SUMMARY TABLE A-1

ECONOMIC IMPACT TO CITY AND OTHER TAXING ENTITIES - PER YEAR
9TH AND PALM
CITY OF IMPERIAL BEACH

	Sudberry Proceeds with Approved 9th & Palm Development					
	State of California	**County of San Diego**	**City of Imperial Beach**	**TransNet**	**K - 14 School Districts**	**Total**
A. Annual Sales Tax Distribution	$700,000	-	$112,000	$56,000	-	$868,000
B. Annual Property Tax Distribution	-	$32,000	$26,000	-	$63,000	$121,000 (1)
C. Total Annual Sales and Property Tax	$700,000	$32,000	$138,000	$56,000	$63,000	$989,000

(1) Excludes property tax allocations to taxing entities receiving less than 0.50% of the 1.0% property tax.

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SUMMARY TABLE A-2

ESTIMATE OF EMPLOYMENT GENERATION
9TH AND PALM
CITY OF IMPERIAL BEACH

	Sudberry Proceeds with Approved 9th & Palm Development	
	Direct Impacts of Construction	**Total Impact of Construction Including Direct, Indirect, and Induced Impacts [2]**
I. Economic Impacts of Construction [1]		
Economic Output	$12.5 Million	$17.0 Million
Payroll	$3.9 Million	$5.3 Million
Employment (during one year constuction period)	68 workers	98 workers
II. Permanent Employment		
Project Description		46,200 SF
Employment @		3.00 jobs/1,000 SF
Total Permanent Jobs (FTEs)		139 jobs

Notes

(1) See Worksheet A-5 for derivation of these estimates. Economic Output and Payroll estimates represent total impacts during construction. Employment estimate represents the average annual employment impact during a one-year construction period.

(2) Indirect and Induced Impacts are also referred to as "multiplier effects."

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APPENDIX A

Sudberry Proceeds with Approved 9th & Palm Development

City of Imperial Beach

WORKSHEET A-1

ESTIMATE OF SALES TAX DISTRIBUTION
9TH AND PALM
CITY OF IMPERIAL BEACH

	Square Feet (SF)	Average Annual Sales Productivity Per SF (1)	2011 Estimated Sales Potential	Percentage Taxable	Estimated Annual Taxable Sales
I. Annual Taxable Sales					
Building A - Market	14,800	$400	$5,920,000	30.0%	$1,776,000
Buildings B, C, D - Shops	10,400	$300	$3,120,000	100.0%	$3,120,000
Building E - Shops	4,700	$300	$1,410,000	100.0%	$1,410,000
Building F - Retail	12,300	$300	$3,690,000	100.0%	$3,690,000
Building G - Retail	4,000	$300	$1,200,000	100.0%	$1,200,000
Totals/Average	**46,200**	**$332**	**$15,340,000**	**73.0%**	**$11,196,000**
Sales Tax Rate					**7.75%**
Total Sales Tax Distributed to Taxing Entities					**$868,000**

II. Distribution by Taxing Entity (2)		
A. State of California		
General Fund	3.9375%	$441,000
Fiscal Recovery Fund	0.2500%	$28,000
Local Public Safety Fund	0.5000%	$56,000
Local Revenue Fund for Health and Social Services	0.5000%	$56,000
Local Revenue Fund 2011	1.0625%	$119,000
Total State of California	6.2500%	$700,000
B. City of Imperial Beach		
City Operations	1.0000%	$112,000
C. TransNet		
San Diego County Regional Transportation Commission (SDTC)	0.5000%	$56,000
D. Total Sales and Use Tax	**7.7500%**	**$868,000**

(1) Represents an average of retail and restaurant average annual sales productivity per SF.
(2) Source: California State Board of Equalization

WORKSHEET A-2

SUDBERRY PROCEEDS WITH APPROVED
9TH AND PALM DEVELOPMENT

ESTIMATE OF PROPERTY TAX DISTRIBUTION
9TH AND PALM
CITY OF IMPERIAL BEACH

I. Projected Assessed Value (1)					**Total**
Building A - Market	14,800	SF @	$300	/SF	$4,440,000
Buildings B, C, D - Shops	10,400	SF @	$250	/SF	$2,600,000
Building E - Shops	4,700	SF @	$250	/SF	$1,175,000
Building F - Retail	12,300	SF @	$250	/SF	$3,075,000
Building G - Retail	4,000	SF @	$250	/SF	$1,000,000
Total/Average	**46,200**	**SF** @	**$266**	/SF	**$12,290,000**
Property Tax Rate					1.0%
Total Property Tax Distributed to Taxing Entities					**$123,000**

	Tier 1 Pass-Through @ 25.0%		**Tier 2 Pass-Through @ 21.0%**		**Remainder @ 54.0%**		**Total to Taxing Entities**
	$30,750		**$25,830**		**$66,420**		**$123,000**
II. Distribution by Taxing Entity	**ATI Ratio**	**Tier 1**	**ATI Ratio**	**Tier 2**	**ATI Ratio**	**Remainder**	**Total**
A. County of San Diego							
County General	20.22%	$6,218	27.69%	$7,152	20.22%	$13,430	$26,801
County Library	3.21%	$988	4.40%	$1,136	3.21%	$2,133	$4,257
County School Service	0.63%	$194	0.86%	$223	0.63%	$419	$837
County School Service - Capital Outlay	0.16%	$49	0.22%	$56	0.16%	$106	$211
Total County of San Diego	24.22%	$7,449	33.17%	$8,568	24.22%	$16,089	$32,106
B. City of Imperial Beach							
Imperial Beach City	26.98%	$8,295	0.00%	$0	26.98%	$17,917	$26,212
C. K - 14 School Districts							
General Elementary South Bay Union	27.78%	$8,544	38.05%	$9,828	27.78%	$18,455	$36,826
High Sweetwater Union	15.69%	$4,826	21.49%	$5,551	15.69%	$10,423	$20,800
Southwestern Community College	4.23%	$1,300	5.79%	$1,496	4.23%	$2,809	$5,605
Total K - 14 School Districts	47.71%	$14,670	65.33%	$16,875	47.71%	$31,687	$63,231

WORKSHEET A-2

SUDBERRY PROCEEDS WITH APPROVED
9TH AND PALM DEVELOPMENT

ESTIMATE OF PROPERTY TAX DISTRIBUTION
9TH AND PALM
CITY OF IMPERIAL BEACH

	Tier 1 Pass-Through @ 25.0% $30,750		Tier 2 Pass-Through @ 21.0% $25,830		Remainder @ 54.0% $66,420		Total to Taxing Entities $123,000
II. Distribution by Taxing Entity (Cont'd.)	**ATI Ratio**	**Tier 1**	**ATI Ratio**	**Tier 2**	**ATI Ratio**	**Remainder**	**Total**
D. Other							
Regional Occupational Centers	0.40%	$124	0.55%	$142	0.40%	$267	$534
Physically Handicapped Minors Elementary Comp	0.28%	$86	0.38%	$99	0.28%	$185	$370
Trainable Mentally Retarded Minors Elementary Comp	0.18%	$56	0.25%	$64	0.18%	$120	$240
Childrens Institutions Tuition	0.13%	$41	0.18%	$48	0.13%	$89	$179
Development Centers for Handicapped EC56811 Elem.	0.04%	$12	0.05%	$14	0.04%	$26	$52
Chula Vista Project (19/84602)	0.03%	$10	0.04%	$12	0.03%	$22	$44
Chula Vista Project (19/84601)	0.02%	$5	0.02%	$6	0.02%	$11	$22
Autistic Pupils Minors Elementary Comp	0.01%	$3	0.01%	$3	0.01%	$6	$11
County Service Area No 135 Regional 800MHZ Radio	0.00%	$0	0.00%	$0	0.00%	$0	$0
County Service Area No 135 Imperial Beach 800MHZ	0.00%	$0	0.00%	$0	0.00%	$0	$0
Educational Revenue Augmentation Fund	0.00%	$0	0.00%	$0	0.00%	$0	$0
San Diego Unified Port	0.00%	$0	0.00%	$0	0.00%	$0	$0
Total Other	1.09%	$337	1.50%	$387	1.09%	$727	$1,451
E. Total Property Tax	**100.00%**	**$30,750**	**100.00%**	**$25,830**	**100.00%**	**$66,420**	**$123,000**

(1) KMA estimates.

NOTE: No assurances are provided by KMA as to the certainty of the projected property tax revenues shown in this document.
While we believe our estimates to be reasonable, actual taxable values will vary from the amounts assumed in the projection.

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WORKSHEET A-3

ESTIMATE OF CONSTRUCTION EMPLOYMENT - ESTIMATED DEVELOPMENT COSTS
9TH AND PALM
CITY OF IMPERIAL BEACH

Project Description					
Gross Building Area (GBA)			Site Area	4.75	Acres
Market	14,800	SF		206,910	SF
Shops	15,100	SF			
Retail	16,300	SF			
Total GBA	46,200	SF			

Development Costs	**Totals**		**Comments**
I. Direct Costs (1)			
Off-Site Improvements (2)	$1,350,000	$7	Per SF Land
On-Site Improvements	$2,200,000	$11	Per SF Land
Parking	$0		Included in On-Sites
Shell Construction	$2,795,000	$89	Per SF GBA - Excluding Market
Tenant Improvements	$211,000	$14	Per SF GBA - Shops
Amenities/FF&E	$100,000		Allowance
Contingency	$359,000	5.4%	of Directs
Total Direct Costs	**$7,015,000**	**$152**	**Per SF GBA - Total**
		$223	**Per SF GBA - Excluding Market**
II. Indirect Costs			
Architecture & Engineering	$550,000	7.8%	of Directs
Permits & Fees (2)	$100,000	$2	Per SF GBA - Total
Legal & Accounting	$225,000	3.2%	of Directs
Taxes & Insurance	$130,000	1.9%	of Directs
Developer Fee	$350,000	5.0%	of Directs
Marketing/Lease-Up	$370,000	$8	Per SF GBA - Total
Contingency	$86,000	5.0%	of Indirects
Total Indirect Costs	**$1,811,000**	**25.8%**	**of Directs**
III. Financing Costs			
Loan Fees	$112,000	1.6%	of Directs
Interest during Construction/Lease-Up	$309,000	4.4%	of Directs
Total Financing Costs	**$421,000**	**6.0%**	**of Directs**
IV. Total Development Costs	**$9,247,000**	**$200**	**Per SF GBA - Total**
		$294	**Per SF GBA - Excluding Market**

(1) Includes the payment of prevailing wages.
(2) Per Developer. Not verified by KMA or City.

WORKSHEET A-4

ESTIMATE OF CONSTRUCTION EMPLOYMENT - LOCAL EXPENDITURES
9TH AND PALM
CITY OF IMPERIAL BEACH

		Direct Costs		Indirect Costs		Total
I.	**Development Costs**					
	Project Costs - Sudberry	$7,015,000		$2,232,000	32% of Directs	$9,247,000
	Market Costs - Tesco	$1,850,000	$125 /SF	$555,000	30% of Directs	$2,405,000
	Public Improvements - City	$1,913,000		$287,000	15% of Directs	$2,200,000
	Total Development Costs	$10,778,000		$3,074,000		$13,852,000
II.	**County Capture**	90.0%		90.0%		----
III.	**Total Local Expenditures**	**$9,700,000**		**$2,767,000**		**$12,467,000**

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WORKSHEET A-5

ESTIMATE OF CONSTRUCTION EMPLOYMENT IMPACTS
9TH AND PALM
CITY OF IMPERIAL BEACH

				Direct Impacts	Regional Multiplier[2]	Indirect & Induced Impact	Total Direct, Indirect, and Induced Impacts
I. Economic Output from Construction							
From Direct Construction				$9,700,000 [1]	1.336	$3,263,000	$12,963,000
From Indirects				$2,767,000 [1]	1.981	$2,714,000	$5,481,000
Total Development Costs				**$12,467,000** [1]		**$5,230,000**	**$17,000,000**
II. Construction Payroll							
From Direct Construction	30%	of cost	[3]	$2,910,000	1.238	$694,000	$3,604,000
From Indirects	35%	of cost	[3]	$968,000	1.796	$771,000	$1,739,000
Total Development Costs				**$3,878,000**		**$1,465,000**	**$5,343,000**
III. Construction Employment							
From Direct Construction	$52,000	avg pay	[4]	56 person years [5]	1.331	19 person years [5]	74 person years [5]
From Indirects	$83,000	avg pay	[4]	12 person years [5]	2.007	12 person years [5]	23 person years [5]
Total Development Costs				**68 person years** [5]		**30 person years** [5]	**98 person years** [5]
Number of Years to Construct				1.0 Year		1.0 Year	1.0 Year
Average Annual Employment During Construction Period (rounded)				**68 workers**		**30 workers**	**98 workers**

(1) Based on cost of Project inclusive of direct construction and soft costs.

(2) Bureau of Economic Analysis RIMS II multipliers for the region defined as Imperial County. Multiplier for direct construction based on North American Industrial Classification System (NAICS) Code 230000 which corresponds to the construction industry. Multipliers for soft costs based on average for representative NAICS codes: 541300 (architecture, engineering, and related), 524100 (insurance carriers), 541100 (legal).

(3) Based on the 2007 Economic Census. Percentage for construction based on ratio of net value of construction to gross payroll for commercial building construction contractors. Ratio for soft costs based on ratio of gross receipts to payroll for architecture / engineering firms, legal services, and insurance.

(4) Based on California Employment Development Department (EDD) data on average annual pay levels for the San Diego County (San Diego-Carlsbad-San Marcos MSA) in 2011. For construction, estimate based on construction and extraction occupations. For soft costs, average pay represents an approximation based on EDD averages for relevant occupation categories including A&E, insurance, and legal.

(5) A person year of employment is equivalent to full time employment of one person for one year.

Sources: Bureau of Economic Analysis, California Employment Development Department, and 2007 Economic Census

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WORKSHEET A-6

ESTIMATE OF STATE INCOME TAX FROM CONSTRUCTION EMPLOYMENT
9TH AND PALM
CITY OF IMPERIAL BEACH

		Direct Construction	Indirect Construction	Total
I.	Average Annual Construction Employment (person years) (1)	56	12	68
II.	Average Pay	$52,000	$83,000	
III.	Total Income Construction Employment	$2,910,000	$968,000	$3,878,000
IV.	California Income Tax Rate (2)	9.3%	9.3%	9.3%
	Number of Years to Construct	1.0 Year	1.0 Year	1.0 Year
V.	**Total State Income Tax During Construction Period**	**$271,000**	**$90,000**	**$361,000**

(1) A person year of employment is equivalent to full-time employment of one person for one year.
(2) Source: State of California Franchise Tax Board.

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