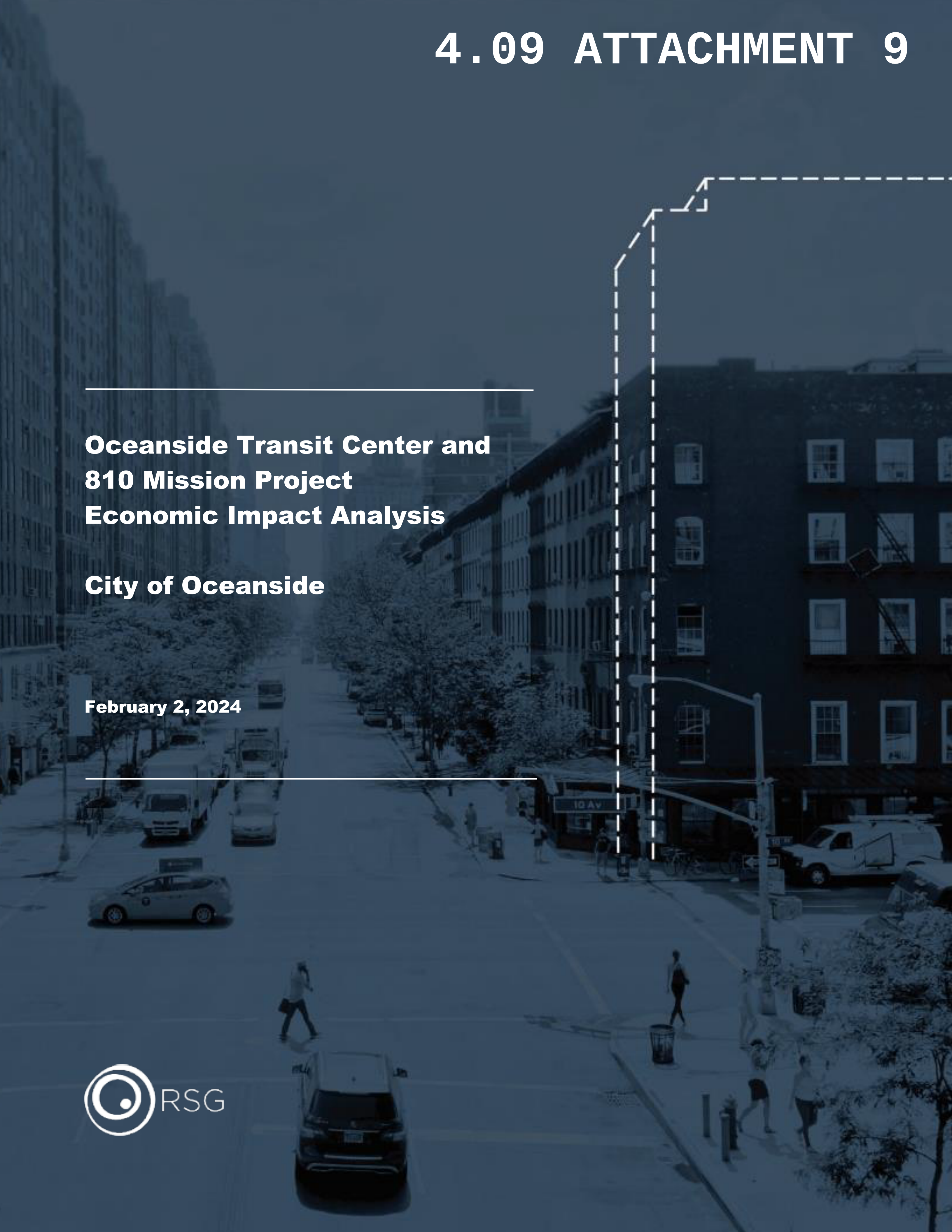

4.09 ATTACHMENT 9

Oceanside Transit Center and 810 Mission Project Economic Impact Analysis

City of Oceanside

February 2, 2024

RSG

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INTRODUCTION

RSG, Inc. ("RSG") is providing this Economic Impact Analysis for the proposed Oceanside Transit Center and 810 Mission developments ("Projects"). The Oceanside Transit Center Project is located at 235 South Tremont Street in Oceanside, and is proposed as a mixed-use development containing multi-family apartments, office space, a hotel and commercial use. The 810 Mission Project, located at 810 South Mission Avenue in Oceanside, will be purely residential and shall include 206 new multi-family units. The 810 Mission Project site is currently occupied by North County Transit District ("NCTD") offices which shall relocate to the offices at the proposed Oceanside Transit Center. The Oceanside Transit Center Project site is currently built out as a transit center, parking, and ancillary uses. The scope of work was to analyze the economic impacts of the two Projects including direct, indirect, and induced jobs and economic output generated by the construction and ongoing operations of the Projects.

EXECUTIVE SUMMARY

Based on the Project descriptions, assumptions, and methodology outlined herein, Table 1 presents the conclusions of RSG's economic impact analysis:

Table 1: Summary of Proposed Economic Impacts

	Direct	Indirect	Induced	Total
Oceanside Transit Center				
Jobs	2,714	272	1,082	4,068
Economic Output ($)	$333,541,480	$62,578,347	$201,440,736	$597,560,562
810 Mission				
Jobs	638	54	288	980
Economic Output ($)	$78,567,900	$11,836,339	$53,563,662	$143,967,900
Total Jobs	**3,352**	**325**	**1,370**	**5,048**
Total Economic Output	**$412,109,380**	**$74,414,685**	**$255,004,397**	**$741,528,462**

Sources: IMPLAN, NCTD, RSG Fiscal Impact Analysis

RSG's key findings are summarized below:

- The **total jobs generated by both Projects is estimated to be 5,048**, of which 4,390 will be temporary jobs during construction of the Projects and 658 will be permanent jobs derived from the ongoing business operations and new resident spending in the community.
- The **total economic output generated by both Projects is estimated to be $741,528,462**, of which $637,197,812 will be from temporary impacts during construction of the Projects, and $104,330,650 annually thereafter from ongoing business operations and new resident spending.

RSG's findings are based on the Developer's Development Plan Submittal dated August 26, 2022, and employment data provided by North County Transit District on December 11, 2023, prior to any approvals, completion of construction documents, or identification of specific tenants for the project. Any changes to the scope of the Project may materially affect the findings and conclusions in this Economic Impact Analysis.

PROJECT DESCRIPTION

Toll Brothers Apartment Living ("Developer") is seeking entitlements to redevelop NCTD's existing offices at 810 South Mission Avenue as well as Oceanside Transit Center. The Developer's proposal includes the construction of 206 multifamily units at 810 South Mission Avenue and the relocation of NCTD's existing offices to the Oceanside Transit Center. The proposed Oceanside Transit Center will include a mix of commercial, retail, and residential land uses on 10.6 acres. The specific uses being proposed at each of the Project sites are further described below:

Oceanside Transit Center Project Proposed Uses:

- 547 multifamily units (83 affordable, 464 market rate)
- Hotel with 170 keys
- 29,709 square feet of commercial retail and restaurant space
- 61,007 square feet of office
- A transit plaza and a parking structure

810 Mission Project Proposed Uses:

- 206 multifamily units (31 affordable, 175 market rate)

As part of the application for development with the City, the Developer has been asked to provide an economic impact analysis of the proposed Projects.

PROJECT ECONOMIC IMPACT ANALYSIS

The Projects will generate jobs and economic value through industry production during both the construction phases and ongoing operations. In this Economic Impact Analysis, RSG utilized the economic impact software IMPLAN to estimate the total direct, indirect, and induced economic impacts (jobs and economic value known as output) that will result from the proposed developments, including induced impacts resulting from new household spending.

IMPLAN is an input-output analysis modeling software that measures the relationship between a given set of demands for final goods and services and the inputs required to satisfy those demands based on specific industry data and economic trends for the local region. Different activities generate different amounts of employment or economic value and similarly have varying indirect and induced impacts on the larger regional economy. IMPLAN can be used to measure the varying impacts from both temporary activities, such as construction of the Projects, and ongoing permanent employment that will be generated by the new businesses located in the Projects. RSG analyzed these temporary and permanent impacts for all land uses at the proposed Projects using the most recent data year available (2022) for San Diego County, adjusted for 2024 dollars.

IMPLAN breaks down the resulting economic impacts into three categories: direct, indirect, and induced.

- Direct Effects: Direct effects that occur on the project site resulting from development costs and operational sales revenue.
- Indirect Effects: Changes in sales, jobs, and/or income within the businesses that supply goods and services to the Projects. Indirect effects do not occur directly on the project-site but are an indirect effect to surrounding or related businesses.
- Induced Effects: Regional changes resulting from additional spending earned either directly or indirectly from the Project.

For example, if a retail clothing store is being built, IMPLAN will determine how many direct temporary construction jobs will be needed to actually build the store, based on the total construction budget. IMPLAN will also project the number of indirect jobs generated from any expenditures on goods and services by a developer during construction, like building materials. Finally, IMPLAN tabulates any new employment created as a result of the increased expenditures on goods and services by the direct and indirect employees generated by the Projects as induced jobs.

Permanent employment on the other hand, is projected based on that retail's total business income once built. Similarly, direct employment includes the permanent retail employees that will be employed to support the operations of the business. Indirect employment includes jobs created as a result of expenditures in industries that support the retail store, such as restaurants, management, and administrative jobs. Induced employment in this scenario is generated by household spending by the new direct and indirect employment created, such as jobs created at other existing retail shops and food establishments.

EMPLOYMENT IMPACT SUMMARY

RSG's analysis of the temporary and permanent economic impacts of each land use type at both of the Projects are further detailed below. The Oceanside Transit Center is projected to generate a total of 4,068 temporary and permanent jobs as shown in Table 2. Of these, 2,714 are expected to be direct jobs, 272 will be indirect, and 1,082 will be induced. Each of the use types and IMPLAN inputs used in RSG's methodology are further described below:

Table 2: Detailed Summary of Proposed Economic Impacts

	Generated Jobs			
Oceanside Transit Center	**Direct**	**Indirect**	**Induced**	**Total**
Multi-Family Residential				
Temporary (Construction)	1,682	143	522	2,347
Permanent (Once Built)	5	0	0	6
Household Spending[1]	0	0	240	240
Hotel				
Temporary (Construction)	575	68	185	828
Permanent (Once Built)	110	22	28	161
Retail				
Temporary (Construction)	74	9	24	107
Permanent (Once Built)	64	10	13	87
Office				
Temporary (Construction)	154	18	50	222
Permanent (Net New Once Built)	50	2	19	71
Total Temporary	2,485	238	781	3,503
Total Permanent	229	34	301	564
Grand Total	**2,714**	**272**	**1,082**	**4,068**

[1]Impacts generated by new household spending are by definition induced impacts.
Sources: IMPLAN, NCTD, RSG Fiscal Impact Analysis

Each of the land uses proposed to be built at the Oceanside Transit Center required a unique methodology for estimating direct, indirect, and induced impacts, as described below.

- Multi-Family Residential: Temporary impacts from construction were estimated based on the development costs of the new residential units. As with the other proposed use types, majority of the jobs generated by the Project will be temporary construction workers and employees in related services. The permanent impacts were generated using business income which was calculated from current market rate rents,[1] as well as the 2023 rent limits for 80% Area Median Income households for San Diego County[2]. As shown in Table 2, very little permanent employment is generated by residential uses because it generally only takes a few onsite staff to manage a large apartment building.

  RSG also modeled the induced employment generated from spending by the 547 new households living in the multifamily units based on an estimate of new household income. The median household income for the City of Oceanside is approximately $83,300 per year.[3] RSG calculated the total new household income generated by the Project, including adjusted income for the 83 affordable units, which served as an input for IMPLAN. As a result the new household spending in the community will generate 240 induced jobs.

[1] Source: CoStar, data collected on January 10, 2024
[2] Source: California Department of Housing and Community Development, 2023 income limits
[3] Source: American Community Survey, 2022

- Hotel: Similar to the residential portion, construction costs were used to the estimate the temporary impacts of constructing the hotel, while business income was used to estimate the permanent impacts. The assumed business income for the first full year of operations was calculated by RSG based on market research of comparable hotel rates[4]. RSG also applied an occupancy rate of approximately 77%. The Hotel produces much more permanent employment than the residential apartments since many more staff are needed for management, maintenance, and cleaning.

- Retail: Development costs and business income were again used to estimate the temporary and permanent impacts, respectively. To calculate the assumed business income, RSG used a rate of $340 in gross receipts per retail square foot based comparable retail stores[5].

- Office: Development costs were used to estimate temporary impacts, however the permanent direct employment impacts were provided to RSG by NCTD based on anticipated capacity at the new facility. NCTD estimates that the new facility will accommodate between 220 and 243 total employees at the new offices at Oceanside Transit Center. This is a net increase of 40 to 63 jobs from the current estimate of 180 jobs located at the existing 810 South Mission Avenue, 510 Mission Avenue, and Tremont offices. RSG used an input of 50 net, permanent, direct jobs in its IMPLAN analysis, the mid-range of NCTD's projections in order to generate and estimate of net new indirect and induced jobs.

RSG applied the same methods to model the impacts of the new multifamily units being built at 810 South Mission Avenue. Table 3 details the total temporary and permanent jobs that are projected. Of a total of 980 new jobs, 638 are expected to be direct, 54 will be indirect, and 288 will be induced.

Table 3: Detailed Summary of Proposed Economic Impacts

	Generated Jobs			
810 Mission	**Direct**	**Indirect**	**Induced**	**Total**
Multi-Family Residential				
Temporary (Construction)	635	54	197	886
Permanent (Once Built)	3	0	0	3
Household Spending[1]	0	0	90	90
Total Temporary	635	54	197	886
Total Permanent	3	0	91	94
Grand Total	**638**	**54**	**288**	**980**

[1]Impacts generated by new household spending are by definition induced impacts.
Sources: IMPLAN, NCTD, RSG Fiscal Impact Analysis

The 810 Mission Project is proposed to be exclusively multifamily. The methodology for estimating direct, indirect, and induced impacts of the 810 Mission Project is outlined below.

- Multi-Family Residential: The same methodology applied to the residential units at Oceanside transit Center was used for the 810 Mission Project. Because the only use at this Project site is residential, very few permanent jobs will be generated to support ongoing on-site operations. 90 induced jobs will be generated from new household spending by the 206 new households residing in the residential units.

[4] Source: Smith Travel Research
[5] Sources: US Business Reporter, HdL

ECONOMIC OUTPUT SUMMARY

In addition to jobs, IMPLAN also estimates the resulting labor income and added value by the proposed Projects, known as economic output. labor income includes employee compensation and benefits, and proprietor income. Value added provides a measure of the Project's contribution to local GDP, which includes total output less the cost of intermediate inputs, goods or services that are used in the production of other goods or services. Therefore, economic output represents the total value of the Project's production. Figure 1 below illustrates the various components of economic output.

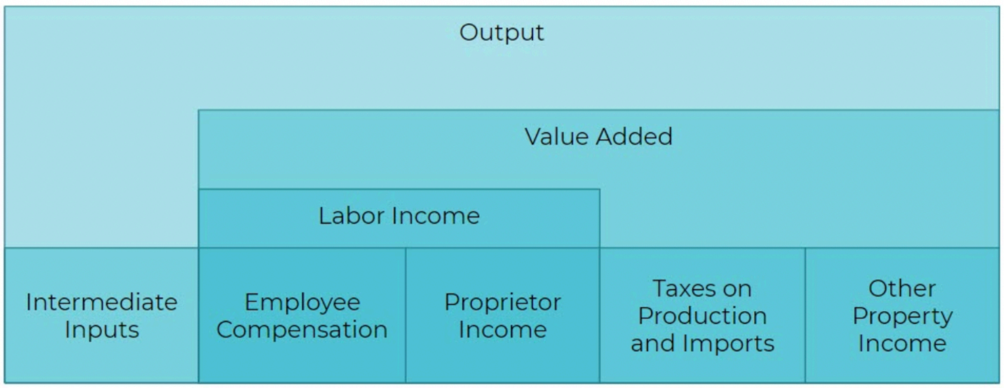


Figure 1 (Source: IMPLAN)

RSG's analysis of the economic output of the proposed Projects is summarized in Table 4 below. The Oceanside Transit Center is expected to generate a total of $597,560,562 in economic output from both temporary and permanent impacts. Whereas 810 Mission is expected to generate a total of $143,967,900 in temporary and permanent economic outputs. The various components of the analysis are further described below:

Table 4: Summary of Proposed Economic Outputs

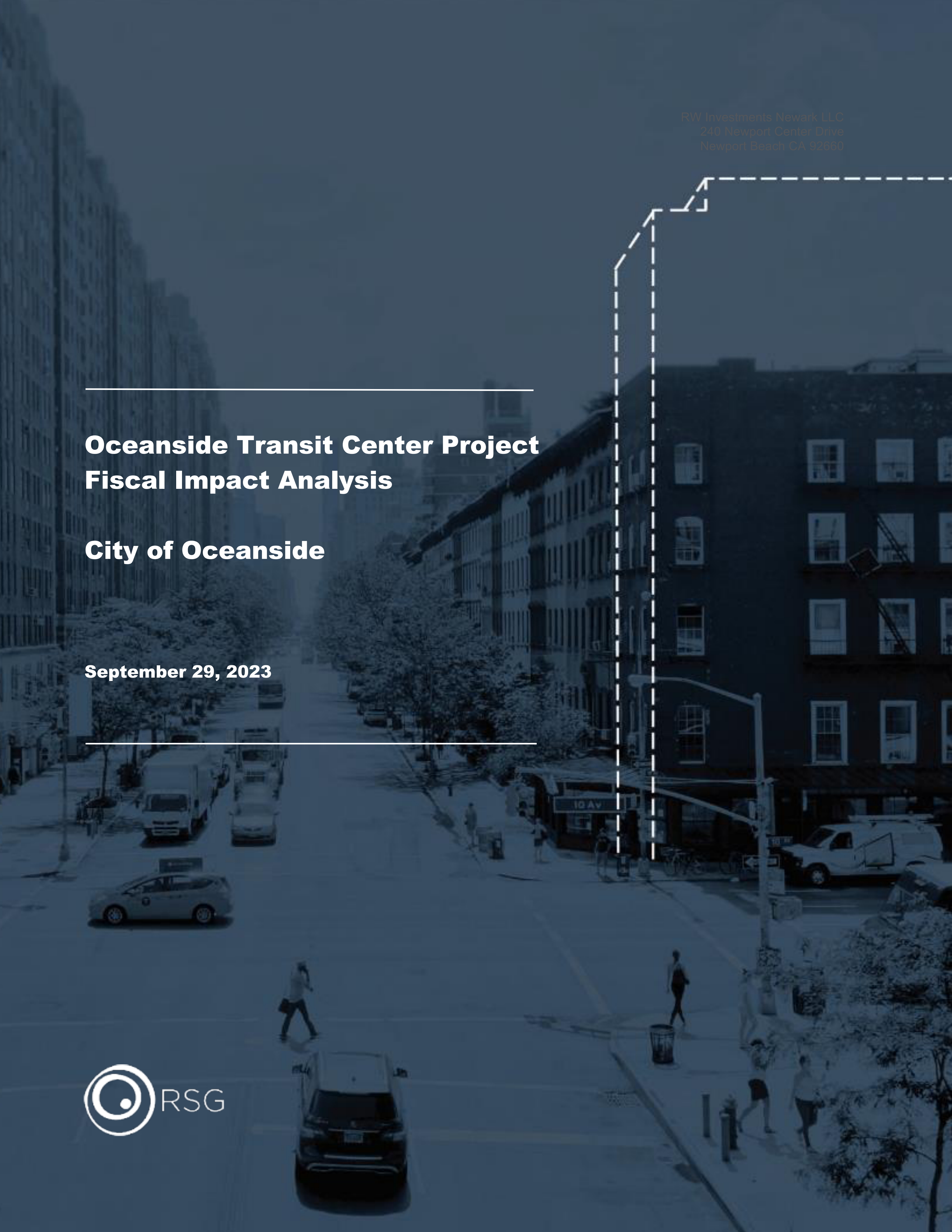
	Direct	Indirect	Induced	Total
Oceanside Transit Center				
Temporary (Construction)	$309,624,573	$55,649,237	$145,395,093	$510,668,903
Permanent (Once Built)	$23,916,907	$6,929,110	$11,411,340	$42,257,356
Household Spending[1]	$0	$0	$44,634,303	$44,634,303
Subtotal	**$333,541,480**	**$62,578,347**	**$201,440,736**	**$597,560,562**
810 Mission				
Temporary (Construction)	$77,989,322	$11,818,970	$36,720,617	$126,528,909
Permanent (Once Built)	$578,578	$17,369	$29,444	$625,391
Household Spending[1]	$0	$0	$16,813,601	$16,813,601
Subtotal	**$78,567,900**	**$11,836,339**	**$53,563,662**	**$143,967,900**
Total Temporary	$387,613,895	$67,468,207	$182,115,710	$637,197,812
Total Permanent	$24,495,485	$6,946,478	$11,440,783	$42,882,746
Total Household Spending[1]	$0	$0	$61,447,904	$61,447,904
Grand Total	**$412,109,380**	**$74,414,685**	**$255,004,397**	**$741,528,462**

[1]Impacts generated by new household spending are by definition induced impacts.
Sources: IMPLAN, NCTD, RSG Fiscal Impact Analysis

- Economic outputs from temporary (construction) impacts: The direct economic output of the construction phases of the Projects is equal to the amount that is being invested to develop the Projects. IMPLAN then estimates the indirect and induced outputs which represent the industry production value that is generated in related industries due to spending on Project construction (indirect impacts), and consumer expenditures by employees engaged in the construction of the new proposed Projects (induced impacts). The total economic output from the construction of the proposed Projects is estimated to be $637,197,812.

- Economic outputs from permanent (ongoing operations) impacts: Once the Projects are built the new uses will generate economic output from ongoing operations. For direct impacts this includes employee compensation, revenues, taxes, and other income generated by the uses at the project. Whereas the indirect and induced outputs represent industry productivity in related industries serving the Projects. IMPLAN estimates that the Projects will generate $42,882,746 in total economic output annually, excluding new household spending.

- Economic outputs from household spending: New households at the Projects would generate induced economic output by spending income in the region which would generate additional industry productivity. The estimated induced economic output of the new household spending, based on median household incomes for the area, is $61,447,904 per year.



RW Investments Newark LLC
240 Newport Center Drive
Newport Beach CA 92660

Oceanside Transit Center Project Fiscal Impact Analysis

City of Oceanside

September 29, 2023

RSG

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INTRODUCTION

RSG, Inc. ("RSG") is providing this Fiscal Impact Analysis for the proposed Oceanside Transit Center mixed-use development ("Project"). The Project is located at 235 Tremont Street, Oceanside, CA, and is currently occupied by North County Transit District ("NCTD"). The scope of work was to analyze the fiscal impacts and impact fees of the Project over 31 years (including a 6-year construction period ending in 2030 plus 25 years of operations after completion of construction). The objective is to estimate the fiscal impacts and development impact fees of the Project (once built) for the City of Oceanside ("City").

EXECUTIVE SUMMARY

Based on the Project description, assumptions, and methodology outlined herein, Table 1 presents the conclusions of RSG's fiscal impact and impact fees forecast:

Table 1: Fiscal Impact Projection Summary: 25-Year Recurring Tax Forecast

	Proposed Project Fiscal Impacts		
Revenue Category	**Annual (2031)**	**Total (2023-2055)**	**NPV 4%**
Transient Occupancy Tax	$1,741,002	$69,073,684	$31,594,974
Property Tax	788,156	27,800,992	13,060,287
Property Tax In-Lieu of VLF	295,442	10,427,652	4,900,900
Community Facilities District Fees	242,523	10,156,009	4,860,380
Sales Tax	105,732	3,871,842	1,670,964
Business License Fees	23,840	1,056,877	467,599
Municipal Expenditures	(343,350)	(12,894,284)	(5,674,892)
Total Tax Revenues	**$2,853,346**	**$109,492,773**	**$50,880,213**
Total Impact Fees (2025)		**16,097,694**	**$14,310,791**
Total Tax Revenues & Impact Fees	**$2,853,346**	**$125,590,467**	**$65,191,004**

- Total transient occupancy tax revenues are projected to produce approximately $1.7 million per year beginning in 2031 and will total approximately $69.1 million ($31.6 million present value) over the 31-year projection period.
- Total projected property tax revenues are projected to produce approximately $788,200 per year beginning in the first year of operations in 2031 and will total approximately $27.8 million ($13.1 million present value) over the 31-year projection period.
- Total property tax in lieu of motor vehicle license fee revenues are projected to produce approximately $295,000 per year beginning in the first year of operations in 2031 and will total approximately $10.4 million ($4.9 million present value) over the 31-year projection period.
- Total Community Facilities District fee revenues are projected to produce approximately $243,000 per year beginning in the first year of operations in 2031 and will total approximately $10.2 million ($4.9 million net present value) over the 31-year projection period.
- Total sales tax revenues are projected to amount to approximately $106,000 per year beginning in the first year of operations in 2031 and will total approximately $3.9 million ($1.7 million net present value) over the 31-year projection period. Sales taxes include retail sales tax apportioned

to the City and increased sales tax generated by the consumer spending by the new households living in the Project.

- Total business license fee revenues are projected to produce approximately $24,000 per year beginning in the first year of operations in 2031 and will total approximately $1.1 million ($468,000 net present value) over the 31-year projection period.
- The total cost to provide municipal services to the Project is approximately $343,000 per year beginning in the first year of operations in 2031 and a total of $12.9 million ($5.7 million net present value) over the 31-year projection period.
- Total City development impact fee revenues are projected to generate approximately $16.1 million ($14.3 million net present value) over the 31-year projection period including aggregated fees that amount to about $10,200 per residential unit, $3 per commercial square foot, and $900 per hotel key. The Project will generate an additional $2.4 million in school fees.

As a result, the net new General Fund revenue (revenues less expenditures) is projected to be approximately $125.6 million ($65.2 million present value) over the 31-year projection period if the Project were developed as proposed.

PROJECT DESCRIPTION

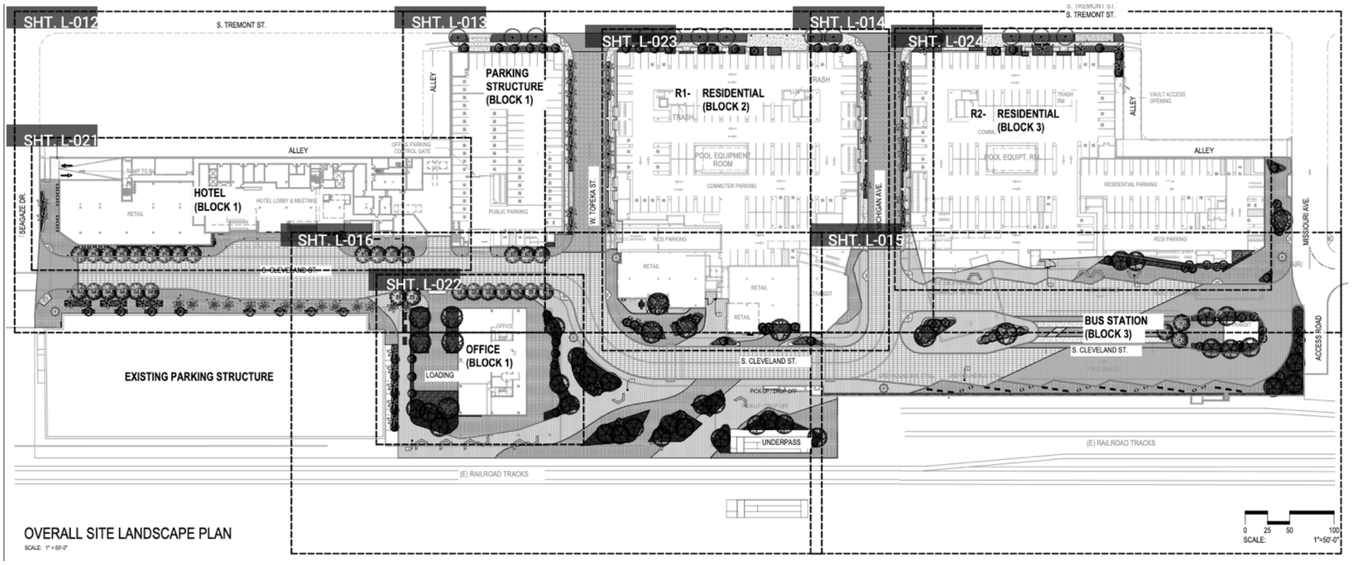
Toll Brothers Apartment Living ("Developer") is seeking entitlements to redevelop Oceanside Transit Center, a transit center located adjacent to a mix of commercial, retail, and residential land uses. The Developer's proposal includes the construction of 547 multifamily units (15 percent affordable, 85 percent market rate), a hotel with 170 keys, 29,709 square feet of retail, 61,007 square feet of office, a transit plaza, and a parking structure on 10.6 acres. As part of the application for development with the City, the Developer has been asked to provide a fiscal impact analysis of the proposed Project.

The Project is bound by the railroad right-of-way on the west, South Tremont Street on the east, Missouri Avenue to the south, and Seagaze Drive to the north. Proposed land uses include residential, hotel, commercial, and retail. The Development Plan Submittal (dated August 26, 2022) envisions a buildout of 10.6 acres over a 6-year construction period consisting of two phases with Phase 1 beginning in January 2025 and ending June 2027 and Phase 2 beginning June 2027 and ending March 2030. The breakdown of the anticipated development program at buildout consists of the following:

- 547 residential units, including 464 market-rate units and 83 affordable units
- 170 key hotel
- 29,709 total square feet of retail
- 61,007 square feet of office
- Transit plaza
- Parking structure

The proposed Project site plan is illustrated below (dated August 26, 2022). Block One (1) and Block Two (2), which include one (1) residential building (R1), as well as the hotel, retail, office, and parking structure, will be built during the first Phase. Block Three (3), which includes the residential building R2, will be built during the second Phase. A separate residential building located at 810 Mission Avenue will be constructed concurrently with Phase 2.

Figure 1: Project Site Plan (Source: Developer, August 26, 2022)



PROJECT FISCAL IMPACT ANALYSIS

The Project will provide benefits to the City in the form of site-specific tax revenues generated by the proposed development in addition to development impact fees. In this Fiscal Impact Analysis, RSG projected the total impact fees that will result from the proposed development program, and total revenues derived from the improvements and the business operations on the site. Total revenues are calculated as the amount generated by the Project at the end of the 31-year period, which consists of a 6-year construction period and 25 years of operation.

The following fiscal impact analysis of the Project-generated revenue is categorized by the following recurring revenue sources and development impact fees:

- Transient Occupancy Tax
- Property Tax
- Property Tax In-Lieu of Motor Vehicle License Fees
- Community Facilities District Fees
- Sales Tax and Transactions and Use Tax
- Business License Fees
- Municipal Expenditures
- Development Impact Fees

In addition to the recurring revenue sources and development impact fees, RSG estimated the recurring expenditures associated with the increase in demand for municipal services generated by the proposed Project. RSG also estimated the one-time total development impact fees generated upon approval of the Project entitlements. The sections that follow outline the fiscal impacts generated by the proposed Project.

FISCAL IMPACT SUMMARY

Table 2 provides a summary by revenue source of the total revenues apportioned to the City over both the 6-year construction period and the 25-year projection period. Total revenues apportioned to the City as a result of the proposed Project through 2055 amount to approximately $125.6 million ($65.2 million net present value).

Table 2: Fiscal Impact Projections

Construction Period + 25-Year Recurring Tax Forecast

Year		Transient Occupancy Tax	Property Tax	Property Tax In-Lieu of VLF	Community Facilities District Annual Fees	Sales Tax	Business License Fees	Municipal Expenditures	City Development Impact Fees	Total City Tax Revenues
CY1	2025	$0	$85,022	$32,952	$203,109	$0	$0	$0	$16,097,694	$16,418,778
CY2	2026	0	173,445	65,905	209,203	0	0	0	0	448,552
CY3	2027	724,160	381,062	144,169	215,479	4,043	8,959	(89,870)	0	1,388,002
CY4	2028	1,542,517	506,688	191,705	221,943	4,164	10,490	(92,566)	0	2,384,941
CY5	2029	1,641,061	637,186	240,192	228,601	4,289	10,805	(95,343)	0	2,666,792
CY6	2030	1,690,293	772,702	289,649	235,459	4,418	11,129	(98,203)	0	2,905,447
1	2031	1,741,002	788,156	295,442	242,523	105,732	23,840	(343,350)	0	2,853,346
2	2032	1,793,232	803,920	301,350	249,799	108,904	28,805	(353,651)	0	2,932,359
3	2033	1,847,029	819,998	307,377	257,293	112,172	29,669	(364,260)	0	3,009,278
4	2034	1,902,440	836,398	313,525	265,012	115,537	30,559	(375,188)	0	3,088,282
5	2035	1,959,513	853,126	319,795	272,962	119,003	31,476	(386,444)	0	3,169,431
6	2036	2,018,298	870,188	326,191	281,151	122,573	32,420	(398,037)	0	3,252,785
7	2037	2,078,847	887,592	332,715	289,585	126,250	33,393	(409,978)	0	3,338,405
8	2038	2,141,213	905,344	339,369	298,273	130,038	34,395	(422,278)	0	3,426,353
9	2039	2,205,449	923,451	346,157	307,221	133,939	35,426	(434,946)	0	3,516,697
10	2040	2,271,613	941,920	353,080	316,438	137,957	36,489	(447,995)	0	3,609,501
11	2041	2,339,761	960,758	360,142	325,931	142,096	37,584	(461,434)	0	3,704,837
12	2042	2,409,954	979,973	367,344	335,709	146,358	38,711	(475,277)	0	3,802,774
13	2043	2,482,253	999,573	374,691	345,780	150,749	39,873	(489,535)	0	3,903,384
14	2044	2,556,720	1,019,564	382,185	356,153	155,272	41,069	(504,222)	0	4,006,742
15	2045	2,633,422	1,039,956	389,829	366,838	159,930	42,301	(519,348)	0	4,112,927
16	2046	2,712,424	1,060,755	397,625	377,843	164,728	43,570	(534,929)	0	4,222,017
17	2047	2,793,797	1,081,970	405,578	389,178	169,670	44,877	(550,977)	0	4,334,093
18	2048	2,877,611	1,103,609	413,689	400,854	174,760	46,224	(567,506)	0	4,449,241
19	2049	2,963,939	1,125,681	421,963	412,879	180,002	47,610	(584,531)	0	4,567,545
20	2050	3,052,858	1,148,195	430,402	425,266	185,403	49,039	(602,067)	0	4,689,095
21	2051	3,144,443	1,171,159	439,011	438,024	190,965	50,510	(620,129)	0	4,813,982
22	2052	3,238,777	1,194,582	447,791	451,164	196,694	52,025	(638,733)	0	4,942,300
23	2053	3,335,940	1,218,474	456,747	464,699	202,594	53,586	(657,895)	0	5,074,145
24	2054	3,436,018	1,242,843	465,881	478,640	208,672	55,193	(677,631)	0	5,209,618
25	2055	3,539,099	1,267,700	475,199	493,000	214,932	56,849	(697,961)	0	5,348,818
Total		**$69,073,684**	**$27,800,992**	**$10,427,652**	**$10,156,009**	**$3,871,842**	**$1,056,877**	**($12,894,284)**	**$16,097,694**	**$125,590,467**
NPV	**4%**	**$31,594,974**	**$13,060,287**	**$4,900,900**	**$4,860,380**	**$1,670,964**	**$467,599**	**($5,674,892)**	**$14,310,791**	**$65,191,004**
Inflation Rate		*3%*	*2%*	*2%*	*3%*	*3%*	*3%*	*3%*		

TRANSIENT OCCUPANCY TAX

Transient occupancy tax ("TOT") revenue is generated from a City tax charged on hotel room stays. The City has a 10 percent TOT rate. RSG's projection of TOT revenue incorporates an ADR of $322 at opening in July 2027, as well as a three (3) percent annual inflation in ADR in Years 2 through 25. Additionally, our TOT revenue projections incorporate occupancy rates of 72.5 percent occupancy rate in Year 1, 74.9 percent occupancy rate in Year 2, and 77.4 percent occupancy rate thereafter. The Year 3 stabilized occupancy rate (77.4 percent), and the average daily rate is based on a historical average for comparable coastal hotels in North County San Diego.[1]

As shown in Table 3 below, the Project is expected to generate approximately $1.6 million (2023$) in the first stabilized year of operations in 2029.

Table 3: Transient Occupancy Tax	
Average Daily Rate	$322
Stabilized Occupancy Rate	77.43%
Estimated Annual Room Revenue	15,468,577
TOT Rate	10%
Total Annual TOT Revenue (2023$)	1,546,858
Total Annual TOT Revenue (2029) (2023$)	$1,641,061
Total TOT Revenue (2023-2055)	**$69,073,684**
NPV Total TOT Revenue (2023-2055) (2023$)	**$31,594,974**

Sources: Costar, RSG Inc., STR, Toll Brothers Apartment Living

PROPERTY TAX

The City receives a portion of the ad valorem property taxes to pay for municipal services. The proposed Project is divided into two different Tax Rate Areas. Phase 1 is within Tax Rate Area 007-000 while Phase 2 is within Tax Rate Area 007-000 and 007-095. For the purpose of this analysis, RSG assumed that Phase 1 would be taxed according to the Tax Rate Area that it is currently in and Phase 2 would be taxed according to the average of the two Tax Rate Areas that it is currently within. Additionally, RSG assumed that the ground lease will be taxed as a possessory interest, meaning that the Assessor will assign a taxable value to the improvements made by Toll Brothers. The City's General Fund share of the 2022-23 property tax for the two Tax Rate Areas containing the Project site is 19.64 percent of the one (1) percent property tax levy for Phase 1 and 19.73 percent of the one (1) percent property tax levy for Phase 2.[2]

The estimated property taxes were based on the Developer's construction budget, which was provided to RSG in January 2023. The Developer estimates that the total Project cost would be $342 million. Because a market study has not yet been prepared, actual Project assessed valuations based on performance (rents, absorption) may differ. RSG utilized the total Project cost as a proxy for the assessed value.

Based on the total Project development cost upon completion of construction in 2031, assuming no resale, and the existing maximum Proposition 13 inflation rate of two (2) percent annually, property tax

[1] STR, Custom Trend Report dated January 29, 2023

[2] Source: County of San Diego, Auditor Controller's Office

revenues to the City would total approximately $788,000 in 2031 or $27.8 million ($13.1 million net present value) over the 31-year projection period.

RSG's estimate of the property tax revenues for the City is presented in Table 4.

Table 4: Property Tax Revenue

Current Valuation	$0
Proposed Project Total Assessed Value	**341,550,000**
Phase 1 Total Assessed Value	*124,808,504*
Phase 2 Total Assessed Value	*216,741,496*
Phase 1	
City Share of 1% Property Tax	19.64%
Existing Property Tax Revenue (2023$)	0
Proposed Project Tax Revenues (2023$)	245,161
Phase 2	
City Share of 1% Property Tax	19.73%
Existing Property Tax Revenue (2023$)	0
Proposed Project Tax Revenues (2023$)	427,523
New Property Tax Revenue (2031)	788,156
Total New Property Tax Revenue (2023-2055)	**$27,800,992**
NPV New Property Tax Revenue (2023-2055) (2023$)	**$13,060,287**

Sources: RSG Inc., San Diego County Auditor Controller, San Diego County Assessor

PROPERTY TAX IN LIEU OF VEHICLE LICENSE FEES

Established in 1935, the Motor Vehicle License Fee ("VLF") was essentially a tax on vehicle ownership. The State of California ("State") collects VLF annually when vehicles are registered, and the revenues were historically allocated to cities and counties based on a statutory formula.

In 2004, during the State's budget crisis, about 90 percent of each city's VLF revenue was replaced with property tax revenue, and cities began to receive an allocation of property tax from the Educational Revenue Augmentation Fund ("ERAF") in an amount equal to what they would have received in VLF under the VLF allocation formula. Under current law, the property tax in-lieu of VLF revenue increases based on assessed value growth in a jurisdiction, thus estimated net new revenues are based on changes in assessed value created by the Project.

Based on projected assessed values, the Project would generate approximately $295,000 in annual property tax in-lieu of VLF revenues at build-out as depicted in Table 5.

Table 5: Property Tax In-Lieu of VLF Revenue

Current Valuation	$0
Current Property Tax In-Lieu of VLF (2023)	0
Proposed Project Total Assessed Value	341,550,000
Proposed Project Property Tax In-Lieu of VLF (2023)	260,027
Total Property Tax In-Lieu of VLF (2027)	$295,442
Total Property Tax In-Lieu of VLF (2023-2055)	**$10,427,652**
NPV Net New Property Tax In-Lieu of VLF (2023-2055) (2023$)	**$4,900,900**

Sources: CaliforniaCityFinance.com, RSG Inc., San Diego County Auditor Controller, Toll Brothers

Over the 31-year forecast, the cumulative property tax in-lieu of VLF from the Project is projected to be approximately $10.4 million ($4.9 million net present value).

COMMUNITY FACILITIES DISTRICT FEES

On February 6, 2019, City Council updated Policy 300-02 to allow the formation of Public Safety Services Community Facilities Districts ("CFD"). These districts provide financing of ongoing public safety services including police and fire services. New development projects meeting certain parameters would be conditioned to annex into a newly formed CFD and provide an ongoing revenue source dedicated to the funding of public safety services to meet the service demands associated with new development.

On November 2, 2022, the City Council adopted the Resolution of Intention declaring its intention to establish the CFD and levy a special tax on property within the CFD to pay the costs of providing certain public safety services. On December 7, 2022, City Council formally approved the formation of the CFD and for an election to be held within the CFD on the approval of the special taxes within the CFD.

All future residential developments would be annexed into CFD Zone B and subject to the tax rates indicated below. Future annexations to Zone B would pay Fiscal Year 2022-23 special taxes per unit as follows:

- Single Family or Duplex Residence $376
- Multi-family Residence $350
- Assisted/Skilled Nursing Living Unit $339

The maximum special taxes within Zone B increase annually based on the percentage change in the Consumer Price Index for the San Diego region as published by the United States Bureau of Labor Statistics, with a maximum annual increase of 4% and a minimum annual increase of 2%. Any future residential developments over 16 units in size, that meet the following criteria, shall be annexed into Zone B of the CFD:

- Projects which are subject to a General Plan Amendment necessary to accommodate residential uses
- Mixed-Use projects proposed on commercially zoned land, including mixed-use projects in the Downtown District

- Residential projects exceeding base density allowances
- Assisted Living or Skilled Nursing facilities of any size

The Project consists of 547 multi-family residences and therefore meets the parameters to be within Zone B of the CFD and is subject to a fee of $350 per unit beginning in FY 22-23. Per the Policy, RSG assumes a three (3) percent annual inflation in the fee over the 31-year projection. The estimated CFD Annual Fee revenue is presented in Table 6.

Table 6: Community Facilities District Annual Fees

Fee Per unit	$350
# of Units	547
Proposed Project CFD Revenue (2023$)	203,109
New CFD Revenue (2031)	242,523
New Total CFD Revenue (2023-2055)	**$10,156,009**
NPV New Total CFD Revenue (2023-2055) (2023$)	**$4,860,380**

Sources: City of Oceanside Policy No. 300-02, RSG Inc.

Over the 31-year forecast, the CFD annual fee revenue from the Project is projected to be approximately $10.2 million ($4.9 million net present value).

SALES TAX AND TRANSACTION AND USE TAX

The Project includes 23,794 square feet of retail space that will generate sales tax for the City's General Fund. The total sales tax rate at the Project site is 8.25 percent with one (1) percent apportioned to the City. The City also has a 0.5 percent Measure X transactions and use tax that was approved by 56 percent of voters in 2018. Measure X transaction and use tax has a sunset date of March 31, 2026, unless extended by a majority of voters. For our analysis, we conservatively assume that Measure X will not be extended by voters and therefore the 0.5 percent will not be in effect when the first retail facility opens after Phase 1 of construction completes in June 2027.

We have also assumed that approximately 70 percent of the transactions from the new households created by the Project will remain in Oceanside while taking into account that 83 households will be living in affordable housing units. We have also assumed that the new retail space will generate $340 in sales per square foot.

RSG understands that the NCTD offices will relocate from 810 Mission Street to the Project site once the office construction (Phase 1) completes. RSG assumed that office tenant employee spending within the City will not result in a measurable increase in sales tax revenues.

RSG estimates that the Project will generate approximately $103,600 in sales tax revenue annually in 2031 and a total of approximately $3.9 million ($1.7 million net present value) in sales tax and transaction and use tax revenue over the 31-year period, as presented in Table 7.

Table 7: Sales Tax Revenue

Total Taxable Retail Sales (2023$)		$10,101,060
Total Taxable Household Expenditures (2023$)		13,596,573
City Share of Sales Tax from Retail (2023$)	1.00%	8,333
City Share of Sales Tax from Household Spending (2023$)	1.00%	95,176
Annual Existing Sales Tax to City (2023$)		0
Net New Sales and Transactions and Use Tax to City (2023$)		103,509
Sales and Transactions and Use Tax (2031)		$105,732
Total Sales and Transactions and Use Tax (2023-2055)		**$3,871,842**
NPV Sales and Transactions and Use Tax (2023-2055) (2023$)		**$1,670,964**

Sources: ESRI Business Analyst, RSG Inc.

BUSINESS LICENSE FEES

The City levies a business license tax calculated per $1,000 gross receipts for each business, with a minimum cap of $50 annually (as of September 2022). RSG understands that no existing businesses are operating at the Project Site, so there is no existing revenue from business registration. The proposed Project is expected to have approximately $41.7 million in gross receipts split across retail, hotel, and residential uses. As shown in Table 8 below, the Project is expected to have net new business license tax revenues of approximately $1.1 million ($468,000 net present value) over the 31-year period.

Table 8: Business License Fee

Estimated Gross Receipts Residential	$20,308,536
Estimated Gross Receipts Hotel	13,743,631
Estimated Gross Receipts Retail	10,101,060
Business License Fee Rate	$0.50 per $1,000
Total Business License Fee (2031)	$23,840
Total Business License Fee (2023-2055)	**$1,056,877**
NPV Total Business License Fee (2023-2055) (2023$)	**$467,599**

Sources: City of Oceanside Consolidated Fees, Taxes, and Assessment Schedule, effective 8/8/2022, Costar, RSG Inc.

MUNICIPAL EXPENDITURES

The additional population that will reside at the Project and employees that will work at the Project will result in fiscal impacts to the City's General Fund. RSG assumed that each studio would house one (1) resident, each one-bedroom unit would house two (2) residents, each two-bedroom unit would house three (3) residents, and each three-bedroom unit would house four (4) residents.

RSG estimates that at full occupancy, the residential buildings of the Project could hold 1,145 residents. Taking into account that a small percentage of the units will normally be vacant due to turnover, we estimate the fiscal impacts based on residents' time spent in the City. This is done by converting residents to full-time equivalent (FTE) residents, defined as those who spend the vast majority of their time in

Oceanside. The assumption is that the proportion of new residents who work outside of the City, do not consume or rely on City services, such as policing, fire and emergency medical services, and other municipal services, during the time they are working outside of the City.

Forty-six percent of the City's population is employed. Approximately 37 percent of City's residents work within the City, which, in effect means that the City is servicing these resident employees 100 percent of the time. Another 63 percent of City residents work outside the City. Assuming the residents that work outside of the City are outside City limits for a 40-hour work week, Oceanside is servicing these residents approximately 76 percent of the time. The City's remaining non-working residential population (about 54 percent) is assumed to be serviced by the City 100 percent of the time. Accounting for all residents and employees based on the percent of time spent in the city, the Project will generate an FTE population of 1,666 persons.[3]

RSG identified variable costs, as opposed to fixed costs, by department in the City of Oceanside FY 2022-23 Adopted Budget. Variable costs are City expenditures that increase or decrease based on the resident and employee population. The City Manager and City Attorney offices, for example, are fixed costs that will not vary based on the relatively minor changes to population size as a result of the Project. Police and Fire departments will need to scale based on population growth and development. Therefore, RSG estimates expenditure increases of approximately $343,000 during the first full year of operations in 2031. As presented in Table 9, over a 25-year projection period, the Project will add approximately $12.9 million in City expenditures ($5.7 million net present value) which represents an expenditure increase of 0.05 percent.

Table 9: Municipal Expenditures

City Department	Total Project-derived Department Expenditures	Department Total Expenditures	% Increase
All Other Departments	$55,412	$295,185,685	0.02%
Police	81,929	74,514,434	0.11%
Public Works	4,994	58,361,180	0.01%
Housing and Neighborhood Services	1,235	42,482,421	0.00%
Fire	44,784	40,078,297	0.11%
Development Services	82,691	29,026,583	0.28%
Net New Expenditures (2023$)	**$271,044**	**$539,648,500**	**0.05%**
Total Net New Expenditures (2031)	**$343,350**		
Total Net New Expenditures (2023-2055)	**$12,894,284**		
NPV Net New Expenditures (2023-2055) (2023$)	**$5,674,892**		

Sources: City of Oceanside Adopted Budget FY 2022-23, RSG Inc., U.S. Census Bureau

DEVELOPMENT IMPACT FEES

The City has park impact fees, public facilities impact fees, school fees, traffic signal and thoroughfare fees, drainage and flood control fees, wastewater system capacity fees, water system capacity fees, and San Diego County Water Authority fees.[4] Based on RSG's review of the City's Impact Fees for New Development, RSG assumed that the proposed affordable housing units would exempt the Project from inclusionary housing in-lieu fees. The estimated development impact fees are presented in Table 10.

[3] Source: US Census

[4] Source: City of Oceanside Consolidated Fees, Taxes, and Assessment Schedule, effective August 2022

Table 10: Development Impact Fees

	City Fee	Project Fees
Public Facility - Residential	$2,621 per unit	$1,433,687
Parks - Residential only	$4,431 per unit	2,423,757
Traffic Signal & Thoroughfare - Apartment	$2,689 per unit	1,470,883
Drainage and Flood Control - Att. Dwellings - Apt.	$467 per unit	255,449
Subtotal Multi-family Residential Fees		**$5,583,776**
Multi-family Residential Fees per Unit	547 units	**$10,208 per unit**
Public Facility - Commercial/Industrial	$0.902 per commercial sf	$226,206
Traffic Signal & Thoroughfare - Community Retail	$7.23 per community retail sf	122,209
Traffic Signal & Thoroughfare - Office	$1.80 per office sf	109,813
Traffic Signal & Thoroughfare - Sit-Down Restaurant	$14.46 per restaurant sf	185,175
Drainage and Flood Control - Commerical Coastal Uses	$0.46 per commercial sf	114,859
Subtotal Commercial Fees		**$758,261**
Commercial Fees per Square Feet	250,783 commercial sf	**$3.02 per sf**
Traffic Signal & Thoroughfare - Hotel w/ Convention Fac	$904 per hotel key	$153,680
Subtotal Hotel Fees		**$153,680**
Hotel Fees per Key	170 hotel keys	**$904 per key**
Wastewater System Capacity Buy-In Fee - Non-Res & MFR	$11,691 per water meter	$6,394,977
Water System Capacity Buy-In Fee - Res & Non-Res	$45,440 per water meter	181,760
San Diego County Water Authority - Res & Non-Res	$3,025,240 per water meter	3,025,240
Subtotal Water Fees		**$9,601,977**
Total City Impact Fees		**$16,097,694**
Schools - Residential	$4.08 per residential sf	$2,275,542
Schools - Commercial/Industrial	$0.66 per commercial sf	63,446
Schools - Hotel/Motel	$0.48 per hotel sf	74,233
Total School Impact Fees		**$2,413,222**

Source: City of Oceanside Consolidated Fees, Taxes, and Assessment Schedule, effective 8/8/2022

The Project is projected to generate approximately $16.1 million in development impact fee revenue for the City, which includes approximately $5.6 million from the multi-family residential component of the Project, $758,000 from the commercial component of the Project, $154,000 from the hotel component of the Project, and $9.6 million from the new water meters for the Project. The projected development impact fees amount to about $10,200 per residential unit $3 per commercial square foot, and $900 per hotel key. The proposed Project will generate an additional $2.4 million for the school district.

CONCLUSION

RSG prepared this Fiscal Impact Analysis to help the City and Developer understand the impacts associated with the Developer's proposed Project. The key findings are presented below:

- The proposed Project will generate substantial fiscal impacts for the City, totaling approximately $2.9 million annually, and about $125.6 million ($65.2 million net present value) over the first 25-years of operations.

- Revenues generated from transient occupancy tax and property tax represent more than half of the anticipated fiscal impacts. Transient occupancy tax is expected to generate approximately

$1.7 million annually, or about $69.1 million ($31.6 million net present value) over the 25-year projection period. Additionally, the proposed Project will generate property taxers in excess of $788,000 annually beginning in the first year of operations and total revenues of $27.8 million ($13.1 million net present value) over the projection period.

- In addition to revenues, this Fiscal Impact Analysis estimated the impact of the proposed Project on the City's General Fund. RSG expects that the cost to provide municipal services to the Project is approximately $343,000 per year beginning in 2031, or about $12.9 million ($5.7 million net present value) over the projection period.