

**FISCAL IMPACT ANALYSIS
MARINAPARK RESORT**

July 8, 2004

Prepared for
City of Newport Beach

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INTRODUCTION

This memo presents our analysis of the fiscal impacts of the proposed Marinapark resort on the City of Newport Beach, in comparison with the impacts of the site's existing uses.

This analysis estimates the annual operating costs and revenues for all services provided to the existing uses and the proposed project through the Newport Beach General Fund, the Tidelands Fund, the Gas Tax Fund, and the Measure M Fund. Based on the assumptions and inputs outlined below, it projects the fiscal performance of the development from its initial year of operation through five years after rent stabilization, for a total of nine years. This projection reflects escalations in costs and revenues as the development ages, and is thus presented in future dollars.

PROJECT DESCRIPTION

LAND USE OVERVIEW

The site of the proposed Marinapark Resort in Newport Beach is roughly bounded by Newport Bay and a public beach to the north, Veterans Memorial Park and the American Legion Building to the east, 18th Street to the west, and Balboa Blvd. to the south. Encompassing 8.1 acres, the site currently houses the 56-space Marinapark Mobile Home Park, the Balboa Community Center, the Neva B. Thomas Girl Scout House, the Balboa Power Squadron (a boating club), Las Arenas Park, four tennis courts, and a half basketball court. The mobile home court currently has 24 full-time and 32 part-time residents.

The primary component of the proposed project is a 110-room luxury resort hotel. Up to 12 of the rooms may be sold as fractionals, while the remaining 98 rooms will be available for rent. The 19,830-square foot hotel lobby will include a registration area, retail, a café, a restaurant, a bar, a ballroom, and supporting facilities. Other uses associated with the hotel include a business administration building (2,154 square feet) and a spa villa (6,191 square feet).

The project also includes reconstruction of the Girl Scout House and tennis courts, a tot park, and a shared parking facility for the resort and community uses. A summary of the proposed uses is presented in Table 1.

TABLE 1
Proposed Marinapark Resort and Community Facilities

Land Use	Rooms/Square Feet/ Spaces/Acres
RESORT	
Luxury Resort Hotel	110 rooms/66,949 sf
Hotel Lobby Building	
Lobby	3,000 sf
Registration	483 sf
Retail	600 sf
Café	550 sf
Restaurant	1,124 sf
Bar	1,154 sf
Ballroom	3,603 sf
Supporting Facilities	<u>8,316 sf</u>
Total	19,830 sf
Business Administration Building	2,154 sf
Spa Villa	6,191 sf
COMMUNITY	
Community Center/Girl Scout House	6,191 sf
Tot Park	3,000 sf
Public Tennis Courts	4 courts
PARKING	
Structure	100 spaces
Surface	100 spaces
Handicap	<u>9 spaces</u>
Total Parking	209 spaces
TOTAL ENCLOSED FLOOR AREA	101,315 sf
PROJECT SITE AREA	8.10 Acres
OVERALL FLOOR AREA RATIO	<u>0.285</u>

Source: ADE, based on information provided by Michael Brandman Associates

PHASING

This analysis estimates the fiscal impact of the Marinapark resort during each year of its development. Although it is expected that all of the project components will be in place when the hotel begins operations in 2007, it will take several years for rental rates to stabilize. According to PKF Consulting and Keyser Marston Associates, this should occur during the fourth year of hotel operations, in 2010. In addition, fractionals will be released over a period of three years, beginning the year before development is complete (2006), and ending during the second year of operations (2008). A summary of expected fractional sales, occupancy

rates, and number of occupied rooms through stabilization is presented in Table 2.

TABLE 2
Projected Phasing For Marinapark Fractionals and Rental Occupancy Stabilization

Project Component (Unit of Measure)	Year				
	2006/07 (Construction)	2007/08 (Year 1)	2008/09 (Year 2)	2009/10 (Year 3)	2010/11 (Stabilization)
Fractional Sales	10	48	38		
Rental Occupancy Rate (percent)		61.0%	67.0%	74.0%	76.0%
Annual Rental Rooms Available (units)		35,770	35,770	35,770	35,770
Occupied Rooms (units)		21,820	23,970	26,470	27,190

Source: ADE, based on information provided by PKF Consulting and Keyser Marston Associates

FISCAL IMPACT ANALYSIS

GENERAL FUND AND TIDELANDS FUND FISCAL IMPACT ANALYSIS

This fiscal analysis addresses the revenues generated and costs incurred by the Marinapark resort development as they impact the City of Newport Beach General Fund and Tidelands Fund. The capital costs stemming from construction of public infrastructure and facilities related to the project would be fully funded by the project developer and are not detailed in this report.

SUMMARY OF FISCAL IMPACTS

Using the Newport Beach fiscal impact model developed for the City's General Plan Update, ADE estimated the annual costs and revenues associated with both Marinapark's existing land uses and those associated with the proposed development. The results of these analyses are presented in Tables 3 and 4. Next, we considered the net impact of the hotel project at stabilization when compared to the existing uses (Table 5). Finally, we estimated the annual costs and revenues of the proposed project over time, from the first year of operations to five years after stabilization, for a total of nine years (Table 6).

Existing Site Impacts

The impact analysis of the site indicates that the current land uses generate positive net revenues of \$696,000, with \$718,000 in revenues against \$21,000 in expenditures. This positive impact occurs despite the predominance of residential land uses (the mobile home park) because the City owns the site and collects land lease revenue from both the residents and the Balboa Power Squadron (Table 3).

TABLE 3
Impact of Existing Marina Park Land Uses, 2004

Revenues	Total	Mobile Home Park	Power Squadron
GENERAL FUND			
Property Tax	\$570	\$570	\$0
Sales Tax	\$5,589	\$5,589	\$0
Transient Occupancy Tax	\$0	\$0	\$0
Franchise Fees	\$581	\$581	\$0
Business Licenses	\$277	\$277	\$0
Motor Vehicle-in-Lieu	\$950	\$950	\$0
Other Intergovernmental	\$432	\$432	\$0
Charges for Service	\$2,337	\$2,337	\$0
Fines, Penalties, and Forfeitures	\$862	\$862	\$0
Licenses and Permits	\$103	\$103	\$0
Use of Property	\$1,458	\$1,458	\$0
Other Revenue	\$153	\$153	\$0
Interest Income	\$1	\$1	\$0
SUBTOTAL GENERAL FUND	\$13,312	\$13,312	\$0
TIDELANDS FUND			
Licenses, Permits, and Fees	\$318	\$318	\$0
Charges for Service	\$9	\$9	\$0
Use of Money and Property	\$703,413	\$701,479	\$1,935
GAS TAX	\$855	\$855	\$0
MEASURE M	\$3	\$3	\$0
SUBTOTAL OTHER FUNDS	\$704,599	\$702,664	\$1,935
TOTAL REVENUE	\$717,911	\$715,976	\$1,935
Expenditures			
GENERAL FUND			
General Government	\$2,841	\$2,841	\$0
Police	\$6,227	\$6,227	\$0
Fire	\$0	\$0	\$0
Public Works	\$5,626	\$5,626	\$0
Community Development	\$622	\$622	\$0
Community Services	\$4,633	\$4,633	\$0
CIP Streets	\$146	\$146	\$0
Other CIP Projects	\$798	\$798	\$0
SUBTOTAL GENERAL FUND	\$20,894	\$20,894	\$0
TIDELANDS FUND			
Harbor Resources	\$0	\$0	\$0
Oil and Gas	\$0	\$0	\$0
CIP	\$230	\$230	\$0
GAS TAX	\$175	\$175	\$0
MEASURE M	\$118	\$118	\$0
SUBTOTAL OTHER FUNDS	\$523	\$523	\$0
TOTAL EXPENDITURES	\$21,417	\$21,417	\$0
NET (COST)/REVENUE	\$696,494	\$694,559	\$1,935

Source: ADE, City of Newport Beach

Project Impact & Net Impact at Stabilization

Analysis of the proposed project indicates that in the year that hotel rents stabilize (year 4), the Marinapark resort will generate positive net revenues of about \$3.54 million (in 2004 dollars), with \$3.57 million in revenue against \$26,000 in expenditures. Large revenues are generated due to both the prospective land lease terms and the transient occupancy tax generated by the project (Table 4). Subtracting the revenues generated by existing site uses from this amount results in a net revenue increase of \$2.85 million for the Newport Beach budget, including the General Fund, Tidelands Fund, Gas Tax Fund and Measure M Fund (Table 5).

TABLE 4
Impact of Marinapark Hotel at
Stabilization (2010), in 2004 Dollars

Revenues	Lodging
GENERAL FUND	
Property Tax	\$66,980
Sales Tax	\$2,533
Transient Occupancy Tax	\$997,697
Franchise Fees	\$1,177
Business Licenses	\$253
Motor Vehicle-in-Lieu	\$0
Other Intergovernmental	\$514
Charges for Service	\$2,782
Fines, Penalties, and Forfeitures	\$1,027
Licenses and Permits	\$123
Use of Property	\$1,736
Other Revenue	\$182
Interest Income	\$16,895
SUBTOTAL GENERAL FUND	\$1,091,899
TIDELANDS FUND	
Licenses, Permits, and Fees	\$379
Charges for Service	\$11
Use of Money and Property	\$2,477,810
GAS TAX	\$0
MEASURE M	\$860
SUBTOTAL OTHER FUNDS	\$2,479,059
TOTAL REVENUE	\$3,570,958
Expenditures	
GENERAL FUND	
General Government	\$2,286
Police	\$7,772
Fire	\$4,947
Public Works	\$6,698
Community Development	\$740
Community Services	\$0
CIP Streets	\$845
Other CIP Projects	\$950
SUBTOTAL GENERAL FUND	\$24,239
TIDELANDS FUND	
Harbor Resources	\$0
Oil and Gas	\$0
CIP	\$254
GAS TAX	\$1,009
MEASURE M	\$684
SUBTOTAL OTHER FUNDS	\$1,947
TOTAL EXPENDITURES	\$26,185
NET (COST)/REVENUE	\$3,544,773

Source: ADE, City of Newport Beach, Keyser
Marston Associates, PKF Consulting

Note: Public uses are not listed because they do not
generate any costs or revenues in this scenario.

TABLE 5
Net Impact of Marina Park Hotel
at Stabilization (2010), in 2004 Dollars

Revenues	Existing Site	Proposed Project	Net Impact
GENERAL FUND			
Property Tax	\$570	\$66,980	\$66,410
Sales Tax	\$5,589	\$2,533	(\$3,055)
Transient Occupancy Tax	\$0	\$997,697	\$997,697
Franchise Fees	\$581	\$1,177	\$596
Business Licenses	\$277	\$253	(\$24)
Motor Vehicle-in-Lieu	\$950	\$0	(\$950)
Other Intergovernmental	\$432	\$514	\$82
Charges for Service	\$2,337	\$2,782	\$445
Fines, Penalties, and Forfeitures	\$862	\$1,027	\$164
Licenses and Permits	\$103	\$123	\$20
Use of Property	\$1,458	\$1,736	\$278
Other Revenue	\$153	\$182	\$29
Interest Income	\$1	\$16,895	\$16,895
SUBTOTAL GENERAL FUND	\$13,312	\$1,091,899	\$1,078,586
TIDELANDS FUND			
Licenses, Permits, and Fees	\$318	\$379	\$61
Charges for Service	\$9	\$11	\$2
Use of Money and Property	\$703,413	\$2,477,810	\$1,774,397
GAS TAX	\$855	\$0	(\$855)
MEASURE M	\$3	\$860	\$857
SUBTOTAL OTHER FUNDS	\$704,599	\$2,479,059	\$1,774,461
TOTAL REVENUE	\$717,911	\$3,570,958	\$2,853,047
Expenditures			
GENERAL FUND			
General Government	\$2,841	\$2,286	(\$555)
Police	\$6,227	\$7,772	\$1,545
Fire	\$0	\$4,947	\$4,947
Public Works	\$5,626	\$6,698	\$1,072
Community Development	\$622	\$740	\$118
Community Services	\$4,633	\$0	(\$4,633)
CIP Streets	\$146	\$845	\$699
Other CIP Projects	\$798	\$950	\$152
SUBTOTAL GENERAL FUND	\$20,894	\$24,239	\$3,345
TIDELANDS FUND			
Harbor Resources	\$0	\$0	\$0
Oil and Gas	\$0	\$0	\$0
CIP	\$230	\$254	\$24
GAS TAX	\$175	\$1,009	\$834
MEASURE M	\$118	\$684	\$565
SUBTOTAL OTHER FUNDS	\$523	\$1,947	\$1,423
TOTAL EXPENDITURES	\$21,417	\$26,185	\$4,768
NET (COST)/REVENUE	\$696,494	\$3,544,773	\$2,848,279

Source: ADE, City of Newport Beach, Keyser Marston Associates, PKF Consulting

Project Impact Over Time

Based on our projections, the project will initially generate a negative fiscal impact for the City, but by the time the project commences operations in 2007, the fiscal impact is a net positive. In year one of operations the proposed project will generate \$2.16 million in net revenues, with \$2.19 in revenue against \$28,600 in expenses (in 2007 dollars). Net revenues are predicted to increase steadily through five years after stabilization. At this point, the development is expected to generate \$3.07 million (in 2014 dollars) in net revenues, with \$3.1 million in revenues against \$36,000 in expenses (Table 6).

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TABLE 6
Marinapark Fiscal Impact Projections, 2006-2014

Revenues	Development		Operations		
	Year 1 (2005)	Year 2 (2006)	Year 1 (2007)	Year 2 (2008)	Year 3 (2009)
GENERAL FUND					
Property Tax			\$71,080	\$72,501	\$73,951
Sales Tax			\$50,454	\$56,799	\$61,372
Transient Occupancy Tax			\$878,745	\$997,269	\$1,134,178
Franchise Fees			\$1,286	\$1,324	\$1,364
Business Licenses			\$277	\$285	\$293
Motor Vehicle-in-Lieu			\$0	\$0	\$0
Other Intergovernmental			\$561	\$578	\$596
Charges for Service			\$3,040	\$3,131	\$3,225
Fines, Penalties, and Forfeitures			\$1,122	\$1,156	\$1,190
Licenses and Permits			\$134	\$138	\$142
Use of Property			\$1,897	\$1,954	\$2,012
Other Revenue			\$199	\$205	\$212
Interest Income			\$18,462	\$19,016	\$19,586
SUBTOTAL GENERAL FUND	\$0	\$0	\$1,027,256	\$1,154,356	\$1,298,121
TIDELANDS FUND					
Licenses, Permits, and Fees			\$414	\$426	\$439
Charges for Service			\$12	\$12	\$13
Use of Money and Property	\$565,000	\$580,000	\$1,160,000	\$1,160,000	\$1,318,868
GAS TAX			\$0	\$0	\$0
MEASURE M			\$939	\$967	\$997
SUBTOTAL OTHER FUNDS	\$565,000	\$580,000	\$1,161,365	\$1,161,406	\$1,320,316
TOTAL REVENUE	\$565,000	\$580,000	\$2,188,622	\$2,315,763	\$2,618,438
Expenditures					
GENERAL FUND					
General Government			\$2,498	\$2,573	\$2,650
Police			\$8,492	\$8,747	\$9,010
Fire			\$5,406	\$5,568	\$5,735
Public Works			\$7,319	\$7,539	\$7,765
Community Development			\$809	\$833	\$858
Community Services			\$0	\$0	\$0
CIP Streets			\$923	\$951	\$979
Other CIP Projects			\$1,039	\$1,070	\$1,102
SUBTOTAL GENERAL FUND	\$0	\$0	\$26,486	\$27,281	\$28,099
TIDELANDS FUND					
Harbor Resources			\$0	\$0	\$0
Oil and Gas			\$0	\$0	\$0
CIP	\$1,080,000	\$0	\$278	\$286	\$294
GAS TAX			\$1,102	\$1,136	\$1,170
MEASURE M			\$747	\$770	\$793
SUBTOTAL OTHER FUNDS	\$1,080,000	\$0	\$2,127	\$2,191	\$2,257
TOTAL EXPENDITURES	\$1,080,000	\$0	\$28,614	\$29,472	\$30,356
NET (COST)/REVENUE	(\$515,000)	\$580,000	\$2,160,008	\$2,286,291	\$2,588,082
CUMULATIVE NET (COST)/REVENUE	(\$515,000)	\$65,000	\$2,225,008	\$4,511,299	\$7,099,380

Source: ADE, City of Newport Beach, Keyser Marston Associates, PKF Consulting

Revenues	Stabilized					
	Year 4 (2010)	Year 5 (2011)	Year 6 (2012)	Year 7 (2013)	Year 8 (2014)	Year 9 (2014)
GENERAL FUND						
Property Tax	\$75,430	\$76,939	\$78,478	\$80,047	\$81,648	\$83,281
Sales Tax	\$64,921	\$66,869	\$68,875	\$70,941	\$73,069	\$75,261
Transient Occupancy Tax	\$1,198,432	\$1,234,833	\$1,274,034	\$1,310,435	\$1,349,636	\$1,391,638
Franchise Fees	\$1,405	\$1,447	\$1,491	\$1,535	\$1,581	\$1,629
Business Licenses	\$302	\$311	\$321	\$330	\$340	\$350
Motor Vehicle-in-Lieu	\$0	\$0	\$0	\$0	\$0	\$0
Other Intergovernmental	\$613	\$632	\$651	\$670	\$690	\$711
Charges for Service	\$3,321	\$3,421	\$3,524	\$3,629	\$3,738	\$3,850
Fines, Penalties, and Forfeitures	\$1,226	\$1,263	\$1,301	\$1,340	\$1,380	\$1,421
Licenses and Permits	\$147	\$151	\$155	\$160	\$165	\$170
Use of Property	\$2,073	\$2,135	\$2,199	\$2,265	\$2,333	\$2,403
Other Revenue	\$218	\$224	\$231	\$238	\$245	\$253
Interest Income	\$20,174	\$20,779	\$21,403	\$22,045	\$22,706	\$23,387
SUBTOTAL GENERAL FUND	\$1,368,263	\$1,409,005	\$1,452,661	\$1,493,636	\$1,537,533	\$1,584,355
TIDELANDS FUND						
Licenses, Permits, and Fees	\$452	\$466	\$480	\$494	\$509	\$524
Charges for Service	\$13	\$14	\$14	\$14	\$15	\$15
Use of Money and Property	\$1,309,581	\$1,349,182	\$1,391,166	\$1,431,627	\$1,474,498	\$1,519,791
GAS TAX	\$0	\$0	\$0	\$0	\$0	\$0
MEASURE M	\$1,026	\$1,057	\$1,089	\$1,122	\$1,155	\$1,190
SUBTOTAL OTHER FUNDS	\$1,311,072	\$1,350,718	\$1,392,749	\$1,433,257	\$1,476,177	\$1,521,521
TOTAL REVENUE	\$2,679,335	\$2,759,723	\$2,845,410	\$2,926,894	\$3,013,710	\$3,105,875
Expenditures						
GENERAL FUND						
General Government	\$2,730	\$2,812	\$2,896	\$2,983	\$3,073	\$3,165
Police	\$9,280	\$9,558	\$9,845	\$10,140	\$10,444	\$10,758
Fire	\$5,908	\$6,085	\$6,267	\$6,455	\$6,649	\$6,848
Public Works	\$7,998	\$8,238	\$8,485	\$8,739	\$9,002	\$9,272
Community Development	\$884	\$910	\$937	\$966	\$995	\$1,024
Community Services	\$0	\$0	\$0	\$0	\$0	\$0
CIP Streets	\$1,009	\$1,039	\$1,070	\$1,102	\$1,135	\$1,170
Other CIP Projects	\$1,135	\$1,169	\$1,204	\$1,240	\$1,277	\$1,316
SUBTOTAL GENERAL FUND	\$28,942	\$29,811	\$30,705	\$31,626	\$32,575	\$33,552
TIDELANDS FUND						
Harbor Resources	\$0	\$0	\$0	\$0	\$0	\$0
Oil and Gas	\$0	\$0	\$0	\$0	\$0	\$0
CIP	\$303	\$312	\$322	\$331	\$341	\$352
GAS TAX	\$1,205	\$1,241	\$1,278	\$1,316	\$1,356	\$1,397
MEASURE M	\$816	\$841	\$866	\$892	\$919	\$946
SUBTOTAL OTHER FUNDS	\$2,324	\$2,394	\$2,466	\$2,540	\$2,616	\$2,695
TOTAL EXPENDITURES	\$31,267	\$32,205	\$33,171	\$34,166	\$35,191	\$36,247
NET (COST)/REVENUE	\$2,648,069	\$2,727,518	\$2,812,239	\$2,892,728	\$2,978,519	\$3,069,628
CUMULATIVE NET (COST)/REVENUE	\$9,747,449	\$12,474,967	\$15,287,206	\$18,179,934	\$21,158,453	\$24,228,081

Source: ADE, City of Newport Beach, Keyser Marston Associates, PKF Consulting



FISCAL ANALYSIS METHODOLOGY

The Newport Beach fiscal impact model, developed for the City's General Plan Update, was used as the framework for the analysis. Known characteristics about existing and proposed uses—such as building square footages, assessments, population, and number of employees—were input into the model to generate costs and revenues. Where costs and revenue items specific to the project were known, they were substituted for the model-generated outputs. In the case of the proposed project, this procedure was followed for property tax, sales tax, transient occupancy tax (TOT), and use of property.

The first portion of the analysis looks at fiscal impacts of the existing site and proposed site at stabilization, and calculates the difference between the two. For a valid comparison, both of these impacts were calculated in 2004 dollars.

The second portion of the analysis looks at the fiscal impacts of the proposed project over time and, thus, must take inflation into account. To this end, we utilized the three percent inflation rate assumed by PKF Consulting in their calculations. This rate is consistent with Consumer Price Index trends over the past several years.

REVENUES

Property Tax

Because of their public and nonprofit status, most of the existing uses on the Marinapark site are exempt from paying property taxes. However, personal property and improvements related to the mobile home park are taxable, as are boats. The sum of these assessments was multiplied by the County tax rate of one percent and then by 17 percent to obtain the City share of property tax.

According to Keyser Marston's estimate, at stabilization the project will generate a property tax of \$394,000 (in 2004 dollars), which is equal to one percent of the property's assessed value. ADE applied a rate of 17 percent to this value to determine the portion of the property tax allocated to the Newport Beach General Fund. For the fiscal impact projections, property taxes were inflated by two percent each

year (with 2004 as the base year) in accordance with Proposition 13.¹ Because we projected to only five years after stabilization, we assumed that the property would not be sold and reassessed during the period of our analysis.

Sales and Use Tax

The existing uses on the site generate no taxable sales onsite, but our analysis accounts for off-site purchases by the mobile home park residents. The sales tax estimate for the proposed project is based on the food and beverage revenue projection prepared by PKF, Inc. The figure is about 20 to 25 percent higher than average for existing hotels in Newport Beach, reflecting the upper end market segments the project is anticipated to serve.²

TOT Tax

A TOT of ten percent is levied on guest room receipts in Newport Beach. This rate was applied to PKF's projected room rental revenue for each year of the proposed development.

Use of Property

A significant portion of the revenues generated by both the existing and proposed uses comes from use of property, or lease payments. In the case of the existing uses, mobile home park residents pay the City a total of roughly \$700,000 per year in rent, while the Balboa Power Squadron pays an annual rent of \$1,935.

The proposed Marinapark resort is expected to pay an annual base land lease of \$550,000 per year during the construction phase and increasing to \$1.1 million per year once the project

¹ Under the provisions of Proposition 13, property assessments may only be raised by a maximum of two percent each year until the property changes ownership (with a few exceptions). Once sold, the property is reassessed to market value and the two-percent increases begin again. Taxes are limited to one percent of assessed value, plus any additional taxes up to two percent passed by two-thirds of the voters.

² CIC Research, Inc. *Profile of Visitors to Newport Beach 2001*. p. 31. Based on surveys conducted by CIC Research, hotel/motel guests in Newport Beach generated about \$108.3 million in taxable sales in 2001. For the projected stabilization year of 2010, this would equate to about \$478 per room, vs. the \$590 per room projected by PKF, Inc.

begins operation. The base rent would be credited against additional “percentage rents” equal to 7 percent of room income, 3-5 percent of food and beverage income, and 10 percent of other miscellaneous income. In addition, the developer would make option payments during the initial years following voter approval of the project and receipt of the required permits.

Other Revenues

The remaining revenue categories were calculated based on per-capita and per-employee factors as described above.

EXPENDITURES

As with the revenues, the General Fund expenditures in Tables 3 through 6 were estimated based on per-capita and per-employee cost factors that were developed for the Newport Beach General Plan Update. According to the Draft EIR prepared by Michael Brandman Associates, existing fire and police capacities will be sufficient to serve the needs of the proposed project. Consequently, the project is not expected to incur significant expenditures in these categories. The cost figures shown for these services reflect the average cost of additional calls for service anticipated for the project.