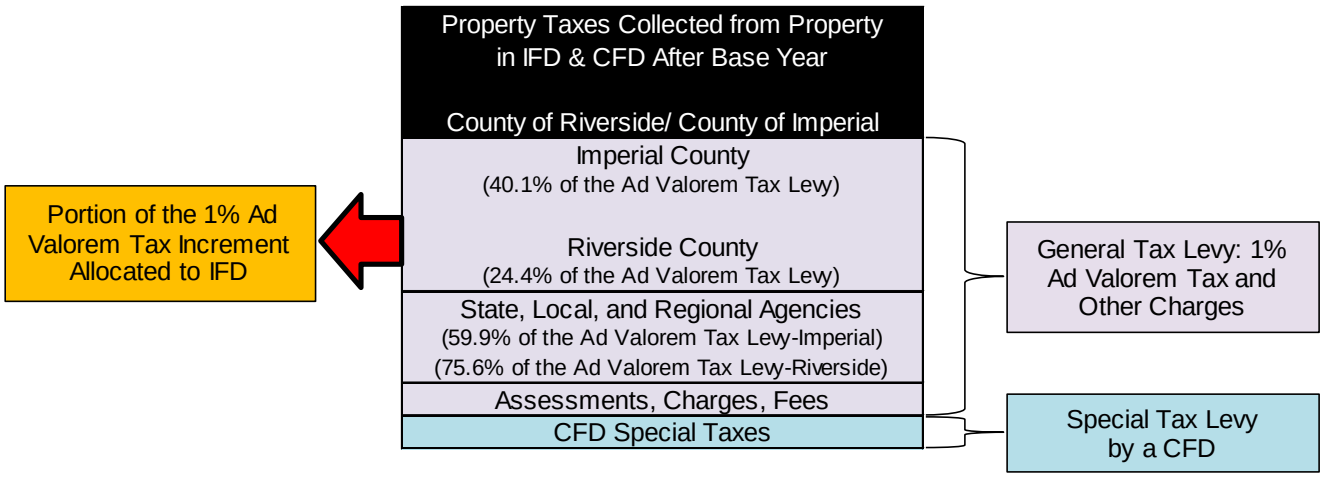

Figure 4: IFD and CFD Collection

Supportable levels of Landside Development infrastructure

In order to estimate supportable Landside Development infrastructure costs, the following analysis was prepared:

- Land residual analysis (See Exhibits I-17B-i and I-17B-ii of Appendix 4)

- Review and analysis of an actual land development budget for a large specific plan in the Feasibility Study Area
- Review and analysis of development impact and capacity fees in the Feasibility Study Area
- The fees and costs are based on capital improvement plans for the Coachella Valley Water District ("CVWD"), Imperial Irrigation District ("IID"), Imperial and Riverside Counties, and local school districts
- Landside Development infrastructure is assumed to be funded through a combination of:
    - Mello Roos Community Facilities Districts ("CFDs")
    - Development Impact Fees
    - Developer/Builder Funds
- Pricing and absorption are critical to supporting Landside Development infrastructure costs

Based on the pricing level in the land residual analysis (see Exhibits I-17B-I and I-17B-ii of Appendix 4), and land development budget review, funding of a portion of Seaside Improvements with supportable/feasible levels of Landside Development could be achieved.

CFD Funding Analysis

- Based on the 50 years of Landside Development, CFD bonding capacity analysis was prepared for both counties
- Assumes a 1.60% total tax rate, 6.50% interest rate and 30 year bonds
- Represents residential CFD tax only for purposes of this Financial Feasibility Analysis
- Exhibit L of Appendix 1 contains the detailed calculation and supporting assumptions

Table 18 summarizes the CFD funding analysis, by county:

Table 18: CFD Bond Proceeds

	Riverside County	Imperial County	
	Phase 1 (Opportunity Areas 1, 2, and 2a)	Phase 2 & 3 (Opportunity Areas 3, 4, 5 and 6)	All Phases
Residential Units	51,750	22,000	73,750
Total Net Construction Bond Proceeds ($ Millions)	$ 630.4	$ 255.0	$ 885.4
Total Net Construction Bond Proceeds per Unit	$ 12,181	$ 11,592	$ 12,006

2.5 Summary of Supporting Exhibits

The Financial Feasibility Analysis included as Appendix 1 of the Feasibility Study includes the detailed calculations and assumptions for Scenario 1A, and is comprised of the following exhibits that flow together to calculate the estimated Landside Development revenue sources and the capacity to fund Seaside Improvement costs with such revenues. A summary of those exhibits is provided in Table 19.

Table 19: Summary of Financial Feasibility Analysis Exhibits

Chart/ Ex.	Exhibit Name	Description	Chapter Ref
1	Total Cumulative IFD Tax Increment	• Graphic illustration of cumulative tax increment generated by Landside Development in Riverside County and Imperial County	Exec Summary
2	Total Cumulative Funding Sources	• Graphic illustration of cumulative revenue sources generated by Landside Development in Riverside County and Imperial County	Exec Summary
3	IFD Bond Interest Rate, TOT and Sales Tax Summary of Tradeoffs	• Estimated impact on Landside Development revenue sources assuming the following: o IFD bond interest rate ranging from 7.0% to 5.0% o % TOT and sales tax available to fund Seaside Improvements ranging from 100% to 25%	2.1 2.2.4 2.2.5
A	Salton Sea IFD Sources and Uses Summary	• Summary of key revenue sources and uses for Scenarios 1 and 2 • See further discussion Scenarios 1 and 2 in Chapter 2.1	2.1
B	Gap Model 5 Year Summary	• Calculates the Funding Gap between the time Seaside Improvement costs are incurred and Landside Development revenue sources become available • Illustrates the following: o Seaside Improvement and Landside Development periods o IFD Tax Increment o Seaside Improvement costs o Landside Development revenue sources o Loan additions and pay-off calculations • Summary is shown in 5 year increments	Exec Summary 2.4
C	Gap Model	• Same calculation as Exhibit B • Amounts are modeled annually over a 50 year Landside Development period	2.4
D	Bond Sizing – Riverside & Imperial	• Calculates the estimated IFD net bond proceeds for Riverside and Imperial Counties • Assumes 30 year bond terms commencing with the first year of Landside Development (See discussion of EIFD vs IRFD legislation in Appendix 1, Exhibit M) • Assumes an IFD bond interest rate of 6.0%. • Additional assumptions are included on Exhibit D.	2.2.2
E-Riv	Projected Infrastructure Finance District Revenues - Riverside	• Calculates the estimated Net Revenues for IFDs for Riverside County • Pulls value additions from Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A and I-15B) • Assumes 24.38% full IFD allocation of 1% • Assumes 50% of IFD allocation of 1% allocation is available for IFD funding purposes for Scenario 1 and 25% for Scenario 2	2.2.1 5.3 5.4
E-Imp	Projected Infrastructure Finance District Revenues - Imperial	• Calculates the estimated Net Revenues for IFDs for Imperial County • Pulls value additions from the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A and I-15B) • Assumes 40.05% full IFD allocation of 1% • Assumes 50% of IFD allocation of 1% allocation is available for IFD funding purposes for Scenario 1 and 25% for Scenario 2	2.2.1 5.3 5.4

Table 19: Summary of Financial Feasibility Analysis Exhibits (Continued)

Chart/ Ex.	Exhibit Name	Description	Chapter Ref
F	New Additions to Value	• Summarizes the annual residential and non-residential value additions for Riverside and Imperial Counties over the 50 year Landside Development period • Based on absorption and value estimates from the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A and I-15B)	2.2 5.3 5.4
G	New Construction - Residential	• Illustrates the annual residential absorption for Riverside and Imperial Counties over the 50 year Landside Development period • Based on absorption and value estimates from the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A and I-15B)	2.2 5. 3
H	New Construction - Non Residential	• Illustrates the annual non-residential absorption for Riverside and Imperial Counties over the 50 year Landside Development period • Based on absorption and value estimates from the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A and I-15B)	2.2 5.3
I-Riv	TCG Projected Infrastructure Finance District Revenues - Riverside	• Summarizes the annual residential and non-residential absorption, values, and timing for Riverside County • Based on the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15A)	2.2 2.2.1 5.3 5.4
I-Imp	TCG Projected Infrastructure Finance District Revenues - Imperial	• Summarizes the annual residential and non-residential absorption, values, and timing for Imperial County • Based on the Market Study and Land Use Analysis (See Appendix 4, Exhibit I-15B)	2.2 2.2.1 5.3 5.4
J	Calculation of Sales Tax Revenues	• Summarizes the annual estimated sales tax revenues from the Tourist Demand Impact Analysis (See Appendix 2, Exhibits 3A-3C) • Assumes full sales tax allocation is available for funding purposes	2.2.5 3.4
K	Calculation of Transient Occupancy Tax Revenues	• Summarizes the annual estimated TOT revenues from the Tourist Demand Impact Analysis (See Appendix 2, Exhibits 1 and 2) • Assumes full TOT allocation is available for funding purposes	2.2.4 3.4
L	CFD Capacity Analysis	• Calculates the estimated CFD bonding capacity available to fund Landside Development infrastructure costs • Assumes a 1.60% total tax rate • Assumes a 6.50% CFD bond interest rate	2.5
M	IRFD vs. EIFD Memorandum	• Shows a side by side comparison of key differences between an IRFD and EIFD based on current legislation	2.3

3.0 Tourism Demand Impact Analysis

Estimates of the scale and type of development are needed to determine the possible funding sources. This section identifies the potential scale and type of development that is anticipated for the three regions. After the scope of these two objectives is explained, the implications in each region are discussed and key charts, graphs, and figures are presented.

3.0 Tourism Demand Impact Analysis

3.1 Introduction

3.2 Tourist Demand Forecast, North Area, 2022-2075

3.3 Tourist Demand Forecast, South Area, 2022-2062

3.4 Transient Occupancy and Sales Taxes, 2022-2075,

3.1 Introduction

Tourist Demand Impact Analysis within the six zones of the Salton Sea project was developed in three reports using a 50-year period for infrastructure financing through FY 2074-2075. Portions of the Perimeter Lake (Benchmark 4 Report, Tetra Tech, 2016) were assumed to start being ready for tourists in 2022. For the purpose of this analysis the areas are defined as Salton Sea Lake-North and Salton Sea Lake-South, representing areas in Riverside and Imperial Counties, respectively.

3.2 Tourist Demand Forecast, North Area, 2022-2075

The total economic impact on the full Coachella Valley (CV) of developing a 10 square mile fresh water lake at the northern end of the Salton Sea, in Riverside County, was evaluated. The analysis began by studying the spending potential at a 100% capture rate of all 2015 tourists currently going from Los Angeles, Orange, Riverside, San Bernardino counties to the six existing lakes (Havasu, Mohave, Perris, Silverwood, Big Bear, Elsinore) most likely to be use instead of the Salton Sea Lake-North (SSL-N):

- Metrics for these competitor lakes were determined including their distances from population centers in each county, driving time, surface acreage and recent estimates of Southern California visitors to them (1,877,901). Calculations of the share of these tourists likely coming from each county were based upon its share of the 2015 population (17,743,546) and share of Southern California's 2015 registered watercraft (217,192). These two distributions were then weighted, treating a county's share of watercraft as three times more important than its share of people.
- Next, the average days a user of SSL-N would likely stay per visit were estimated based upon studies of the length of time users stayed at

various lakes and their distance from population centers. These were reduced to be conservative. The averages used were 3.5 days from Los Angeles and Orange counties; 2.0 days from the inland counties. This resulted in the 1,877,901 tourists estimated to spend 5,611,799 lake visitor days in 2015.

- To calculated average economic impact per CV visitor per day, an extract was made from work by this economist for Coachella Valley Association of Governments on its CV/Link project. It used a CA Office of Tourism survey of 2010 tourist groups to calculate average direct CV spending for the average tourist group. Updating that work to 2015 meant direct spending would be $976.06 per tourist party. Once those dollars entered the CV economy, they were estimated to change hands locally as workers were hired and supplies and services purchased by the firms initially receiving the money. For every $1.00 in direct tourist spending, another $0.435 in additional local spending was created in this way. The $976.06 from direct spending thus would create total local economic activity of $1,400.58 per tourist party.
- Research on users of Lake Tahoe and the Sacramento-San Joaquin Delta found that a typical party was 3.0 members. Dividing tourist group spending by that figure resulted in an estimated $466.86 per lake using tourist per day.

  NOTE: A 2003 Salton Sea study found $92.50 as the spending per tourist per day. The essential difference was 31% inflation from 2003-2015, the inclusion of transportation and boating costs were not in that study and the fact that it used average tourist spending in all of Riverside County, not spending in the tourist-rich Coachella Valley.

- Combining the number of tourist days of 561,799 with the $466.86 in economic impact per day yielded a maximum 100% lake tourist capture of $2.6 billion in 2015.

It was necessary to move beyond this 2015 estimate to forecasting for the 2022 to 2074-2045 study period:

- Population for the four counties was forecasted from 2015-2062 based upon data from the Southern California Association of Governments (2015-2040), and CA Department of Finance Demographic Research Unit (2040-2062). From 2062 to 2074, the population was conservatively assumed to be unchanged as no forecasting source was available. It moves the total to 22,004,146, up 4,260,000 or 24.0% and stays there. Pleasure vessels were

forecast to remain the same share of population as they did in 2015. Combined, these data changed the mix of the share of total tourists likely to use the SSL-N because the inland counties would be adding people and vessels faster than the coastal counties. The result was to raise the number of potential lake using tourists year by year from 1,877,901 in 2015 to 2,328,824 in 2062, up 450,924 or 24.0%, with that figure remaining unchanged through 2074-2075.

- Capture rates below 100% were estimated annually for each of the six competitor lakes based upon their characteristics and distances from the four Southern California counties. Capture begins at 10% for all lakes in 2022, assuming construction starts in 2017 and it takes five years to build a fresh water SSN-L. Lake Havasu and Lake Mohave have the fastest growth and longest increases in capture rates due to driving times that are over two hours more than to SSL-N with maximum capture at 75% in 2060. Lake Perris has a relatively rapid increase in capture rate to a maximum of 50% in 2042 due to its cramped size, on-going crowding, safety and water quality problems but close-in location. Lake Elsinore has a modest capture rate increase to a maximum of 40% in 2050 due to water quality issues, but a specialized range of skiing and racing activities and close-in location. Big Bear Lake and Lake Silverwood have relatively slow assumed increases in capture rates due to their mountain locations with maximums at 30% in 2042.
- The result was for the CV area to begin with 196,016 lake using tourists in 2022 rising to 1,212,923 by 2062 and remaining there. The number of visitor days would increase year by year from 581,824 in 2022 to 3,491,441 in 2062 and staying there. Seen another way, the average daily estimated tourists using SSL-N in a 365 day year would go from a daily average of 1,594 in 2022 to 9,566 in 2062 through 2075.
- Using the $466.86 estimate of daily tourist economic impact shows that total spending in CV from capture of visitors from other lakes would vary from $271.6 million in 2022 to $1,630.0 million ($1.6 billion) in 2062. That maximum figure would remain unchanged through 2074-2075.
- Meanwhile, the unique Salton Sea State Recreational Area (SRA) has always lured tourists on its own. In the early 2000s, this annually ranged from 200,000-300,000, equal to 1.289% of the four county population. That plunged to an average of 46,393 from FY 2012 to FY 2014 as the sea's environmental issues increased. To look at the potential for this group to grow, it was assumed that the 46,393

remained constant until the two fresh water lakes and connecting channel opened in 2022. In 2021, that would represent the equivalent 0.209% of the four county area population. It is estimated that 83.0% of this represented 38,501 tourists based upon the share the four northern counties make up of the six total counties (including Imperial & San Diego) generating most lake tourists.

- Once environmental issues begin lessening, the flow of tourists choosing to come to the Salton Sea SRA should begin normalizing. It is assumed that takes eight years to go from 0.209% of four county population in 2021 back to 1.289% by 2029 and remains there through 2062. The tourists coming from the four counties would be 58,668 tourists by 2022, an added 10,165 visitors over 2021. By 2029, the number would reach 303,531, up an added 212,487 from 2021. The gain would continue from there, moving up with population.
- With each independent tourist assumed to make a 2.0 day trip, the number of visitor days for these new tourists would rise from 20,330 in 2022 to 424,973 in 2029 and go on year by year to an extra 491,333 by 2062 and remain at that level until 2075. Each of these visitor days would add tourist spending into the CV mix. The economic impact of them was lowered to $397.86 per person per day, based on removing the boating element from the spending array used with lake using tourists. The result would add CV area tourist impact spending year by year, going from $8.1 million in 2022 to $196 million in 2062 and remaining there until 2074-2075.
- Added together, the economic impact of captured lake tourists from competitor areas with the added tourists independently visiting the Salton Sea SRA yields the grand total economic impact of the SSL-N on the CV area. It would move from $280 million in 2022, rising year by year to $1,825 million ($1.8 billion) by 2062 and staying at that level until 2074-2075. In the first five years from 2022-2026, the cumulative economic impact would be $1,952 million or $1.95 billion. That is more in the opposite direction than the -$1.7 billion loss forecasted in 5 years by a late 2014 study prepared for the Greater Palm Springs Convention & Visitors Bureau on the impact of the lake's ecological decline.

3.3 Tourist Demand Forecast, South Area, 2022-2062

The total impact on the full Imperial County (Imperial) of the development of a 20 square mile fresh water lake at the south end of the Salton Sea was evaluated. The major source of lake tourists and spending coming to the SSL-S would be expected from San Diego County. The assumption is that Imperial users would likely be day tourists since the distances from the county's

population center to the lake's edge averaged just 33 miles or 35 minutes driving time. Their spending is conservatively viewed as already part of the Imperial County economy, not an addition to it:

- For San Diego County, the basis for tourism spending at the SSL-S is its distinctive similarity to Orange County. In 2015, they had similar populations, registered pleasure crafts, ratios of pleasure craft to population and per capita income, plus mileage and driving times to their respective ends of the Salton Sea. It is thus assumed that the tendency for San Diego County's population to use the SSL-S is similar to Orange County's population tendency to use the SSL-N even though SSL-S would be twice as large. The Orange County potential lake visitors ratio to population was 13% in 2015. That factor is applied to San Diego County's population throughout the 2022-2062 period, with the 2062 level applicable to the rest of the forecasting period through 2074-2075. In 2022, the figure would equal the estimated population of 3,599,956 x 13.0% = 468,6620 potential of San Diego County lake visitors.
- The SSL-S would have competition from 23 reservoirs and lakes throughout San Diego County. The grand total of these facilities represented 18 square miles of surface area. However, only six have over 1,000 acres of surface area, ranging from 1,100-1,562 acres. Only one of these, El Capitan Reservoir, allows use of recreational water activities beyond fishing.
- To determine the extent that the SSL-S would see these potential visitors, the capture rate was assumed to be 10% in year one (2022) due to the excitement of a new lake. It would increase by 1.5% per year to reach a 20% capture rate in 2030 as tourists become increasingly familiar with the site. The pace would add 2.0% per year through 2055, reaching a 70% capture rate. The increase would be consistent with more and more facilities being available for tourists. It would advance 1% per year from there to 2062 with a maximum at 75%. In 2022, the number of estimated lake tourists would be 468,620 x 10% = 46,862. Given the long distance to the SSL-S, the 3.5 days stay for Orange County was used for San Diego County. In 2022, the number of visitor days would be 46,862 x 3.5 = 164,017. Based on a 365 day year, the count of lake tourists per day in 2022 would be 449.
- For each tourist visitor day, the economic impact was calculated at $339.99. With an estimated 164,017 tourist days in 2022 that would yield $55.8 million in total local impact that year. The $339.99 figure was estimated by adapting the direct spending per tourist group

estimated for the SSL-N to the lower costs conditions in Imperial after reviewing the costs of goods and service in Palm Desert versus El Centro. Specifically, the hotel room rate was reduced to an average of $65 per group. Casino spending was eliminated. Eating and drinking costs were reduced -10%. Other items except food and fuel were reduced by -15%. The result was direct spending of $710.82 per tourist party. As with CV, each $1.00 of outside tourist money reaching Imperial is seen as causing an added $0.435 in added local spending. The total local economic impact would be $1,019.98 per tourist party of 3.0 people or $339.99 per lake using tourist per day.

- By 2062, the number of lake tourist days would reach 1,549,821 x $339.99 = $529.9 million in total economic impact. This level would also apply through 2074-2075. In the first five years, the total impact of lake using tourists would be $355.6 million.
- Meanwhile, there would an increase in tourists independently going to the Salton Sea SRA from San Diego County. Based upon the calculations for the SSL-N, 58,668 total tourists would be going to the Salton Sea to enjoy its unique surroundings, with 83.0% coming from the northern four counties and 17% from San Diego county. That would be 10,002 tourists by 2022, an added 2,110 visitors over 2021. By 2029, the number would reach 52,544, up an added 44,652 from 2021. The gain would continue from there, moving upward with population growth.
- With each independent tourist assumed to make a 2.0 day trip, the number of visitor days for these new tourists would rise from 4,221 in 2022 to 89,304 in 2029 and go on year by year to an extra 110,029 by 2062. Each of these visitor days would add tourist spending into the Imperial economy. Their economic impact was lowered to $277.90 per person per day, based on removing the boating element from the spending array used with southern lake using tourists. The result would increase the economic impact on Imperial County of tourists visiting the Salton Sea SRA from the south from $1.2 million in 2022 to $30.6 million in 2062 through 2074-2075.
- Combined, the economic impact of the Salton Sea Project on Imperial would start at $56.9 million in 2022, rising year by year to $557.5 million by 2062 and remaining there until 2074-2075. In the five years from 2022-2026, the cumulative economic impact would be $380.9 million.

3.4 Transient Occupancy and Sales Taxes, 2022-2075,

The tourist spending estimates and capture rates were used to yield annual tax estimates captured in Zones 1, 2, 2A. Annual tax estimates from Imperial

and capture rates were used to yield taxes captured in Zones 3-6. These are combined to estimate the full Transient Occupancy Tax (TOT) and sales tax impacts of the Salton Sea Project.

3.4.1 Transient Occupancy Tax Revenue

Total Salton Sea project related hotel visitor days from 2022-2062 were taken from the modeling above. No rooms were assumed rented from 2017-2024 since entrepreneurs will likely be skeptical of investing in hotel/motel facilities until they see the two lakes created. It then takes until 2022-2024 to get the first facilities ready. The annual hotel visitor demand was divided by 3.0 visitors per party to estimate total annual hotel room demand.

From 2024-2075, capture rates of the CV area were assumed to start for zone groups 1, 2, 2A at 5% and in zones 3-6 at 10% for Imperial County. The rates were gradually assumed to accelerate to 85% maximums. These were respectively multiplied by the annual room demand in CV and Imperial to yield the rooms captured in each zone group. The northern room rate began at $100 and gradually rose to a $199 maximum; the southern rate began at $65 and gradually reached $135 maximum. The total annual rooms in each area times those rates yielded total room revenue. Using a 10% TOT rate in the north and 8% rate in the south yielded the annual TOT levels.

Total TOT revenues from this process began at $177,506 in 2024 and grew to $27,185,122 in 2062 through 2074-2075, with grand total TOT revenue from the Salton Sea project of $920,383,945 for the forecasting period.

3.4.2 Sales Tax Revenue

Total Salton Sea project related retail sales by sector in the north and south were taken from the earlier modeling. Hotel spending was omitted as most of that revenue is TOT generated. Casino spending was omitted as that is on tribal lands. Only 5% of food store sales were used as most food is tax exempt.

Capture rates by outlets in the two zones were assumed to start in 2022 as retail developers would remain skeptical about completion of the two lakes. Starting rates included food, beverage and dining (5%); boat related (25%); general spending (5%); shopping, gifts and souvenirs (5%); gasoline (5%); groceries (5%). These rates were assumed to grow at varying speeds with most reaching 85%. Exceptions were maximums of 100% for boat related spending and 90% for gasoline. Capture rates for entertainment, transportation, amenities and parking spending were assumed to start and grow at the hotel capture rates found in calculating TOT. Among types of spending, differences in the speed of increase in capture rates varied in the

belief some demand would be satisfied longer in the balance of the CV and Imperial markets.

Secondary sales capture rates in each were determined by the estimated amount of direct sales captured each year, less boat sales divided by the potential direct capture sales at 100%. Boat spending was eliminated as that category is particular to the lake.

The total sales captured each year were multiplied by the 1.0% sales tax rate applicable to local government to estimate the incremental sales taxes created by the project. The result showed sales tax revenue generate in the six zones as:

- $174,166 in 2022
- Growing to $105,007,352 in 2062 through 2074-2075
- Grand total sales tax revenue generation by the Salton Sea project of $555,986,502.

However, to be very conservative, the retail sales taxes generated by the secondary impact of tourist funds flowing into both the CV and Imperial areas were omitted. This amounted to:

- $144,172 in 2022, down -$29,994
- Growing to $10,634,261 in 2062 through 2074-2075, down -$4,373,090
- Grand total sales tax revenue generation by the Salton Sea project of $394,604,477, down -161,382,025.
- This conservative reduction amounted to 29.0% of potential sales tax

4.0 Salton Sea Recreation Opportunities

This section identifies recreation opportunities to assist in determining the tourism demand and estimated development capacity for the Study Area. After the scope of these deliverables is explained, the implications in each region are discussed and key charts, graphs, and figures are presented.

4.0 Salton Sea Recreation Opportunities

4.1 Introduction

4.2 Opportunity Area 1

4.3 Opportunity Area 2

4.4 Opportunity Area 3

4.5 Opportunity Areas 4 / 5

4.6 Opportunity Area 6

4.7 Recreational Opportunities Matrix

4.1 Introduction

The following Salton Sea recreation opportunities have been identified through various sources of current documentation and historical reports (**Error! Reference source not found.**). The land uses identified are either existing recreational uses, or potential recreational uses that could occur based on approved plans. It should be noted that the listed recreational uses could potentially be established anywhere adjacent to the lake area and further analysis of its feasibility and actual development will be necessary.

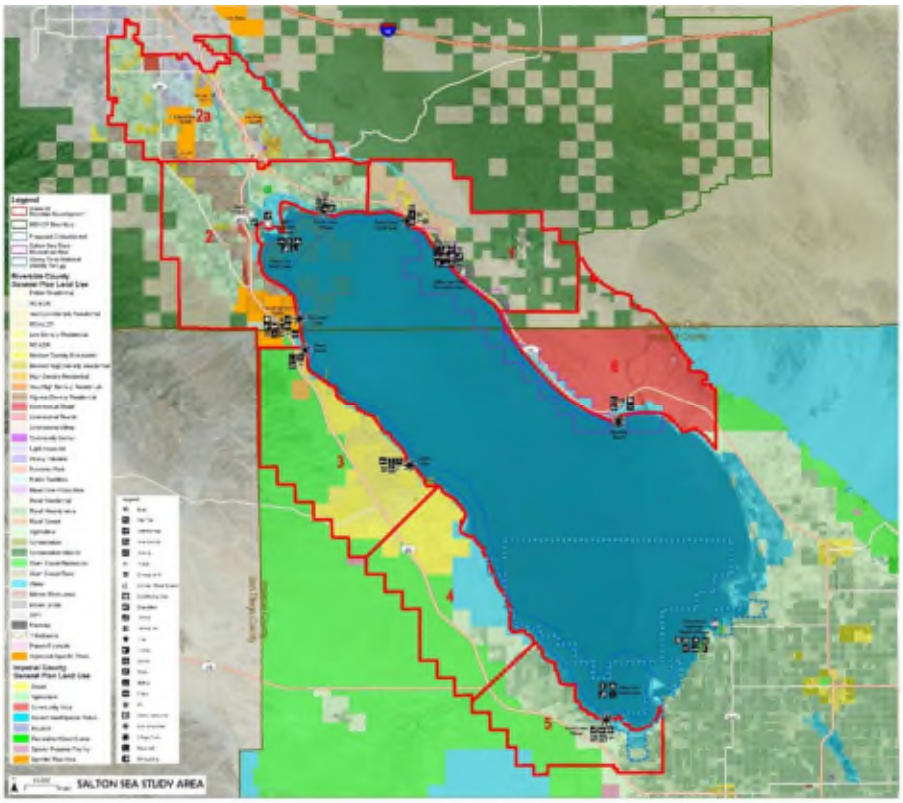

Figure 5: Salton Sea Recreation Opportunity Areas

These recreation opportunities have been identified to assist in determining the tourism demand and estimated development capacity for the Study Area. The recreational opportunities of the Salton Sea have been focused within six areas of focus. Within the six Opportunity Areas more specific locations with a brief description of potential uses have been identified.

4.2 Opportunity Area 1

Opportunity Area 1 is shown in Figure 6. Key recreational opportunity locations within this area are discussed below.

4.2.1 North Shore Yacht Club

Originally opened in 1959, The North Shore Yacht Club, was once California's largest marina and very popular for boating and vacationing for the entertainment industry's rich and famous and is now over fifty-five years old. In various states of use over the years, the marina being destroyed and closed in 1994. In 2010, the Salton Sea History Museum was located at the restored facility but has since closed for relocation. Currently its main use is a community center for the North Shore area residents. It is open to the public and provides space for:

- Community events/Event Center
- Private events (weddings, parties)
- Meeting space area

Other potential activities and uses:

- Beach
- Marina/Boat Launch
- Hotel
- Museums/Cultural/Community Center
- Sports/Recreational facilities
- Hiking

4.2.2 Salton Sea State Recreation Area

Salton Sea State Recreation Area (SRA) covers approximate 14 miles of the northeastern shore.

In a January 2016 news release, the SRA announced that Varner Harbor within the SRA is now open to provide access to the sea for boating and water skiing. Other available Activities and Facilities at Salton Sea State Recreation Area per the current website information include:

- BOATING
    - Boating
    - Boat Ramps
    - Kayaking
    - Water skiing

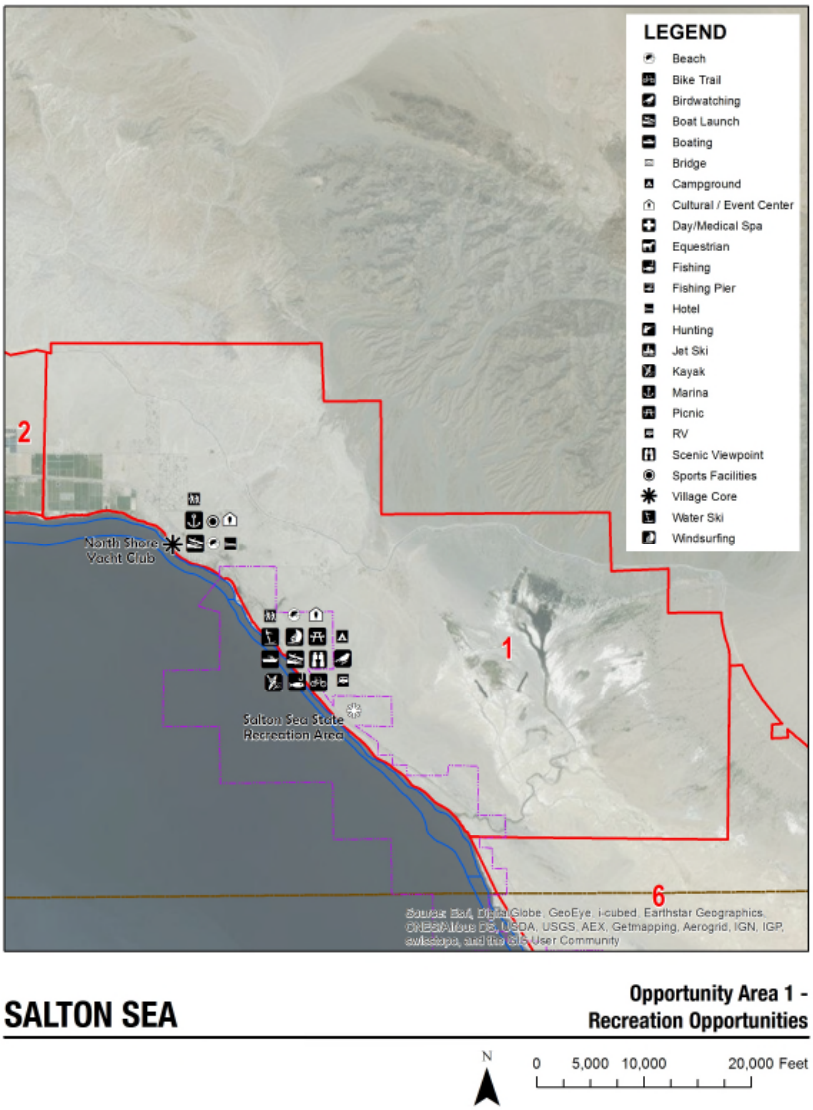

Figure 6: Opportunity Area 1

- OVERNIGHT FACILITIES
  - En-route Campsites
  - Family Campsites
  - Group Campsites
  - Hike or Bike Campsites
  - Primitive Camping
  - RV Sites w/Hookups
  - RV Dump Station
  - RV Access
- TRAIL USE
  - Hiking Trails
- DAY-USE ACTIVITIES & FACILITIES
  - Historical/Cultural Site
  - Picnic Areas
  - Environmental Learning/Visitor Center
  - Exhibits and Programs
  - Fishing
  - Guided Tours
  - Interpretive Exhibits
  - Beach Area
  - Swimming
  - Nature & Wildlife Viewing
  - Birding
  - Photography
  - Windsurfing/Surfing
  - Museums
  - Family Programs
  - Geocaching
- OTHER FACILITIES & VISITOR INFORMATION
  - Parking
  - Restrooms / Showers
  - Restrooms
  - Drinking Water Available

4.3 Opportunity Area 2

Opportunity Area 2 is shown in Figure 7. Discussions of key recreational opportunity locations within this area follow.

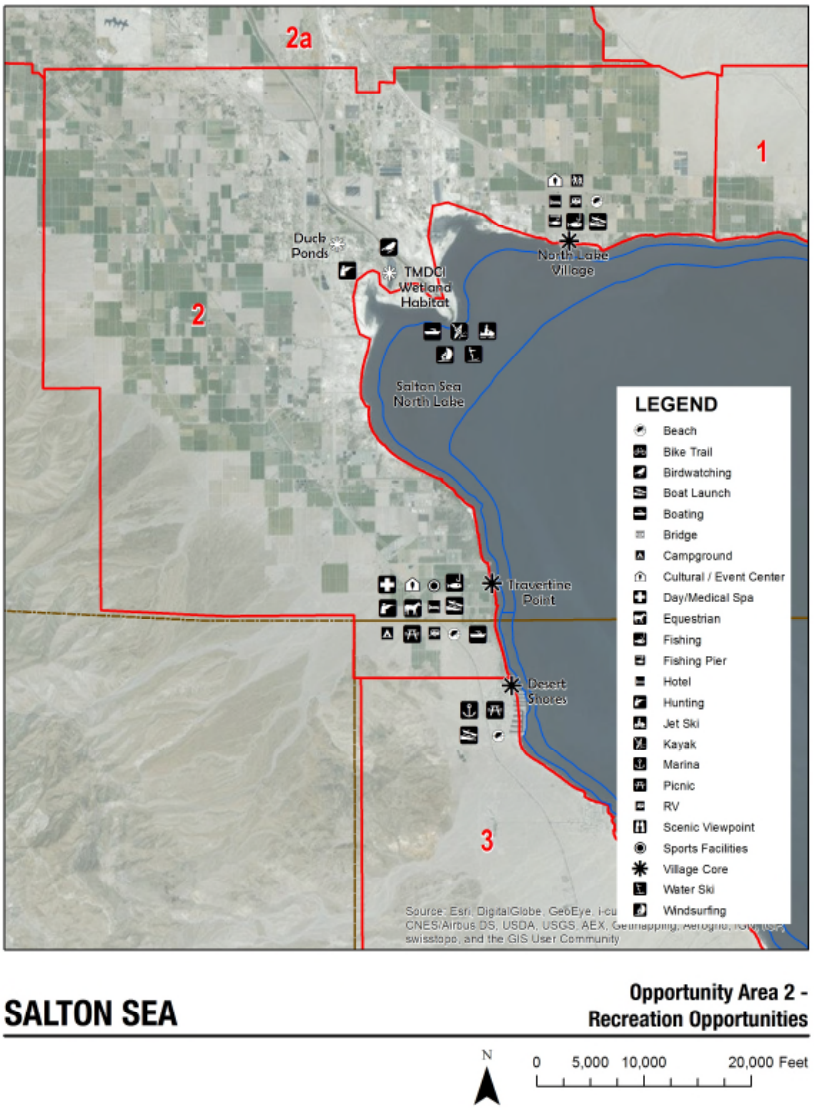

Figure 7: Opportunity Area 2

4.3.1 Travertine Point

Travertine Point is located adjacent to the western shoreline of the Salton Sea at the boundaries of Riverside County and Imperial County. The Travertine Point Specific Plan document was approved in February 2012. The Specific Plan area encompasses approximately 4,900 acres with multiple ownerships.

Planning Areas that are adjacent to Salton Sea Shoreline consist of open space (recreation), open space (water), and commercial tourist land use designations. The Torres Martinez Desert Cahuilla Indian Tribe owns the planning areas directly adjacent to the shoreline and is currently undeveloped. Pursuant to the land use designations, permitted uses include the following, but are not limited to:

- Boat launch
- Boating
- Camp Grounds
- Fishing
- Hotel
- Hunting
- Recreational Vehicles
- Scenic Viewpoint
- Museums, Cultural, Tourist Community Centers
- Picnic Grounds
- Sports and recreation facilities (e.g., parks, playgrounds, golf club, country club)
- Equestrian, Riding/Stables
- Day/Medical Spas

4.3.2 Torres Martinez Tribe — Wetland Habitat

The Torres-Martinez Desert Cahuilla Indian Tribe developed an 85-acre wetland project at the mouth of the Whitewater River, where it enters the Salton Sea in 2009. The Wetland Habitat, provides the following:

- Educational programs/interpretive exhibits for natural water treatment, habitat restoration, and sediment stabilization through seven water quality cells and four habitat ponds.

4.3.3 Duck Ponds

This delta area is mostly in private ownership and is adjacent to Torres Martinez Tribal land. Limited public access is available to this area. Waterfowl hunting has occurred within privately owned duck ponds within the area of where the Whitewater River enters into the Salton Sea. (Source: Recreation and Economic Opportunities Assessment for the Salton Sea, California, Draft Report, August 12, 2005.). Other uses within the immediate vicinity include crops and orchards. Recreational opportunities may include:

- Educational/interpretive exhibits associated with the Torres-Martinez Indian Reservation
- Tribal gaming establishments, tribal resorts/marinas, private resorts/marinas

- Potential to create a multiple use biking/hiking trail around the Sea's perimeter, which would require cooperation of numerous agencies, entities, and stakeholders.

4.3.4 North Lake Village

The North Lake Village was identified as a Village Core area within the "Salton Sea Master Development Plan" (Mooney, Jones, & Stokes, February 2006). Potential uses for this area may include:

- Beach
- Boat Launch
- Fishing pier/Fishing
- Hotel
- RV Park

4.3.5 Salton Sea North Lake

The Salton Sea North lake area of the "Perimeter Lake Plan" is an area suitable for active water sports such as the following:

- Boating
- Water Skiing
- Windsurfing
- Kayaking
- Jet Skiing

4.4 Opportunity Area 3

Opportunity Area 3 is shown in Figure 8. Key recreational opportunity locations within this area are discussed below.

4.4.1 Desert Shores

Desert Shores is a residential community located within the Imperial County General Plan's West Shores/Salton City Urban Area which encompasses approximately 34,000 acres. The Desert Shores community primarily consists of single family and mobile home residences, with some support retail. It is more specifically located adjacent to the western shoreline of the Salton Sea at the boundaries of Riverside County and Imperial County. Potential recreational opportunities for this area may include:

- Beach
- Boat launch
- Marina
- Picnic Grounds

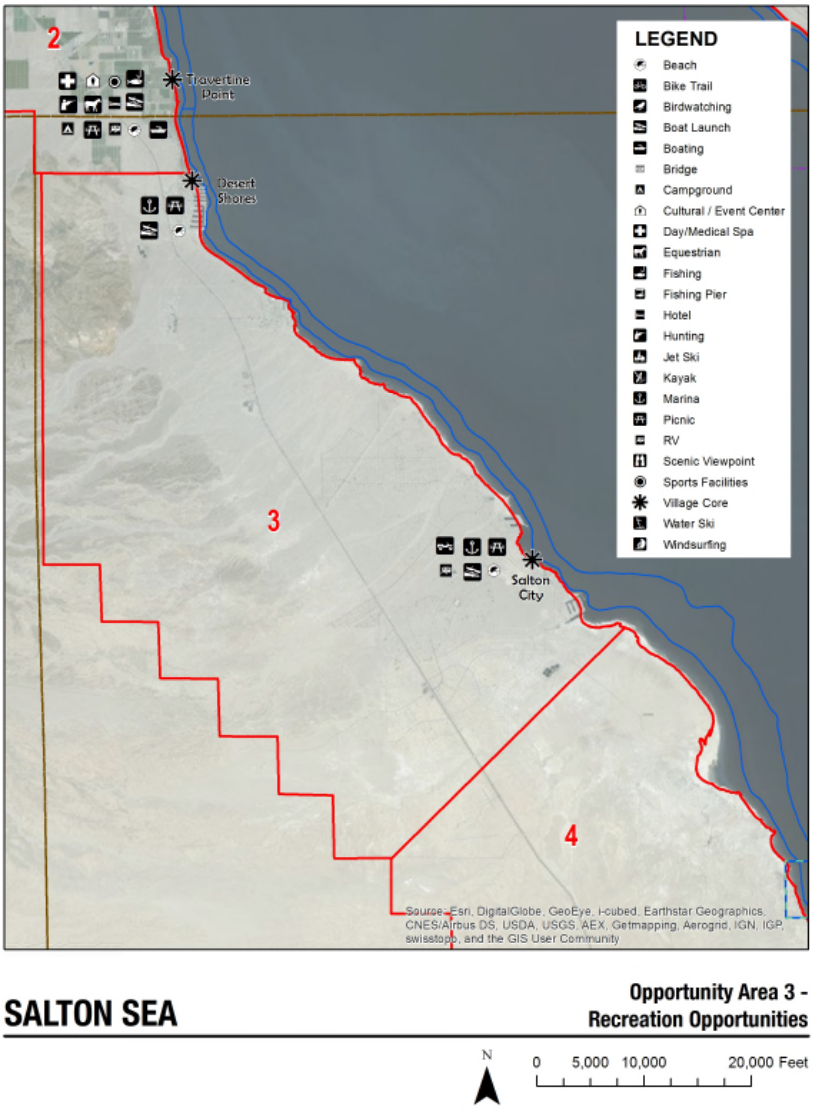

Figure 8: Opportunity Area 3

4.4.2 Salton City

Salton City is residential community that originally began development in 1958. The 19,000 acre community primarily consists of residential uses and was originally developed with a small airport and golf as well as hotel-motels, restaurants and bars, market and gas, in close proximity to Highway 86. Other public service facilities include a post office, fire and sheriff department, churches, parks, school and library. The community is located within the Imperial County General Plan's West Shores/Salton City Urban Area. Salton City is located adjacent to the western shoreline of the Salton Sea at the boundaries of Riverside County and Imperial County. Potential recreational opportunities for this area include:

- Beach
- Boat launch
- Marina
- Picnic Grounds
- Off-roading
- RV Park

4.5 Opportunity Areas 4 / 5

Opportunity Areas 4 and 5 are shown in Figure 9. Key recreational opportunity locations within this area are discussed below.

4.5.1 South Lake Village

The South Lake Village is located at the southern end of the Salton Sea, adjacent to the recreational estuary lake of the Perimeter Lake Design Concept (Tetra Tech), and the Sonny Bono National Wildlife Refuge (NWR). The majority of this area is primarily used for agriculture. Much of the farming operations involves cooperative farmers and some of the crops grown serve as part of the resource management program of the Sonny Bono National Wildlife Refuge for consumption by wintering waterfowl. The South Lake Village is just south of the potential Village Core location in the Salton Sea Authority Master Development Plan analysis (Mooney, Jones, and Stokes). The South Lake Village location in relation to the recreational opportunities of the Sonny Bono NWR and other areas such as the Red Hill Marina, this Village could provide the following recreational opportunities:

- Bird watching
- Hiking
- Scenic View Point
- Beach
- Boat launch
- Marina
- Picnic Grounds

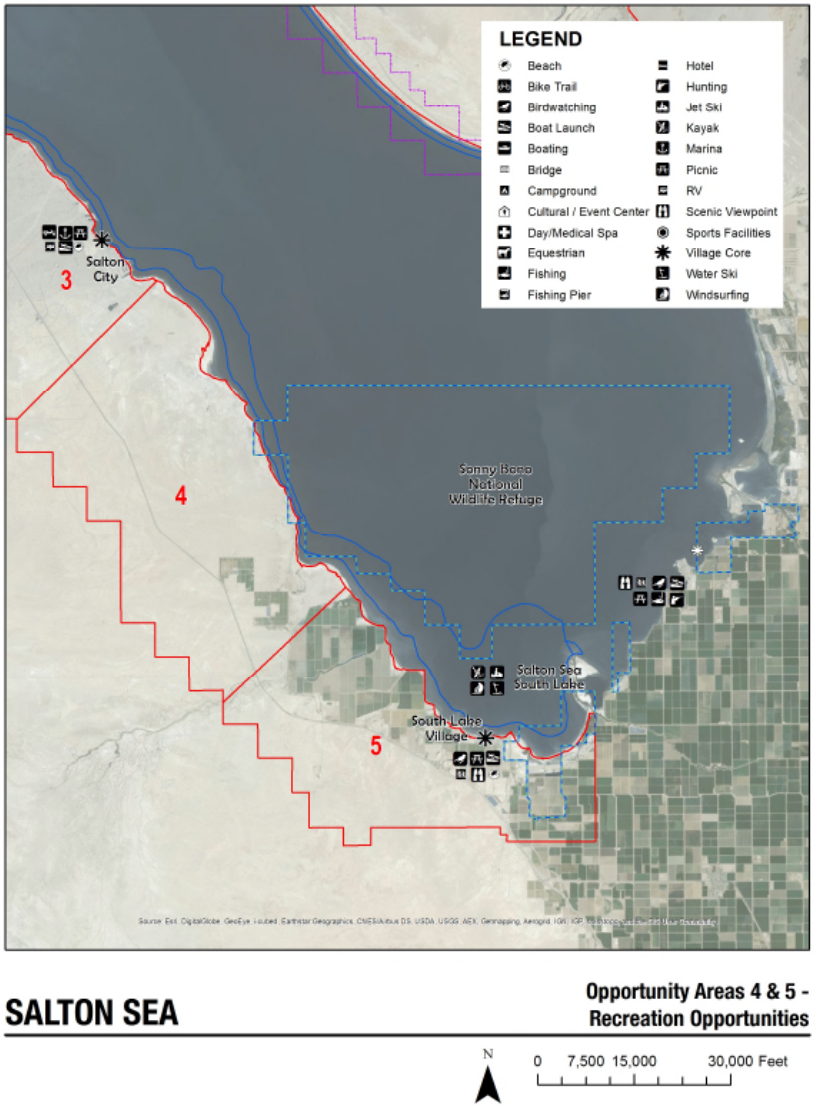

Figure 9: Opportunity Areas 4 and 5

4.5.2 Sony Bono National Wildlife Refuge

The 37,900 acre Sonny Bono National Wildlife Refuge (NWR) was originally established in 1930. It serves to protect and manage habitat to support migratory birds, particularly waterfowl, and other wildlife. The Refuge is currently managed by the United States Fish and Wildlife Service. The Refuge is over 37,000 acres and is located in the southern portion of the Salton Sea in three general locations. The largest area is open water in the southern portion of the Salton Sea. The area described as “Unit 1” (3,782 acres) is located along the southern tip in the area south of Bruchard Bay. The area described as “Unit 2” (2,025 acres) is located near the terminus of the Alamo River and is where the Refuge headquarters is located. The U.S. Fish and Wildlife Service prepared a Comprehensive Conservation Plan (CCP) that

provides the long-term goals for the Refuge. The CCP includes the Refuge area and indicates that agricultural uses in the area serve as waterfowl forage. Duck ponds, managed habitats on the Refuge, and fish farms are also considered permanent crops. Public recreational opportunities listed from U.S. Fish and Wildlife Service's website include:

- Hiking
- Birding
- Scenic View Point
- Picnic Grounds
- Boat Launch
- Hunting (limited areas)
- Fishing (limited areas)

4.5.3 Salton Sea South Lake

The Salton Sea South lake area adjacent to the 32,410 acre Sonny Bono Salton Sea National Wildlife and the South Lake Village area may be suitable for active water sports such as the following:

- Boat Launch
- Boating
- Water Skiing
- Windsurfing
- Kayaking
- Jet Skiing

4.6 Opportunity Area 6

Opportunity Area 6 is shown in Figure 10. Discussions of key recreational opportunity locations within this area follow.

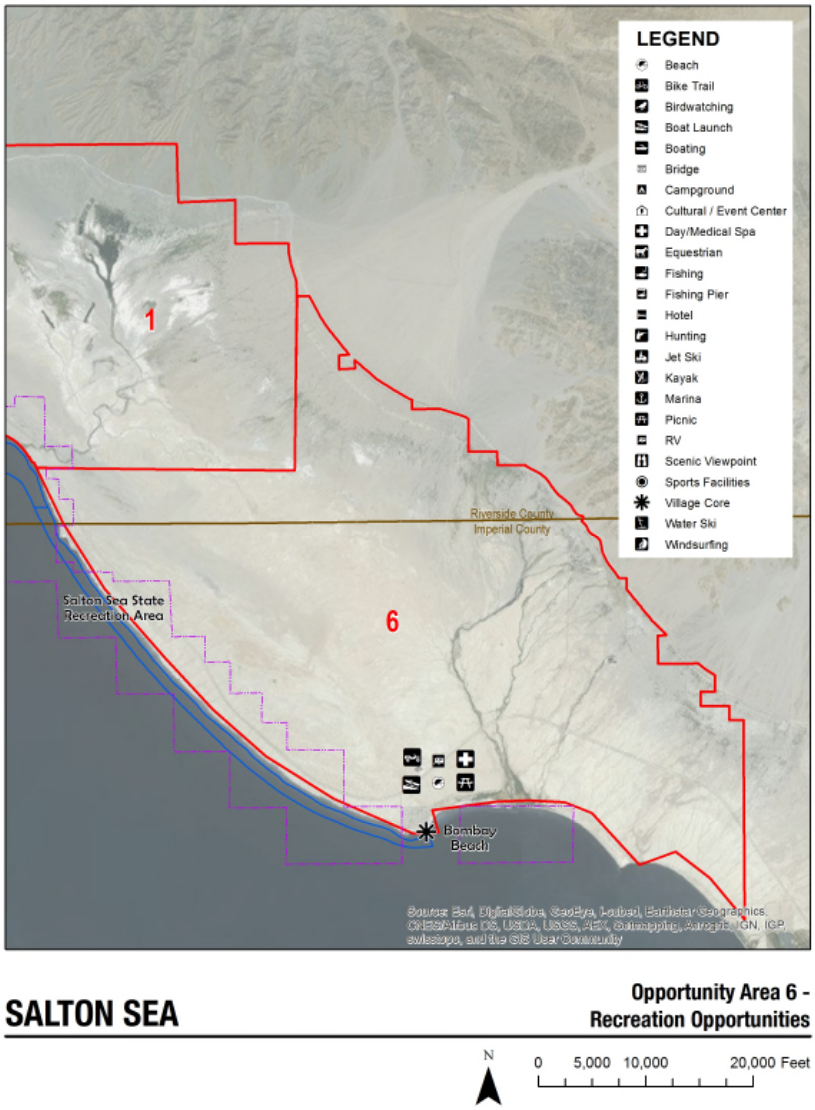

Figure 10: Opportunity Area 6

4.6.1 Bombay Beach Community

Bombay Beach is designated by the Imperial County General Plan as a recreation/retirement community located off of Highway 111, on the eastern shore of the Salton Sea, and is located just south of the Salton Sea State Recreation Area. Once a burgeoning resort community in the 1950's and 60's, with homes, hotels, beach, it is currently a small residential community that consists primarily of single family and mobile homes, a community center, library, medical clinic, marina, park and church.

Recreational uses for this area may include:

- Beach
- Boat launch
- Picnic Grounds
- Off-Roading
- RV Park
- Day/Medical Spa

4.7 Recreational Opportunities Matrix

A matrix illustrating the recreational opportunities throughout the study area is shown in Table 20.

Table 20: Recreational Opportunities Matrix

Activities	Travertine Point	North Lake Village	North Shore Yacht Club	Salton Sea Recreation Area	Duck Ponds	Torres Martinez Wetland Habitat	Salton Sea North Lake	Desert Shores	Salton City	South Lake Village	Sonny Bono National Wildlife Refuge	Bombay Beach	Salton Sea South Lake
Beach	X	X	X	X			X	X	X	X		X	
Bike Trail				X									
Bird Watching/ Photography				X		X				X	X		
Boat launch	X	X	X	X			X	X	X	X	X	X	X
Boating	X			X			X						X
Bridge													
Camp Grounds	X			X									
Day/Medical Spas	X											X	
Equestrian use	X												
Fishing	X	X		X			X				X		
Fishing Pier		X											
Hiking			X							X	X		
Hotel/Motel	X	X	X										
Hunting	X				X						X		
Jet Ski							X						X
Kayak				X			X						X
Off-Roading									X			X	
Marina			X					X	X	X			
Museums, Cultural, Tourist, Community, Event Centers	X		X	X									
Picnic Grounds	X			X				X	X	X	X	X	
RV Park	X	X		X					X			X	
Scenic Viewpoint				X						X	X		
Sports Facilities: (parks, playgrounds, Golf Club, Country Club	X		X										
Water skiing				X			X						X
Wind Surfing				X			X						X

5.0 Market Study and Land-Use Analysis

The market study and land-use analysis was conducted to determine whether Salton Sea management efforts would provide recreationally attractive water that would support sufficient development to fund infrastructure through an EIFD, or possibly other property related assessment districts. A summary of the findings concerning this issue are presented in this section.

5.1 Introduction

5.2 Scale of Future Development

5.3 Demand Capture and Absorption Potential

5.4 Value of Landside Development

5.1 Introduction

The market study and land use analysis analyzed the market depth and potential impact of the Salton Sea Management Plan. The Phase I analysis focuses on Opportunity Areas 1 & 2, and 2a. Phase II focused on Opportunity Area 3, the area to the west of the Salton Sea in Imperial County from the county border down to the southern edge of Salton City. Phase III focused on Opportunity Areas 4, 5, and 6. Detailed market surveys were conducted and extensive data was gathered to assess future supply and demand conditions for both residential and non-residential land-uses as well as achievable home prices and commercial lease rates under the condition of a managed lake. The following is an executive summary of the findings and conclusions for planned and potential development, market demand, absorption/development timeline, and the total value addition the lake would provide.

5.2 Scale of Future Development

Two methodologies were utilized to determine the total scale of future development within each opportunity area. Projects on the books were identified and assigned a "Completion Likelihood" for each status in order to weight the probability of them coming to market. For the remaining land area with no current development plans, TCG worked with FORMA to determine the total acreage of developable land remaining and allocated portions of the developable land to be used for residential, commercial, open/public space and infrastructure use. This step was necessary to account for the anticipated development activity within the opportunity areas to be caused by the Salton Sea Management Plan.

5.2.1 Riverside County

The Opportunity Areas (1, 2, and 2a) in Riverside County, particularly along the northwest quadrant of the Salton Sea, has 18 projects either currently selling or planned. This is because as land becomes scarce and homeowners

get priced out of the western Inland Empire, development grows towards the south and south east of the Coachella Valley. Nearly 79% of the 36,549 units planned are located within the development plans of Travertine Pointe (16,655 units), Kohl Ranch (7,171 units), Panorama (2,560) and Thermal 551 (2,354 units) which totals 28,740 units between them.

There are a total of 111,559 potential future residential units and 38,825,017 square feet of potential commercial supply in the opportunity areas within Riverside County. The breakdown is as follows:

- Total Planned Units (in the pipeline) = 36,549
- TCG Estimated Units (Total Planned x Completion Likelihood) = 31,711

Total Developable Acres (NOT in the pipeline) is shown in Table 21.

The total Potential Future Residential Supply (Units) is 111,559 units as shown in Table 22.

Total Potential Future Commercial Supply (Square Feet): 38,825,017 square feet.

Table 21: Total Developable Acres

	Opportunity Area		
	1	2	2a
Total Land	36,312.8	49,734.4	39,410.8
Planned MPC Acreage	0.0	4,918.0	4,802.5
Remaining Land	36,312.8	44,816.4	34,608.3
% Developable	20%	20%	60%
Developable Land	7,262.6	8,963.3	20,765.0

Land Use Breakdown

	Opportunity Area (Acres)			Opportunity Area (Units/SF)		
	1	2	2a	1	2	2a
Residential	3,919.2	4,837.0	11,205.8	15,677	19,348	44,823
Commercial	583.3	719.9	1,667.8	7,622,675	9,407,726	21,794,616
Public Facility (Park)	248.1	306.2	709.3			
Open Space	2,167.8	2,675.5	6,198.2			
Roads	344.1	424.7	983.8			

Table 22: Total Potential Future Residential Supply

	Opportunity Area			
	1	2	2a	Total
Planned	0	14,990	16,721	31,711
Developable	15,677	19,348	44,823	79,848
Total:	**15,677**	**34,338**	**61,545**	**111,559**

5.2.2 Imperial County

The western area of the lake's future development will be driven by the West Shores/Salton City Urban Plan, a lakeside plan comprised of the townships of Desert Shores, Vista del Mar Estates, Salton City and the long-time stalled Habitat 2000 Specific Plan. This Urban Plan stretches from the county border to the southern tip of Salton City and makes up Opportunity Area 3. The remainder of opportunity areas in Imperial County have no plans in the pipeline.

There are a total of 129,025 potential future residential units and 51,221,379 square feet of potential commercial supply in the opportunity areas within Imperial County. The breakdown is as follows:

Opportunity Area 3 (Table 23)

- Total Planned Units (in the pipeline and zoned lots) = 18,051
- TCG Estimated Units (Total Planned x Completion Likelihood) = 17,141

Table 23: Opportunity Area 3

Status	Opportunity Area 3
Currently Selling	0
Undeveloped Lots	17,002
Approved MPC	139
Approved Tract	0
Pending	0
	17,141

The Urban Area Development Breakdown is shown Table 24.

Table 24: Opportunity Area 3 Urban Area Development

Townships/Specific Plan	Acres
Salton City	13,715.8
Desert Shores	436
Salton Sea Beach	193
Habitat 2000	1,720
Total	**16,065** acres

Land Use Breakdown

	Urban Area	
	Total	
	Acres	Units/SF
Residential	3,428.1	17,141
Commercial	527.7	6,896,607
Public Facility (Park)	2,253.6	
Open Space	621.4	
Roads	811.1	

Other Urban Area Vacant Parcel Development (Zoned by Imperial County): 3,345 units

The Total Potential Future Residential Supply (Units): 20,486 units (Table 25).

Table 25: Opportunity Area 3 Planned and Vacant Parcel

	Opportunity Area 3	Mix
Planned	17,141	84%
Vacant Parcels	3,345	16%
Total:	**20,486**	**100%**

The total Potential Commercial Supply (Square Feet) is 6,896,607 square feet.

Opportunity Areas 4, 5, and 6 (Table 26 and Table 27)

- Total Planned Units (on the books and zoned lots) = 0
- Remaining developable land breakdown:
- Total Potential Future Residential Supply (Units) : 108,539 units
- Total Potential Future Commercial Supply (Square Feet): 44,324,772 square fee

Table 26: Opportunity Areas 4, 5, and 6 Developable Land Breakdown

	Opportunity Area		
	4 (1)	**5**	**6**
Total Land	36,529.4	26,609.9	39,068.6
Planned MPC Acreage	0.0	0.0	0.0
Remaining Land	36,529.4	26,609.9	39,068.6
% Developable	14%	51%	68%
Developable Land (1)	5,044.8	13,528.5	26,651.5

Land Use Breakdown (2)

	Opportunity Area (Acres)			Opportunity Area (Units/SF)		
	4 (1)	**5**	**6**	**4 (1)**	**5**	**6**
Residential	3,026.9	8,117.1	15,990.9	12,108	32,468	63,964
Commercial	378.4	1,014.6	1,998.9	4,944,413	13,259,247	26,121,113
Public Facility (Park)	756.7	2,029.3	3,997.7			
Open Space	529.7	1,420.5	2,798.4			
Roads	353.1	947.0	1,865.6			

(1) Excludes Salton City Urban Plan that encompasses the northern portion of Opportunity Area 4
(2) Based on TCG experience and interviews for approved land use designations
(3)Units for Residential (3.0 du/AC), SF for Commerical (30% FAR)

Table 27: Opportunity Areas 4, 5, and 6 Total Potential Residential Units

IV. Total Potential Residential Units

	Opportunity Area			
	4	**5**	**6**	**Total**
Developable	12,108	32,468	63,964	108,539
Total:	**12,108**	**32,468**	**63,964**	**108,539**

5.3 Demand Capture and Absorption Potential

In order to forecast demand and estimate the potential capture for the Opportunity Areas, TCG analyzed forecasts for macroeconomic demand drivers such as population, employment, and average income. TCG then examined the relationship with 2016 demand driver value and 20-year average home sales (for residential demand), commercial space (for industrial, retail, and office demand), and hotel rooms (for hotel demand) to derive an annual demand potential. Opportunity Area captures were derived from analyzing historical capture rates and TCG estimates of the effect of the Salton Sea Management Plan.

5.3.1 Riverside County

Demand Capture

- Annual Residential Demand = 1,035 units
  - Equivalent to a 45% capture of forecasted annual demand for the Coachella Valley (2,300 units)
- Annual Non-Residential Demand = 227,000 square feet
  - Equivalent to a 46% capture of forecasted annual demand for the Coachella Valley (495,000 square feet)

Absorption Potential (2018-2075)

- Absorption is assumed to begin 8 years after the start of construction (Year 2025-2026)
  - The majority of absorption will occur in Opportunity Area 2a due to the normal path of growth from West to East and before the completion of the Salton Sea Management Plan
  - Absorption will move towards the Salton Sea over time due to the management plan and continued path of growth
- Total anticipated residential absorption (2025-2075) = 51,750 units
- Total anticipated non-residential absorption (2025-2075) = 11,350,000 square feet

5.3.2 Imperial County

Demand Capture

- Annual Residential Demand = 440 units
  - Equivalent to a 55% capture of forecasted annual demand for Imperial County (800 units, above 20-year average of new home closings of 601)
- Annual Non-Residential Demand = 53,200 square feet
  - Equivalent to a 26% capture of forecasted annual demand for Imperial County (206,000 square feet)

Absorption Potential (2018-2075)

- Absorption is assumed to begin 8 years after the start of construction (Year 2025-2026)
  - Opportunity Area 3 will receive a greater portion (55% of residential and 57% of non-residential) due to existing infrastructure in the West Shores/Salton City Urban Plan

- Total anticipated residential absorption (2025-2075) = 22,000 units
- Total anticipated non-residential absorption (2025-2075) = 2,660,000 square feet

5.4 Value of Landside Development

TCG researched new and resale residential price trends in the Coachella Valley, Imperial County and communities surrounding other lakes in California to understand achievable price and lease rates for development within the opportunity areas.

5.4.1 Riverside County

- Average Home Price = $270,001
    - Positioned between Indio/Coachella median new home price and resale price due superior development within the cities
- Weighted Non-Residential Value = $168/sf
    - Positioned in-line or slightly above Coachella/Indio pricing for centers within residential cores

5.4.2 Imperial County

The 2015 average resale price in Imperial County ($178K) is a 40% discount to 2015 average resale price in the Coachella Valley ($294K). Non-residential product in Imperial County is a 20%-40% discount to the Coachella Valley. The discount for the Imperial County Opportunity Areas, however, is significantly less due to their prime location next to the Salton Sea.

The weighted average value is $224,163 per unit for residential product and $170/sf for non-residential value. The breakdown is as follows:

Opportunity Area 3

- Average Home Price = $257,971
    - Positioned at a 10% discount to Riverside County Opportunity Areas ($270K) due to existing infrastructure and planned Travertine Pointe's ability to increase value
- Weighted Non-Residential Value = $201/sf
    - Positioned at a 5%-15% discount to Riverside County opportunity areas, slightly less than half the Imperial County 10-year average versus Coachella Valley

Opportunity Areas 4, 5, and 6

- Average Home Price = $217,782
  - Positioned at a 20% discount to Riverside County Opportunity Areas
- Weighted Non-Residential Value = $165/sf
  - Positioned at a 10%-20% discount to Riverside County opportunity areas, slightly more than half the Imperial County 10-year average versus Coachella Valley

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