

Memorandum

Date: August 4, 2014

To: Economic Development Commission

From: Peter Weiss, Consulting Assistant
City Manager's Office



Subject: **CONSIDERATION OF THE EL CORAZON AQUATICS RESORT PROJECT AND DIRECTION TO ENTER INTO NEGOTIATIONS FOR A DEVELOPMENT AND DISPOSITION AGREEMENT**

SYNOPSIS

Staff recommends that the Economic Development Commission recommend that the City Council consider and receive public input on the proposed El Corazon Aquatics Resort Project and authorize staff to negotiate a Development and Disposition Agreement with the developer.

BACKGROUND

On June 4, 2013, staff provided an update to the EDC El Corazon Standing Committee (EDC:ECSC) regarding the Swimming Hall of Fame. No action was taken.

On October 1, 2013, staff provided the EDC:ECSC an additional update. No action was taken.

On December 10, 2013, the full EDC was provided with an update regarding the Negotiation Agreement ("NA") with the Swimming Hall of Fame Partners (SHOFP). The EDC recommended on an 8-0 vote, that the City Council approve the NA.

On January 8, 2014, the City Council approved an NA with SHOFP in regards to the development of an aquatics complex, along with a major hotel with waterpark on a portion of El Corazon.

On July 30, 2014, the EDC:ECSC made a recommendation to the EDC and City Council for staff to receive public input on the proposed project and have the City Council authorize staff to negotiate a Development and Disposition Agreement with the developer.

The SHOFP has completed preliminary market analysis, cost estimates, and revenue projections for the project and has determined that the project is viable and would provide a significant economic benefit to the City.

As part of the development of the El Corazon Specific Plan, the City and community recognized the development of the property would occur over a long

period. Following the adoption of the El Corazon Specific Plan, the City considered financing alternatives that would advance the development of El Corazon and directed that in lieu of City-initiated funding, the development should occur through public-private partnerships. This arrangement led to the Development Agreement that exists with Sudberry Development for the multi-use fields and the commercial areas.

ANALYSIS

As currently proposed by SHOFP, the development would consist of the following components:

1. 400-suite convention hotel with meeting rooms, auditorium and theater;
2. 30-acre water park with room for expansion, including parking;
3. World-class aquatic facilities, to include 70 meter competition pool with moveable bulkheads, 25m x 25m competition stadium, therapy/teaching pool and adequate parking;
4. Dry land training/sports therapy facility to be operated in cooperation with reputable sport medicine/therapy group;
5. Museum and library building of approximately 15,000 sq. ft. of exhibition space to include: museum/store/pro shop of approximately 2,000 sq. ft., storage area of approximately 2,000 sq. ft., offices and classrooms of approximately 2,000 sq. ft., all with adequate parking;
6. 100+/- dormitories for athletes and coaches to accommodate long-term training for water polo, synchronized swimming and diving, beach volleyball and triathlon training;
7. 6 beach volleyball courts for instruction and one championship court with permanent seating for 500 and accommodation for additional seating, as needed;
8. Office and meeting space for USA beach volleyball events;
9. Office and meeting space for USA triathlon events;
10. Loop road and trails (app. 2 ½ – 3 ½ miles) as per the El Corazon Specific Plan, to be used for triathlon training.
11. Public access to the 70 meter pool, in four-hour blocks for both City high schools

The firm of Hotel and Leisure Advisors has prepared a market feasibility study for the project which includes a more detailed description of the hotel and waterpark features and amenities. A copy of the Executive Summary and Recommendations is attached as Exhibit 1.

During the term of the Negotiating Agreement, the issue of the City's swimming pools has been an item of discussion between the City Council and community groups. Of concern has been the public access to the aquatics complex associated with this specific project. The project developers have committed that there will be public access to the 70 meter pool and have preliminarily included four-hour time blocks that would be available to both high schools for their swim and water polo programs. The public would also have access to the 25 meter pool for lap swimming and water exercise programs on a daily basis. Further

details and program scheduling for public uses would be developed and contained in a potential Development Agreement.

The project would require a separate environmental review and public entitlement process. Although the hotel, aquatics complex, and waterpark are uses that are contemplated within the El Corazon Specific Plan, the proposed layout and location of the uses may require an amendment to the Specific Plan. The Parks and Recreation areas within the Specific Plan do not permit the development of Commercial Recreation uses. At the time of the development of the Specific Plan, it was contemplated that the City would develop the Parks and Recreation areas; however, due to continued financial constraints, the City Council directed staff to analyze the use of public-private partnerships and other non-tax-based funding sources. The Specific Plan also contemplates the development of multiple baseball and softball fields. Those areas could also be developed through appropriate public-private partnerships, similar to the Big League Dreams complex in Cathedral City and multiple other locations. Although the baseball uses are consistent with the Specific Plan, they would not be permitted within the current Specific Plan Parks and Recreation areas, since they would also be considered Commercial Recreation.

FISCAL IMPACT

A Gross Fiscal Impact and Economic Benefit Analysis has been prepared for the project by the firm of Kosmont Companies. A copy of that report is attached as Exhibit 2. The following is a summary of the annual overall impacts that accrue directly to the City as a result of the project at build-out and stabilization.

Revenue	Estimated Annual Total
Possessory Interest Tax	\$328,000
Property Tax	125,000
Sales and Use Tax (Direct)	232,000
Sales and Use Tax (Indirect)	140,000
TOT	3,900,000
Business License Tax	40,000
Gross Revenues	\$4,765,000

Upon build-out and stabilization, the ongoing operation of the project is estimated to generate approximately 900 full time equivalent positions. Construction of the project is expected to generate significant spending, create jobs, and fuel the local economy. Project construction is estimated to generate approximately 1,470 construction-related jobs, approximately \$102 million in labor income, and approximately \$260 million in economic output through direct, indirect, and induced economic activity.

EXHIBITS

- 1) Executive Summary and Recommendations
- 2) Economic Benefits Analysis

**Proposed Waterpark Resort Oceanside
Introduction**

A-1**SCOPE OF THE ASSIGNMENT**

Hotel & Leisure Advisors, LLC has been retained by Mr. Sherman Whitmore with the International Swimming Hall of Fame to estimate the potential market feasibility of the development of a hotel with indoor waterpark and a large outdoor waterpark in Oceanside.

We made a number of independent investigations and analyses in performing this study. We evaluated the subject site and its relationship to potential demand generators as well as its attributes relative to the lodging and waterpark competitors. We interviewed representatives of the convention and visitors bureau, chamber of commerce, city officials, economic development officials, and assessor's office to collect information concerning the proposed site and region. We interviewed managers or owners of existing and proposed competitive hotel, resort and waterpark properties. We interviewed the developer's of the adjacent sports complex and proposed Swimming Hall of Fame. We interviewed representatives of various hotel chains to determine performance of area hotels and proposed new supply additions. We interviewed managers of indoor waterpark resorts across the country. We interviewed representatives of area attractions to determine usage and new supply additions. We have conducted demand interviews with various potential users of the proposed facility.

In conducting our investigation and analysis, we relied on data retained in our office, which is updated regularly for use in all assignments. Various agencies and databases, including the Site to Do Business database, were contacted for demographic data, land use policies and trends, growth estimates, and employment data.

Neighborhood data was supplemented by a physical inspection of the subject property and the area. Mr. Sherman Whitmore and Mr. Tom Neary provided the subject property data for our analysis. In addition to the subject's specific information, we have considered relevant market data in determining the projections used in our cash flow analysis.

We based the financial analysis primarily upon the probable operating experience of the property relative to gross operating revenues, typical expense levels, and resultant net cash flow. We estimated operating revenues utilizing market data relative to industry standards and comparable properties in the subject area. We estimated expense levels based upon industry standards and operating histories of similar properties. We have estimated the financial projections for the subject facility for the year beginning January 1, 2017, for 11 years.

EXECUTIVE SUMMARY

The El Corazon property was a former mining site, and was given to the city of Oceanside in 1994 by Silica Sand Mining Company. In August 2011, the city council unanimously approved the selection of Sudberry Properties/Soccer Field of Dreams as the developer for El Corazon. The Sudberry group plans to build 22 multi-use fields. Sudberry has the right to develop 97 acres of the recreation portion of El Corazon (out of 212 outdoor recreational acres.) The development will include 20 multi-use athletic fields over 68 acres; 21 acres for parking and the remaining for two all purpose fields for open play by the public. Sudberry Group also has the right to develop approximately 60 acres of commercial portion including 335,000 square feet of commercial, 245,000 square feet of office, 300 hotel rooms and 300 mixed-use residential units.

The developers plan to lease approximately 55.0 acres from the city of Oceanside for the development of an indoor waterpark resort and a large outdoor waterpark. Adjacent to the resort, the client is planning to develop the International Swimming Hall of Fame, which will relocate from its existing location in Fort Lauderdale. The client will also develop an aquatic center along with an Olympic size pool, springboard diving and a diving pool and a 25-yard pool. In addition, the client is planning to build 7 to 8 beach volleyball courts and 8 to 10 indoor multi-use courts to be used for volleyball and basketball. Both of these facilities will be hosting volleyball and basketball tournaments. The client is in discussions with USA Volleyball to host beach volleyball tournaments at the subject site. The client is also planning to build 100 dormitory rooms to accommodate athletes and coaches.

For the purposes of our study we have only analyzed the indoor waterpark resort and outdoor waterpark development. We have not analyzed the aquatic center, dormitories, volleyball, basketball courts or sports complex.

The client envisions that with the nearby 22 multiuse fields (Soccer Fields of Dream), International Swimming Hall of Fame, aquatic center, volleyball and basketball courts, the resort will be part of a sporting destination. The proposed indoor waterpark resort and outdoor waterpark will be well located to gain from the sporting demand as well as leisure demand to San Diego County.

Area Review : The subject site is located in Oceanside, San Diego County, California, and belongs to the San Diego-Carlsbad, California Metropolitan Statistical Area (MSA). The city of Oceanside is located on the northern end of San Diego County, about 40 miles north of downtown San Diego. As a tourist destination, Oceanside offers over three miles of sandy beaches and is considered a prime location for surfing, boating, and fishing. Carlsbad, located just south of Oceanside, is home to the LEGOLAND California Resort. Camp Pendleton, a major Marine Corps base, is located directly north of Oceanside and is a significant demand generator for the area.

The following table profiles our recommendations for the proposed development in Oceanside, San Diego County, California.

**Proposed Waterpark Resort Oceanside
Introduction**

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Proposed Waterpark Resort Oceanside Recommended Facility			
Number of Units		400	
Room Mix	Units	Room Breakdown %	Size (S.F.)
Double-Queen Suites (one room)	210	53%	400-450
King Suites (one room)	70	18%	400-450
Two-Room Suites	120	30%	500-600
Meeting Rooms	Square Feet	Banquet Seating Capacity	
Ballroom (Divisible Into 6 Rooms)	12,000	1,000	
Additional Banquet/Meeting Rooms (Divisible Into 6)	4,000	330	
Pre-function Space	4,000		
Outdoor Venue	<u>5,000</u>		
Total	25,000		
Food and Beverage Outlets			
Three-meal Restaurant			
Speciality Restaurant			
Coffee Shop with Ice Cream and Candy shop			
Waterpark Snack Bar (Indoor and Outdoor)			
Sports Themed Bar			
Waterpark Features		Sizing	
Indoor Square Footage		60,000	
Outdoor Acreage		30	
# of Lockers		2,000	
Birthday Party Rooms S.F. (Divisible Into 3)		1,500	
Potential Themes			
Tropical			
Caribbean			
Ocean			
Surfing and Southern Californian			
Additional Revenue Centers		Square Feet	
Family Entertainment Center(FEC)/Arcade		15,000	
Retail Shops		4,000	
Spa		5,000	
Amenities			
Fitness Room			
Complimentary High Speed Internet			
Business Center			
Parking for hotel guests (fee)			
Complimentary access to both the indoor and outdoor waterpark			
Source: Hotel & Leisure Advisors			

Recommendations – The following discussion highlights our recommendations for the proposed resort, indoor waterpark and outdoor waterpark.

Resort: We recommend the subject offer a sufficient number of amenities to create a true resort destination. The following bullets highlight the plans for the resort and our recommendations.

- We recommend the subject offer 400 guest suites with a mixture of double queens, king rooms, and suites. All suites are recommended to include a sleeper sofa or bunk beds and a half wall to allow families to utilize them as studio suites. We recommend a mixture of room types as this will provide flexibility for guests. We recommend these rooms be larger than typical guest rooms with an average square footage of between 400 and 450 square feet and suites offering approximately 600 square feet. We recommend approximately 70% one room suites and 30% two-room suites. We do not recommend heavy theming in the rooms as the subject property will also offer a conference center and will attract corporate clients who may not prefer rooms that are themed for smaller kids.
- We recommend the subject offer two restaurants which should share the same kitchen. We recommend one of the restaurants be a family oriented buffet style facility while the other restaurant offer a slightly more upscale menu. One of the restaurants should include a separate lounge area with entertainment offered during busy time periods. The property should also include a sports themed bar. We project a waterpark snack bar will be located in the indoor waterpark area. We project multiple food and beverage outlets, kiosks and carts in the outdoor waterpark. We also recommend a Starbucks type coffee shop offering hot and cold beverages, baked goods, ice cream, and candy. We recommend the food and beverage options and the entire hotel be smoke-free.
- We recommend the subject offer a meeting and conference space with approximately 25,000 square feet including a 12,000 square foot divisible ballroom, various breakout rooms, pre-function area. We also recommend the subject include an outdoor venue. The addition of meeting space will allow the subject to attract additional group business in midweek periods. The conference space should be located away from the waterpark to allow separation between two different types of users.
- We recommend amenities for business travelers including a business center and availability of wireless Internet access.
- We further recommend a fitness center and themed lobby.
- We recommend a FEC/arcade with approximately 15,000 square feet with a capacity of over 100 arcade games split between a teen area and a smaller child area. It could also include indoor mini-golf, bowling, laser tag and other similar games. We recommend the developers consider adding a Magique type interactive game for younger and older children that would utilize different sections of the hotel. This interactive game is extremely popular and profitable at the Great Wolf Lodge properties. We also recommend other dry play areas within the hotel for children to enjoy.

- We recommend the development include a 5,000 square foot spa which would include multiple treatment rooms and offer services such as massages, facials, therapies, and other treatments. It should also offer sports related therapy due to the adjacent sports complex.
- We recommend multiple gift shops with approximately 4,000 square feet of total retail space. We recommend two gift shops: one be located in the lobby area selling novelty related items, and the second will be located near the waterpark entrance selling swimming related items.
- We recommend locating the arcade, restaurant and retail near each other as it will allow the subject to offer a "main street" type atmosphere, which will be active during the evenings.
- We recommend the facility be constructed with a plan to add a second phase expansion of the hotel rooms and waterpark if demand allows. Planning for an expansion in the initial drawings will lower the cost later on.
- We recommend the subject try to obtain LEED certification as a "green" structure, which would allow for reduced energy costs and positive eco-friendly publicity. We recommend the developers analyze the various point systems for certification and balance the potentially higher costs with energy and environmental savings. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings.

Indoor Waterpark Features and Amenities: We assume the indoor waterpark will be of quality and theme that will be exciting to hotel guests. The following bullets highlight our recommendations for the indoor waterpark.

- We recommend the subject develop the indoor waterpark connected to the proposed hotel structure. We recommend approximately 60,000 square feet of waterpark area. The indoor waterpark will attract families from southern California throughout the year.
- The subject should be developed and advertised as a property with no access to day visitors for the indoor waterpark to enhance its more exclusive nature and encourage guests to stay overnight. However, the property could take larger groups and birthday parties during slower periods.
- We recommend the indoor waterpark have a unique theme and include a variety of tubes, pools, slides, and other indoor waterpark attractions. The rides and attractions need to offer sufficient entertainment value. The rides should have theming and a sense of adventure.
- We recommend the indoor waterpark obtain at least one ride or attraction that is unique to the facility that they can promote to the public.
- The waterpark should have a separate locker room area with a minimum of 500 lockers to accommodate visitors and guests who are checking in and out. Additional lockers will be offered in outdoor waterpark area.

- We recommend the following indoor pool areas:
 - A lazy river or adventure river.
 - A tree house structure, including various interactive water components, dumping bucket and various slides and tubes for smaller children.
 - Tots activity pool with a zero-depth entry area for toddlers and younger children with small slides and water fountains.
 - Whirlpools for adults and older children.
- We recommend the following indoor attractions and rides:
 - For older children and teenagers we recommend a variety of slides and rides including: inner tube slides, a family raft ride and high thrill slides. We recommend complimentary use of all tubes and ride accessories.
 - We recommend a FlowBarrel or FlowRider ride as it will be unique to the area. We recommend designing a gallery space with a bar surrounding the FlowBarrel for ease of viewing. While normal use of the FlowBarrel is included in admission, we recommend the subject offer special FlowBarrel lessons for an additional fee.
- We recommend rental cabanas be created for daily family use.
- We recommend the subject offer a waterpark snack bar with seating area. The snack bar should offer fast food type offerings including pizza, hot dogs, sandwiches, burgers, ice cream, and candy.

Outdoor Waterpark: We project the outdoor waterpark will be located adjacent to the hotel and indoor waterpark. We assume the outdoor waterpark will be of quality and theme that will be exciting to regional travelers as well as to local residents and will justify a higher admission price. The following bullets highlight our recommendations for the waterpark.

- The developers plan to add a 30-acre outdoor waterpark adjacent to the indoor waterpark resort. The 30-acre outdoor waterpark will include the waterpark area, office and admission building, parking and future expansion area. We project an approximately 20 acre area for the waterpark with the remaining area for parking and future expansion. We recommend that the developers create a unique theme for the outdoor waterpark. We recommend a variety of tubes, pools, slides, and other waterpark attractions. The rides and attractions need to offer sufficient entertainment value. The rides should have theming and a sense of adventure.
- The developers plan to host special events during Halloween, Thanksgiving and Christmas which will allow the waterpark to be open select days in October, November and December.
- We recommend the subject facility obtain at least one ride or attraction (separate from the indoor waterpark) that is unique to the facility that they can promote to the public.

- We recommend the following outdoor pool areas:
 - A lazy river or adventure river
 - A large wave pool
 - A tree house structure, including various interactive water components, dumping bucket and various slides and tubes for smaller children
 - Tots activity pool – a zero-depth entry area for toddlers and younger children with small slides and water fountains
 - Whirlpools for adults and older children
- We recommend the following waterpark attractions and rides:
 - A variety of slides and rides for older children and teenagers including: inner tube slides, family raft ride, body slides and high thrill slides. We recommend complimentary use of all tubes and ride accessories be included in the day pass admission.
 - We recommend zip lines over the waterpark. The zip line can go over major waterpark attractions such as the lazy river and wave pool. This will give riders a sense of adventure. We recommend a separate fee for the zip lines. We recommend that the zip line be of sufficient height to offer an excitement and wow factor to riders.
- We recommend the entire facility be constructed with a plan to add a second phase expansion if demand allows. Planning for an expansion in the initial drawings will lower the costs later on. We recommend that the developers allocate an area for future expansion of the waterpark.
- We recommend a variety of rental cabanas be available for daily family use located near the lazy river and wave pool.
- We recommend a themed retail and gift shop selling items related to the waterpark and swimming related items. We recommend that the retail store be located near the entrance building.
- We recommend the subject waterpark offer multiple food and beverage outlets and kiosks. We recommend the subject provide fast food type offerings including pizza, hot dogs, sandwiches, burgers, ice cream, and candy.
- We recommend that the outdoor waterpark be designed in such a way that a few of the popular outdoor waterpark rides could be kept open year-round along with the indoor waterpark (weather permitting). This will provide guests access to both indoor and outdoor waterpark and enhance their experience.

Operational Recommendations

- We recommend a professional management company operate the proposed waterpark and resort.
- We recommend a fee for parking (or a resort fee) for hotel guests similar to other resorts in the area. We also recommend a parking fee for guests visiting the outdoor waterpark.

- To encourage guests to stay at the resort, we recommend additional amenities and perks be offered. We recommend the following:
 - Complimentary access to both the indoor and outdoor waterpark
 - Complimentary access to the aquatic center for lap swimming
 - Access to the outdoor waterpark one hour prior to the opening of the waterpark
 - Complimentary towel service at the outdoor waterpark
 - Discounted tickets for zip line
 - Access to the outdoor waterpark the day of checkin and day of checkout
 - Exclusive use of the indoor waterpark
- We recommend that the outdoor waterpark offer discounted tickets and season passes to increase attendance during slower time periods.
- We recommend that waterpark patrons get access to the beach volleyball courts when the courts are not in use.
- The outdoor waterpark is projected to open in March. The waterpark will be open select days in March, April and May. We recommend the waterpark be open daily from Memorial Day through Labor Day. We recommend that the waterpark be open select days between September and December.
- Based on our review of the local weather, number of tourists visiting the area, nearby sporting venues and the subject waterpark hosting special events, we project that the outdoor waterpark will be open approximately 200 days annually.
- We recommend that the indoor waterpark facility be open year round.

Subject Hotel and Outdoor Waterpark Projections

The following table indicates our projections of financial performance for the proposed indoor waterpark resort and outdoor waterpark development for the first four years of the analysis.

EXHIBIT 2

INTERNATIONAL SWIMMING HALL OF FAME

GROSS FISCAL IMPACT & ECONOMIC BENEFIT ANALYSIS *OCEANSIDE, CA*

Prepared For:

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JUNE 2014

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The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

1.0 Executive Summary

Background & Purpose

In January 2014, the City of Oceanside ("City") City Council approved an Exclusive Negotiation Agreement ("ENA"), which among other actions, initiated negotiations by and between International Swimming Hall of Fame Partners Oceanside, Inc. ("Developer") and the City for the development of the Waterpark Resort and Sports Complex Project ("Project").

The Developer is currently in the process of completing various studies to evaluate the environmental and economic feasibility of the Project, and as part of this process, the Developer has requested that Kosmont Companies ("Kosmont") prepare this Gross Fiscal Impact and Economic Benefit Analysis ("Analysis") to estimate the gross fiscal impacts and economic benefits of the Project to the City and greater local region, respectively.

Project Description

The Project encompasses approximately 65 acres within El Corazon Park, south of Mesa Drive, east of El Camino Real, west of Rancho del Oro Drive and north of Oceanside Boulevard ("Site") in the City. Major Project components (with approximate sizes) include:

- 400-Suite Hotel and Indoor Water Park
- 30-Acre Outdoor Water Park
- 50,000 Square Foot ("SF") Retail and Entertainment Center
- 18,000 SF Aquatic Center and Sports Facilities
- 100-Unit Athlete and Coach Dormitories
- 15,000 SF Museum and Library
- 7-Court Beach Volleyball Facility
- Parking, Trails, and Various Additional Site Improvements.

Estimated development costs total approximately \$161 million. The construction period is estimated at two years, with Project stabilization forecasted in year 10 of operation. The Site is currently undeveloped and is located in the City's El Corazon Specific Plan ("Specific Plan") area. The Specific Plan contemplates park and recreational uses, commercial uses, a hotel, and civic services. Surrounding uses include a senior center, green-waste composting facility, and reclamation activities with a mine tailings pond.



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

Summary of Findings

Annual Fiscal Impacts

Upon build-out and stabilization, the Project is estimated to generate approximately \$4.8 million in annual gross fiscal revenues to the City, comprised of the following fiscal revenues:

- Transient occupancy tax ("TOT") and Marketing District Assessments of approximately \$3.9 million annually
- Sales and use tax of approximately \$333,000 annually
- Possessory interest tax of approximately \$372,000 annually
- Additional revenue sources (i.e. property tax in-lieu of vehicle license fees, franchise tax, business license tax) totaling approximately \$201,000 annually

The 30-year present value of annual gross fiscal revenues generated by the Project (discounted at 6.0%) is approximately \$92 million.

Permanent On-Site Employment

Upon build-out and stabilization, ongoing operation of the Project is estimated to generate approximately 901 full-time equivalent jobs.

Short-Term Construction Related Economic Benefits

Construction of the Project is expected to generate significant spending, create jobs, and fuel the local economy. Using a proprietary economic impact model (IMPLAN), the Analysis estimates the generation of the following economic benefits through direct, indirect, and induced economic activity:

- Approximately 1,470 construction-related jobs
- Approximately \$102 million in labor income
- Approximately \$260 million in economic output.

2.0 Introduction

2.1 Background & Purpose

In January 2014, City Council approved an ENA, which among other actions, initiated negotiations by and between the Developer and the City for the development of the Project in the City. The Developer is currently in the process of completing various studies to evaluate the environmental and economic feasibility of the Project, and as part of this process, the Developer has requested that Kosmont prepare this Analysis to estimate the gross fiscal impacts and economic benefits of the Project to the City and greater local region, respectively.

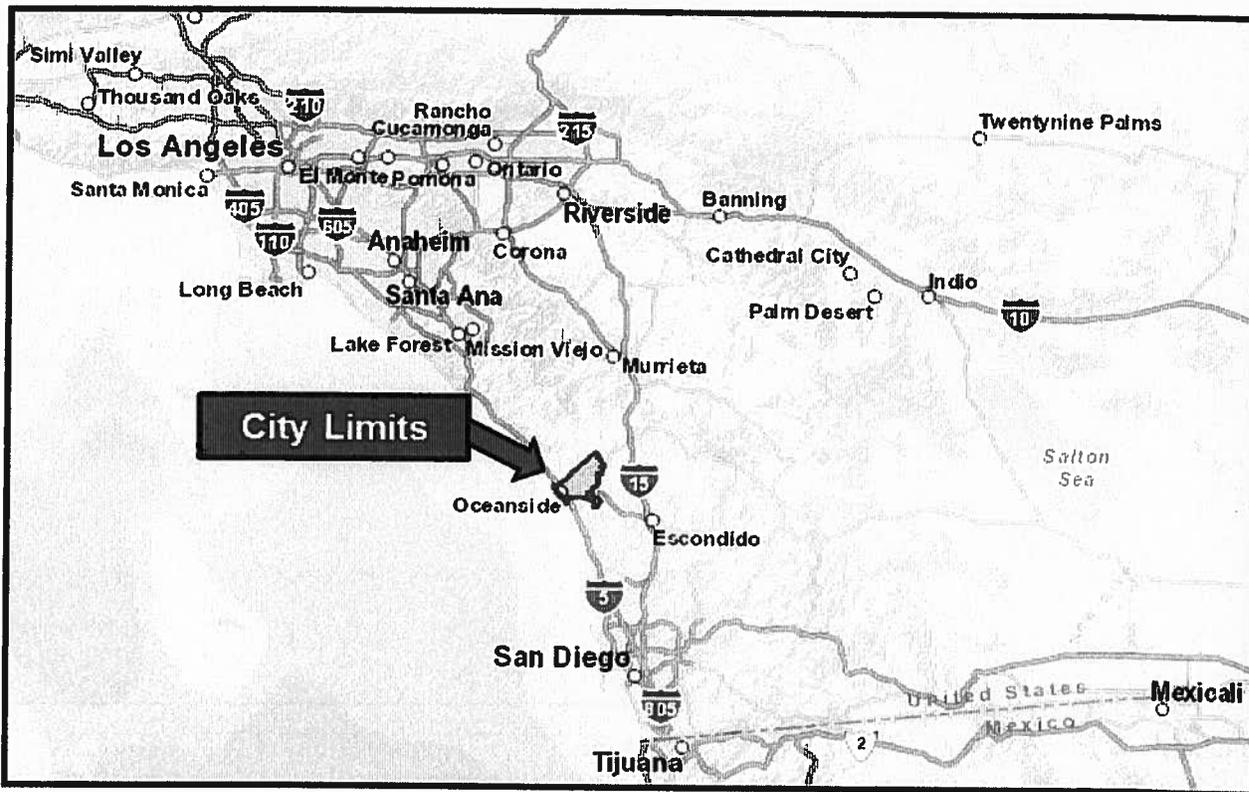
2.2 Project Description

The Project Site encompasses approximately 65 acres within El Corazon Park in the City. Major Project components (with approximate sizes) include:

- 400-Suite Hotel and Indoor Water Park
- 30-Acre Outdoor Water Park
- 50,000 Square Foot ("SF") Retail and Entertainment Center
- 18,000 SF Aquatic Center and Sports Facilities
- 100-Unit Athlete and Coach Dormitories
- 15,000 SF Museum and Library
- 7-Court Beach Volleyball Facility
- Parking, Trails, and Various Additional Site Improvements.

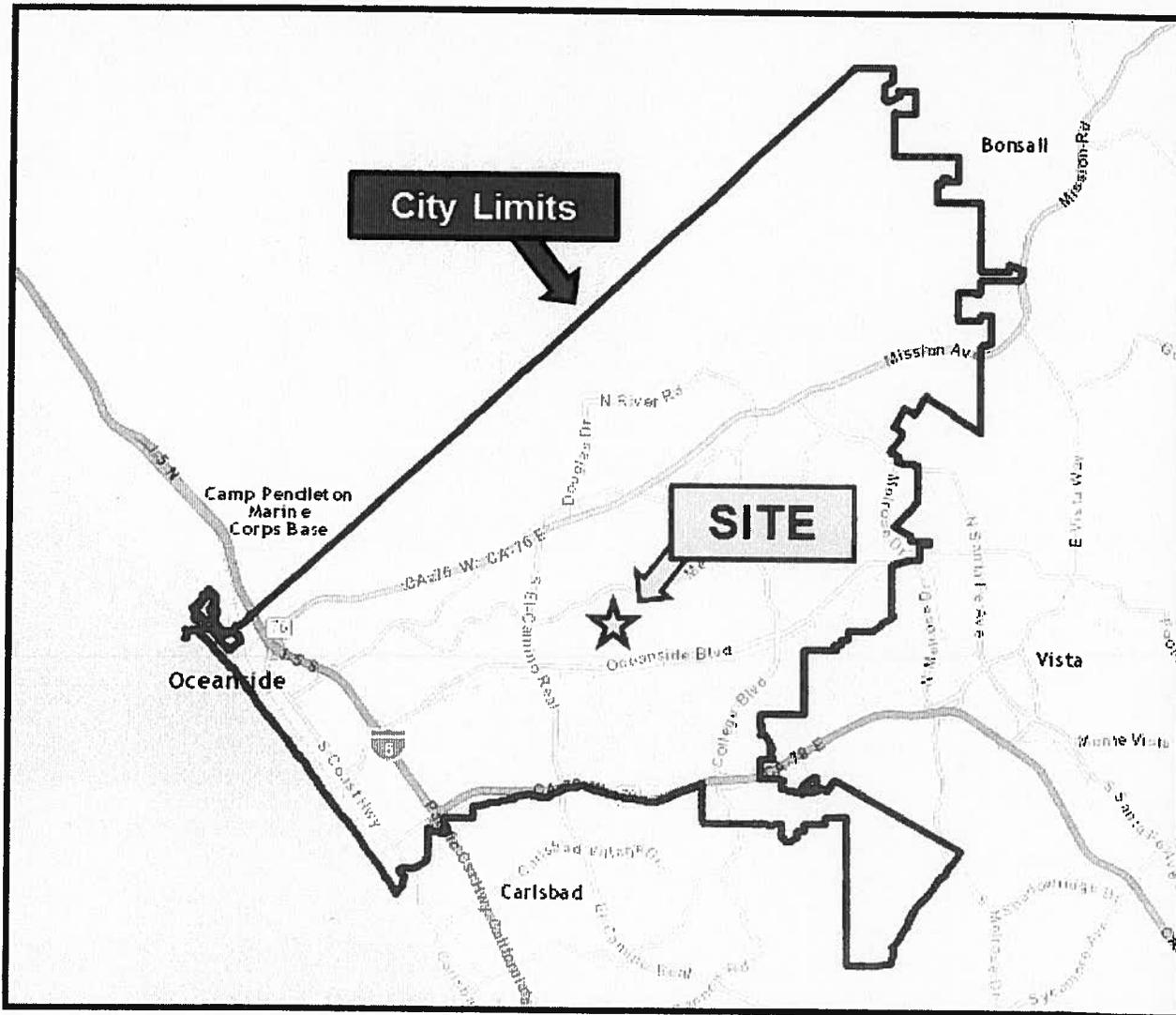
Estimated development costs total approximately \$161 million. The construction period is estimated at two years, with Project stabilization forecasted in year 10 of operation. The Site is currently undeveloped and is located in the El Corazon Specific Plan area. The Specific Plan contemplates park and recreational uses, commercial uses, a hotel, and civic services. Surrounding uses include a senior center, green-waste composting facility, and reclamation activities with a mine tailings pond.

Exhibit 2.1: Regional Map and Oceanside City Limits



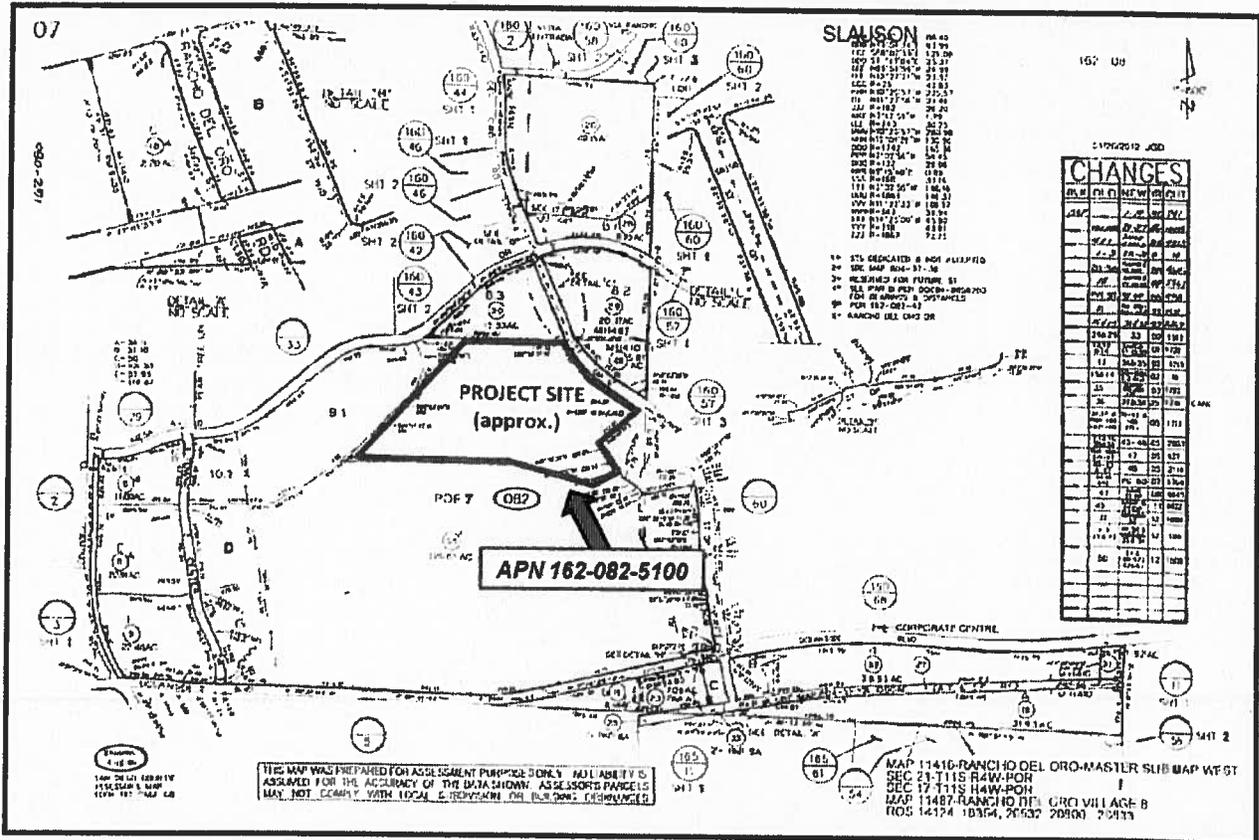
Source: ESRI (2014)

Exhibit 2.2: Site Location Map



Source: International Swimming Hall of Fame Oceanside; ESRI (2014)

Exhibit 2.3: Parcel Map



Source: International Swimming Hall of Fame Oceanside; San Diego County Assessor (2014)

3.0 Methodology

This Analysis is based on information provided by the Developer, City, Minnesota IMPLAN Group, San Diego County Property Tax Assessor's Office, California Department of Finance ("DOF"), California Board of Equalization ("BOE"), U.S. Census, U.S. Bureau of Labor Statistics ("BLS"), California Retail Survey, American Hotel and Lodging Association ("AHLA"), Environmental Protection Agency ("EPA"), and ESRI.

3.1 General Assumptions

General assumptions follow below, and more specific assumptions are provided in Appendix A.

- Analysis measures gross fiscal and economic impacts (unless otherwise noted).
- Dollar amounts are expressed in 2014 dollars.
- Fiscal impacts are estimated at full build-out and stabilized occupancy.
- On-site employment figures are permanent FTE jobs.
- Construction employment figures are short-term, full-time equivalent ("FTE") jobs.

3.2 Fiscal Revenue Analysis

3.2.1 Possessory Interest Tax & Unsecured Property Tax

Within the framework of a ground lease, the County Assessor will make the determination of the value of the leasehold interest and will assess a possessory interest tax to be levied against the holder of the leasehold interest (i.e. the Developer). Possessory interest tax revenues are estimated based on the anticipated assessed value of the Project upon full build-out and the applicable property tax rates for the City. The Site is located in County tax rate area ("TRA") 07000. The City General Fund receives an approximate 19.6% share of the annual 1.0% general levy placed by the County on the assessed value of the property (\$0.19643 of each \$1.00 of possessory interest tax revenue) within this TRA.

Unsecured property taxes are collected based on the assessed value of real property not affixed to the underlying land, such as business fixtures. The rate of taxation and apportionment is generally the same as for secured property taxes (possessory interest tax in the case). For the purposes of this Analysis, the assessed value of unsecured property associated with the Project is estimated to be 3.5% of the assessed value of secured property, consistent with the City-wide average (see Appendix D).

3.2.2 Property Tax In-Lieu of Vehicle License Fees ("VLF")

Prior to 2004, a percentage of State motor VLF was distributed to cities and counties. In 2005, the State of California instituted a revenue swap, guaranteeing that municipalities and counties within California receive a distribution equal to the VLF collected the prior year, plus a percentage equal to the annual increase in assessed value.

Property Tax In-Lieu of VLF resulting from the Project is estimated based on the incremental amount of assessed value that the Project will add to the City, thereby increasing the City's apportionment. For the purposes of this Analysis, it is assumed based on precedent that the County will accrue the assessed value of the possessory interest of the Project to the City's assessed value roll (see Appendix E).

3.2.3 Sales and Use Tax (On-Site / Direct and Off-Site / Indirect)

On-site / direct sales tax revenue projections are estimated based on the taxable sales generated on-site within the sales-generating components of the Project and the City's sales tax apportionment of 1.00% (includes 0.25% "Triple Flip" apportionment as detailed in the Appendix section). Project components are projected to generate taxable sales based on estimated square-footages and standard industry sales-per-square-foot assumptions (see Appendix F).

Off-site / indirect sales tax revenue projections are estimated based on the taxable sales generated by the spending by residents, employees, guests and visitors of the Project off-site within the City. Estimated spending is based on BLS Consumer Expenditure Survey data, which delineates spending habits of consumers based on household income. Capture rates for consumer spending within the City are approximated by Kosmont based on preliminary evaluation of existing retail amenities within the local trade area and preliminary analysis of the City's retail sales capture/leakage performance (see Appendices G-I).

3.2.4 Transient Occupancy Tax ("TOT")

TOT revenues are estimated based on Developer projections of hotel room rental receipts and the City TOT rate of 10%. Additionally included in this analysis is the assessment levied by the Oceanside Tourism Marketing District of 1.5% of room revenues (where available room rates are greater than \$50) approved in 2010 (see Appendix J).

3.2.5 Franchise Tax on Utilities

The City levies a franchise tax on the gross receipts of utility providers that have a franchise to operate in the City, including San Diego Gas & Electric, Southern California Gas Company, Cox Communications, AT&T and Kinder Morgan. Each company is assessed between two and five

percent of gross receipts. Franchise tax revenue projections are estimated based on the expected on-site utility consumption by the various components of the Project (estimated using EPA standard usage metrics by land use) and the City and a franchise tax rate of 2% (to be conservative) on charges for electricity, natural gas, telephone, and cable television. Water and sewer utilities are not assessed (see Appendix K).

3.2.6 Business License Tax ("BLT")

BLT revenues are estimated based on annual gross receipts generated by the various components of the Project (e.g. retail sales and other operations) and the gross receipts tax levied by the City (\$0.50 per \$1,000 of gross receipts – see Appendix L).

3.3 Permanent On-Site Employment

Permanent on-site employment upon Project build-out and stabilization is estimated based on industry-standard per-square-foot or per-unit employment densities corresponding to Project components (see Table 4.2 and Appendix C).

3.4 IMPLAN Modeling

This Analysis uses the IMPLAN (Impact analysis for PLANNing) econometric input/output model developed by the Minnesota IMPLAN Group to quantify the economic impact to the local region from Project construction. This proprietary model estimates the economic benefits on the industries in a given geographic area and known economic inputs, such as construction costs. The model estimates direct, indirect, and induced benefits expressed in terms of increased economic activity ("output"), earnings ("labor income"), and job creation (see Appendices M-O).

Direct economic benefits refer to the initial changes in total economic output, labor income, and employment resulting from expenditures and/or production value changes. Examples of direct benefits include expenditures made by Developer for construction activities necessary to build the Project and the jobs created as a result.

Indirect economic benefits result from the purchases made in response to the Project's development by the industries that supply required goods and services. Indirect benefits occur in industries indirectly affected by the construction of the Project, such as manufacturing and wholesale trade services.

Induced economic benefits are the changes in local spending by households employed directly or indirectly in affected industry sectors and the resultant economic activity as a result of Project construction.

4.0 Fiscal and Economic Impacts

4.1 Annual Gross Fiscal Impacts

Upon build-out and stabilization, the Project is estimated to generate approximately \$4.8 million in annual gross fiscal revenues to the City, comprised primarily of transient occupancy tax, sales and use tax, and possessory interest tax. To calculate the present value of future fiscal benefits to the City, the various fiscal revenues were projected for a 30-year period. Possessory interest tax, unsecured property tax, and property tax in-lieu of VLF were escalated using a 2% growth factor (statutory maximum). Sales and use tax and other revenue sources were escalated using a 3% growth factor.

A discount rate of 6.0% estimates the present value of future fiscal revenues at approximately \$92 million. Table 4.1 summarizes the gross fiscal impacts from the Project. Appendices A-L provide calculation detail by fiscal revenue category.

Table 4.1: Summary of Gross Fiscal Impacts from Project

Primary Fiscal Revenues	Estimated Annual Total	Est. Ann. Growth	30-Year Nominal Total	30-Year Present Value
Possessory Interest Tax & Unsec. Prop. Tax	\$327,700	2.0%	\$13,294,200	\$5,608,800
Property Tax In-Lieu of VLF	\$125,300	2.0%	\$5,083,200	\$2,144,600
Sales & Use Tax (On-Site / Direct)	\$231,900	3.0%	\$11,032,700	\$4,463,200
Sales & Use Tax (Off-Site / Indirect)	\$140,200	3.0%	\$6,670,100	\$2,698,300
Transient Occupancy Tax & Marketing Assessment	\$3,928,860	3.0%	\$186,917,100	\$75,616,000
Franchise Tax	\$35,900	3.0%	\$1,708,000	\$690,900
Business License Tax	\$40,044	3.0%	\$1,905,100	\$770,700
Total Gross Fiscal Revenues	\$4,829,904		\$226,610,400	\$91,992,600

Note: Expressed in 2014 dollars.

4.2 Permanent On-Site Employment

Upon build-out and stabilization, ongoing operation of the Project is estimated to generate approximately 901 full-time equivalent permanent on-site jobs. Table 4.2 summarizes the on-site employment and Appendix C includes the estimation detail.

Table 4.2: Summary of On-Site Employment

Employee Type	# Employees
Hotel Employees	300
Dormitory Employees	10
Outdoor Water Park Employees	443
Retail & Entertainment Center Employees	100
Aquatic & Sports Center Employees	24
Museum & Library Employees	5
Beach Volleyball Facility Employees	10
Parking Employees	9
Total	901

4.3 Construction-Related Economic Benefits

Construction of the Project is expected to generate significant spending, create jobs, and fuel the local economy. Project construction is estimated to generate approximately 1,470 construction-related jobs, approximately \$102 million in labor income, and approximately \$260 million in economic output through direct, indirect, and induced economic activity. Table 4.3 summarizes the economic benefits from Project construction. The full range of benefits by industry category is provided in Appendices M-O.

Table 4.3: Summary of Construction-Related Economic

	Direct	Indirect	Induced	Total
Employment (FTE)	906	246	316	1,468
Labor Income (in \$ mil)	\$68.3	\$16.7	\$17.5	\$102.4
Economic Output (in \$ mil)	\$161.2	\$49.0	\$49.5	\$259.7

5.0 Appendices

Appendix A: Analysis Assumptions

	Value	Source
A. City Data		
Population (2013)	170,548	U.S. Census Bureau; ESRI
Households (2013)	60,414	U.S. Census Bureau; ESRI
Average Household Income (2013)	\$77,641	U.S. Census Bureau; ESRI
Average Household Size (2013)	2.81	U.S. Census Bureau; ESRI
B. Possessory Interest Tax		
Property Tax General Levy	1.0%	San Diego County Assessor
City Distribution (TRA #07000)	19.643%	San Diego County Assessor
Unsecured Property Tax as % of Secured (City Average)	3.5%	City of Oceanside
C. Property Tax In-Lieu of Vehicle License Fees		
Citywide Property Tax In-Lieu of VLF (2012-2013)	\$13,510,012	City of Oceanside
Total Taxable Assessed Value within City (2012)	\$17,381,056,626	San Diego County Assessor
D. Sales & Use Tax		
Taxable Sales Distribution to City	1.00%	City of Oceanside
Projected Use Tax as % of Sales Tax	11.50%	Kosmont Companies
E. Transient Occupancy Tax ("TOT")		
Transient Occupancy Tax Rate	10.0%	City of Oceanside
Oceanside Tourism Marketing District Assessment	1.5%	City of Oceanside
F. Franchise Tax on Utility Service Providers		
2-5% based on Provider (using 2% as conservative est.)	2.0%	City of Oceanside
G. Business License Tax ("BLT")		
50 cents per \$1,000 in Gross Receipts	0.05%	City of Oceanside

Note: All amounts in 2014 dollars

Appendix B: Project Description

Major Project Components	Features	Square Feet
Hotel & Indoor Water Park	(1) 400 suites	320,000 SF
Athlete & Coach Dormitories	100 units	40,000 SF
Outdoor Water Park	30 acres	653,400 SF
Retail & Entertainment Center	(2) 50,000 SF	50,000 SF
Aquatic Center & Sports Facilities	(3) 18,000 SF	18,000 SF
Museum & Library	(4) 15,000 SF	15,000 SF
Beach Volleyball Facility	(5) 7 courts	6,000 SF
Parking		871,200 SF
On-Site & Off-Site Improvements		1,183,920 SF
Total	65 acres	3,157,520 SF

Notes:

- (1) Includes hotel, indoor water park, spa, day care / kid rec center, meeting rooms, auditorium / conference facilities, business space
- (2) Includes restaurant, bar and grill, ice cream shop, confectionary, snack bar, gift shop, and arcade facilities
- (3) Includes competition pool and stadium, therapy pool, dry land training and sports medicine / therapy facilities
- (4) Includes museum, library, museum store, storage, offices, and classroom facilities
- (5) Includes volleyball courts and high-capacity seating

Source: International Swimming Hall of Fame Oceanside

Appendix C: Project Occupant Summary

Occupant Type	Project Units	Factor	Estimated Occupancy	Occupants
Hotel Guests	400 suites	3.0 guests/suite	65%	780
Hotel Employees	(1) 400 suites	0.75 empl./suite	-	300
Dormitory Residents	100 units	1.60 res./unit	70%	112
Dormitory Employees	100 units	10 units/empl.	-	10
Outdoor Water Park Daily Visitors	653,400 SF	(~400k annual visitors)	-	1,100
Outdoor Water Park Employees	653,400 SF	1,475 SF/empl.	-	443
Retail & Entertainment Center Employees	50,000 SF	500 SF/empl.	-	100
Aquatic & Sports Center Daily Visitors	18,000 SF	(estimated)	-	200
Aquatic & Sports Center Employees	18,000 SF	750 SF/empl.	-	24
Museum & Library Employees	15,000 SF	3,000 SF/empl.	-	5
Beach Volleyball Daily Visitors	7 courts	(estimated daily use)	-	100
Beach Volleyball Facility Employees	7 courts	(estimated daily use)	-	10
Parking Employees	871,200 SF	100,000 SF/empl.	-	9
Total				3,193
Total Employees				901

Note: Hotel guests per suite based on standard suite style capacity for 6 guests and alternate suite styles with capacity for up to 10 guests. Outdoor Water Park Daily visitor estimate based on review of comparable developments, and does not include hotel guests.

- (1) Includes hotel, indoor water park, spa, day care / kid rec center, meeting rooms, auditorium / conference facilities, business space
- (2) Includes restaurant, bar and grill, ice cream shop, confectionary, snack bar, gift shop, and arcade facilities
- (3) Includes competition pool and stadium, therapy pool, dry land training and sports medicine / therapy facilities
- (4) Includes museum, library, museum store, storage, offices, and classroom facilities
- (5) Includes volleyball courts and high-capacity seating

Source: International Swimming Hall of Fame Oceanside; Kosmont Companies (2014)



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

Kosmont 1415 South Phoenix Street 21st Floor Tampa, Florida 33601

Appendix D: Possessory Interest Tax & Unsecured Property Tax

Construction Cost Based Estimation of Project Value	\$161,159,300
Property Tax Rates	
General Levy	1.0%
City Distribution (TRA #07000)	19.643%
Possessory Interest Tax Revenues	
General Levy	\$1,611,593
City Distribution (TRA #07000)	\$316,600
Unsecured Property Tax as % of Secured (Estimated City Average)	3.50%
Estimated Unsecured Property Tax from Project	\$11,100
Possessory Interest Tax & Unsecured Property Tax to City	\$327,700

Source: International Swimming Hall of Fame Oceanside; San Diego County Assessor; City of Oceanside; Kosmont Companies (2014)



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Appendix E: Property Tax In-Lieu of VLF

Citywide Property Tax In-Lieu of VLF (2012-2013)	\$13,510,012
Total Taxable Assessed Value ("AV") within City (2012-2013)	\$17,381,056,626
Property Tax In-Lieu of VLF divided by AV	0.00077728
Incremental Property Tax In-Lieu of VLF per \$1M increase in AV	\$777.28
Construction Cost Based Estimation of Project Value	\$161,159,300
Incremental Property Tax In-Lieu of VLF from Project	\$126,300

Notes: For the purposes of this Analysis, it is assumed based on precedent that the County will accrue the assessed value of the possessory interest of the Project to the City's assessed value roll. All amounts in 2014 dollars.

Source: International Swimming Hall of Fame Oceanside; San Diego County Assessor; City of Oceanside; Kosmont Companies (2014)



The analyses, projections, assumptions, risks of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

Appendix F: Sales Tax (On-Site / Indirect)

Uses	Component SF	Percent Retail Sales Generating	Retail Sales Gen. SF	Estimated PSF Sales	Estimated % Taxable	Annual Taxable Retail Sales
Hotel & Indoor Water Park (1)	320,000 SF	10%	32,000 SF	\$300	90%	\$8,640,000
Athlete & Coach Dormitories	40,000 SF	-	-	-	-	-
Outdoor Water Park	653,400 SF	5%	32,670 SF	\$400	90%	\$11,761,200
Retail & Entertainment Center (2)	50,000 SF	80%	40,000 SF	\$200	90%	\$7,200,000
Aquatic Center & Sports Facilities (3)	18,000 SF	5%	900 SF	\$75	90%	\$60,800
Museum & Library (4)	15,000 SF	5%	750 SF	\$100	90%	\$67,500
Beach Volleyball Facility (5)	6,000 SF	-	-	-	-	-
Total			106,300 SF			\$27,729,500
<i>Adjustment for Seasonality</i>						(25%)
Adjusted Annual Taxable Retail Sales						\$20,797,125
City Sales Tax Rate						1.00%
Annual Sales Tax to City						\$208,000
Projected Use Tax as % of Sales Tax						11.50%
Annual Use Tax to City						\$23,900
Annual Sales & Use Tax to City (On-Site)						\$231,900

Notes: Hotel retail sales include taxable food and beverage sales. 1.0% sales tax rate includes 0.25% "Triple Flip" apportionment detailed below. All amounts in 2014 dollars.

Triple Flip: In March 2004, California voters approved Proposition 57, which authorized the issuance of \$15 billion in bonds to finance a portion of the State's budget deficit and a swap of one-quarter of local sales taxes for an equal amount of "in-lieu" sales taxes to be funded from property tax revenues, specifically, the Educational Revenue Augmentation Fund ("ERAF").

Source: International Swimming Hall of Fame Oceanside; CA Department of Finance; Kosmont Companies (2014)

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.



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Appendix G: Consumer Spending

Guests & Visitors	Estimated Daily Taxable Spending (Off-Site)	Estimated Annual Taxable Spending (Off-Site)
Hotel Guests (per room)	\$200	\$73,000
Dormitory Residents	\$50	\$18,250
Outdoor Water Park Daily Visitors	\$50	\$18,250
Aquatic & Sports Center Daily Visitors	\$50	\$18,250
Beach Volleyball Daily Visitors	\$50	\$18,250

Residents & Employees	Estimated Annual Income	Estimated Percent Spent on Taxable Retail Goods	Estimated Annual Taxable Retail Spending
Hotel Employees	\$35,000	40%	\$13,898
Dormitory Employees	\$30,000	42%	\$12,522
Outdoor Water Park Employees	\$30,000	42%	\$12,522
Retail & Entertainment Center Employees	\$30,000	42%	\$12,522
Aquatic & Sports Center Employees	\$55,000	33%	\$17,892
Museum & Library Employees	\$35,000	40%	\$13,898
Beach Volleyball Facility Employees	\$55,000	33%	\$17,892
Parking Employees	\$25,000	44%	\$10,925

Notes: Guest and visitor spending estimated based on American Hotel and Lodging Association data. Employee incomes are estimated based on BLS average wage data by corresponding industry for San Diego County. Taxable retail spending estimates based on U.S. Bureau of Labor Statistics Consumer Expenditure Survey, which delineates spending habits of consumers based on income. All amounts in 2014 dollars.

Source: U.S. Census (2010); Bureau of Labor Statistics (2011); International Swimming Hall of Fame Oceanside; American Hotel and Lodging Association; ESRI; Kosmont Companies (2014)

Appendix H: Preliminary Taxable Retail Sales Surplus/Leakage Analysis

City Households	60,414
Avg HH Income	\$77,641
Total Estimated HH Income	\$4,690,603,374
% HH Income Spent on Taxable Retail Sales	29.1%
Total Taxable Retail Spending Potential	\$1,363,770,738
City Total Taxable Retail Sales	\$1,412,887,202
Total Taxable Retail Surplus	\$49,116,500
Percent Surplus	4%

Note: Year 2013 figures

Source: U.S. Census (2010); Bureau of Labor Statistics (2011); CA Retail Survey; CA Board of Equalization; ESRI; Kosmont Companies (2014)

Appendix I: Sales Tax (Off-Site / Indirect)

Occupant Type	Number of Occupants	Estimated Annual Taxable Spending	Estimated Capture Rate within City (Off-Site)	Estimated Taxable Sales Captured Per Occupant	Total Taxable Sales Captured (Off-Site)
Hotel Guests (per suite)	400	\$73,000	30%	\$21,900	\$8,760,000
Dormitory Residents	112	\$18,250	30%	\$5,475	\$613,200
Outdoor Water Park Daily Visitors	1,100	\$18,250	15%	\$2,738	\$3,011,300
Aquatic & Sports Center Daily Visitors	200	\$18,250	15%	\$2,738	\$547,500
Beach Volleyball Daily Visitors	100	\$18,250	15%	\$2,738	\$273,800
Hotel Employees	300	\$13,898	30%	\$4,170	\$1,250,900
Dormitory Employees	10	\$12,522	30%	\$3,757	\$37,600
Outdoor Water Park Employees	443	\$12,522	30%	\$3,757	\$1,664,200
Retail & Entertainment Center Employees	100	\$12,522	30%	\$3,757	\$375,700
Aquatic & Sports Center Employees	24	\$17,892	30%	\$5,368	\$128,800
Museum & Library Employees	5	\$13,898	30%	\$4,170	\$20,800
Beach Volleyball Facility Employees	10	\$17,892	30%	\$5,368	\$53,700
Parking Employees	9	\$10,925	30%	\$3,278	\$28,600
Total					\$16,766,100
Adjustment for Seasonality (25%)					
Adjusted Annual Taxable Retail Sales					\$12,574,575
City Sales Tax Rate					1.00%
Annual Sales Tax to City					\$125,700
Projected Use Tax as % of Sales Tax					11.50%
Annual Use Tax to City					\$14,500
Annual Sales & Use Tax to City (Off-Site)					\$140,200

Notes: 1.00% sales tax rate includes 0.25% "Triple Flip" apportionment detailed in Appendix F. All amounts in 2014 dollars.

Source: U.S. Census (2010); Bureau of Labor Statistics (2011); CA Board of Equalization; CA Department of Finance; CA Retail Survey; International Swimming Hall of Fame Oceanside; ESRI; Kosmont Companies (2014)

Appendix J: Transient Occupancy Tax ("TOT")

Number of Suites	400
Average Daily Room Rate	\$325.00
Average Occupancy Rate	72%
Annual Hotel Room Receipts	\$34,164,000
Transient Occupancy Tax Rate	10.00%
Oceanside Tourism Marketing District Assessment	1.50%
Annual TOT	\$3,416,400
Annual Tourism Marketing District Assessment	\$512,460
Annual TOT & Tourism Marketing District Assessment*	\$3,928,860

Notes: Seasonality reflected in average occupancy rate. All amounts in 2014 dollars.

Source: International Swimming Hall of Fame Oceanside; City of Oceanside; Kosmont Companies (2014)

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.



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Appendix K: Franchise Tax on Utilities

Uses	Estimated Utility Usage				Total Annual Utility Costs	
	Units	Electricity	Gas	Phone		Cable
Athlete & Coach Dormitories	100 units	\$100/unit/m	\$20/unit/m	\$30/unit/m	\$40/unit/m	\$228,000
Hotel & Indoor Water Park	320,000 SF	\$1.50 PSF	\$0.25 PSF	\$0.75 PSF	\$0.75 PSF	\$1,040,000
Outdoor Water Park	653,400 SF	\$1.00 PSF	-	\$0.25 PSF	-	\$816,800
Retail & Entertainment Center	50,000 SF	\$1.50 PSF	\$0.50 PSF	\$0.50 PSF	\$0.10 PSF	\$130,000
Aquatic Center & Sports Facilities	18,000 SF	\$2.00 PSF	\$0.25 PSF	\$0.50 PSF	\$0.10 PSF	\$51,300
Museum & Library	15,000 SF	\$1.50 PSF	\$0.25 PSF	\$0.50 PSF	\$0.10 PSF	\$35,300
Beach Volleyball Facility	6,000 SF	\$0.50 PSF	-	-	-	\$3,000
Parking	871,200 SF	\$0.10 PSF	-	-	-	\$87,100
Total		\$1,477,000	\$137,300	\$480,900	\$296,300	\$2,391,500
<i>Adjustment for Seasonality</i>		<i>(25%)</i>	<i>(25%)</i>	<i>(25%)</i>	<i>(25%)</i>	<i>(25%)</i>
Adjusted Annual Utility Usage		\$1,107,750	\$102,975	\$360,675	\$222,225	\$1,793,625
Estimated Franchise Tax Rate		2%	2%	2%	2%	
Franchise Tax by Category		\$22,155	\$2,060	\$7,214	\$4,445	
Annual Franchise Tax to City		\$35,900				

Notes: Franchises assessed include San Diego Gas & Electric, Southern California Gas Company, Cox Communications, AT&T and Kinder Morgan. Water and sewer not applicable. All amounts in 2014 dollars.

Source: International Swimming Hall of Fame Oceanside; Environmental Protection Agency; City of Oceanside; Kosmont Companies (2014)

Appendix L: Business License Tax ("BLT")

Uses	Component SF	Percent		Retail Sales Gen. SF	Retail Sales PSF Sales	Estimated PSF Sales	Annual Retail Sales
		Retail Sales Generating	Retail Sales				
Hotel & Indoor Water Park	320,000 SF	10%	32,000 SF	\$300	\$9,600,000		
Athlete & Coach Dormitories	40,000 SF	-	-	-	-		
Outdoor Water Park	653,400 SF	5%	32,670 SF	\$400	\$13,068,000		
Retail & Entertainment Center	50,000 SF	80%	40,000 SF	\$200	\$8,000,000		
Aquatic Center & Sports Facilities	18,000 SF	5%	900 SF	\$75	\$67,500		
Museum & Library	15,000 SF	5%	750 SF	\$100	\$75,000		
Beach Volleyball Facility	6,000 SF	-	-	-	-		
Total Gross Receipts							\$30,810,500
Adjustment for Seasonality (25%)							
Adjusted Annual Taxable Retail Sales \$23,107,876							
BLT Rate 0.05%							
BLT from Retail Sales \$11,554							

(continued on following page)



Memorandum

To: Sherman Whitmore, Facility Development Director
Swimming Hall of Fame Partners, Oceanside, Inc.

From: Joseph Dieguez, Vice President, Kosmont Companies

Date: July 22, 2014

RE: **Correction to Client Business Entity Referenced in Gross Fiscal Impact & Economic Benefit Analysis Report Dated June 2014**

Dear Sherman:

This letter serves to acknowledge and correct an error in the identification of the client business entity referenced in the Gross Fiscal Impact & Economic Benefit Analysis Report ("Report") prepared by Kosmont Companies dated June 2014. The Report identifies the client as International Swimming Hall of Fame Partners Oceanside, Inc., whereas the correct name of the entity is ~~Swimming Hall of Fame Partners, Oceanside, Inc.~~. We are happy to correct this error in future versions of the Report prior to future distribution.

Thanks and regards,

Joseph Dieguez

Vice President

Kosmont Companies

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Direct: 213-417-3338

jdieguez@kosmont.com | www.kosmont.com | CA BRE Broker #01770428

Appendix M: Construction-Related Employment Benefits (IMPLAN)

Construction-Related Employment Benefits (IMPLAN)		Direct	Indirect	Induced	Total
NAICS	Industry				
11	Ag, Forestry, Fish & Hunting	0.0	0.1	0.2	0.3
21	Mining	0.0	0.5	0.2	0.7
22	Utilities	0.0	0.4	0.7	1.0
23	Construction	694.0	1.5	1.2	696.7
31-33	Manufacturing	0.0	22.9	9.5	32.4
42.0	Wholesale Trade	0.0	14.7	10.9	25.6
44-45	Retail trade	0.0	34.0	60.4	94.3
48-49	Transportation & Warehousing	0.0	11.1	7.2	18.4
51	Information	0.0	14.8	7.6	22.4
52	Finance & insurance	0.0	10.5	19.5	30.0
53	Real estate & rental	0.0	10.5	24.5	35.0
54	Professional-scientific & tech svcs	211.9	61.8	13.3	287.2
55	Management of companies	0.0	3.3	1.5	4.8
56	Administrative & waste services	0.0	29.8	11.8	41.7
61	Educational svcs	0.0	0.2	15.2	15.4
62	Health & social services	0.0	0.0	63.6	63.8
71	Arts-entertainment & recreation	0.0	1.8	9.8	11.6
72	Accommodation & food services	0.0	11.6	30.1	41.7
81	Other services	0.0	12.2	21.3	33.4
92	Government & non NAICS	0.0	4.4	7.4	12.0
All industries		905.9	246.1	315.8	1,468.0

Note: NAICS = North American Industry Classification System

Source: IMPLAN Professional Input-Output Model



The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

Appendix N: Construction-Related Labor Income Benefits (IMPLAN)

Construction-Related Labor Income Benefits (IMPLAN)					
<i>(In Millions of 2014 Dollars)</i>					
NAICS	Industry	Direct	Indirect	Induced	Total
11	Ag, Forestry, Fish & Hunting	\$0.0	\$0.0	\$0.0	\$0.0
21	Mining	\$0.0	\$0.1	\$0.0	\$0.1
22	Utilities	\$0.0	\$0.1	\$0.1	\$0.2
23	Construction	\$50.1	\$0.1	\$0.1	\$50.3
31-33	Manufacturing	\$0.0	\$1.9	\$0.8	\$2.7
42.0	Wholesale Trade	\$0.0	\$1.1	\$0.8	\$2.0
44-45	Retail trade	\$0.0	\$1.3	\$2.4	\$3.7
48-49	Transportation & Warehousing	\$0.0	\$0.7	\$0.5	\$1.2
51	Information	\$0.0	\$1.8	\$0.9	\$2.7
52	Finance & insurance	\$0.0	\$1.1	\$2.0	\$3.0
53	Real estate & rental	\$0.0	\$0.4	\$1.0	\$1.4
54	Professional-scientific & tech svcs	\$18.2	\$5.3	\$1.1	\$24.7
55	Management of companies	\$0.0	\$0.4	\$0.2	\$0.6
56	Administrative & waste services	\$0.0	\$1.2	\$0.5	\$1.6
61	Educational svcs	\$0.0	\$0.0	\$0.6	\$0.6
62	Health & social services	\$0.0	\$0.0	\$3.8	\$3.8
71	Arts-entertainment & recreation	\$0.0	\$0.1	\$0.6	\$0.7
72	Accommodation & food services	\$0.0	\$0.3	\$0.8	\$1.2
81	Other services	\$0.0	\$0.3	\$0.6	\$0.9
92	Government & non NAICS	\$0.0	\$0.4	\$0.6	\$1.0
	All industries	\$68.3	\$16.7	\$17.5	\$102.4

Note: NAICS = North American Industry Classification System
 Source: IMPLAN Professional Input-Output Model

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Projections are based on current data and assumptions only. Actual results may differ materially from those expressed in this analysis.



Appendix O: Construction-Related Economic Output Benefits (IMPLAN)

Construction-Related Economic Output Benefits (IMPLAN)				
<i>(In Millions of 2014 Dollars)</i>				
NAICS Industry	Direct	Indirect	Induced	Total
11 Ag, Forestry, Fish & Hunting	\$0.0	\$0.0	\$0.0	\$0.0
21 Mining	\$0.0	\$0.4	\$0.2	\$0.6
22 Utilities	\$0.0	\$0.5	\$0.8	\$1.2
23 Construction	\$126.9	\$0.3	\$0.2	\$127.4
31-33 Manufacturing	\$0.0	\$11.3	\$4.5	\$15.9
42.0 Wholesale Trade	\$0.0	\$2.9	\$2.2	\$5.1
44-45 Retail trade	\$0.0	\$3.2	\$5.6	\$8.8
48-49 Transportation & Warehousing	\$0.0	\$1.6	\$1.1	\$2.7
51 Information	\$0.0	\$6.6	\$3.4	\$10.0
52 Finance & insurance	\$0.0	\$2.9	\$5.3	\$8.2
53 Real estate & rental	\$0.0	\$4.1	\$9.6	\$13.7
54 Professional-scientific & tech svcs	\$34.3	\$10.0	\$2.2	\$46.4
55 Management of companies	\$0.0	\$0.8	\$0.4	\$1.2
56 Administrative & waste services	\$0.0	\$2.2	\$0.9	\$3.1
61 Educational svcs	\$0.0	\$0.0	\$1.1	\$1.1
62 Health & social services	\$0.0	\$0.0	\$6.8	\$6.8
71 Arts- entertainment & recreation	\$0.0	\$0.2	\$1.3	\$1.5
72 Accommodation & food services	\$0.0	\$0.8	\$2.1	\$2.9
81 Other services	\$0.0	\$0.8	\$1.4	\$2.2
92 Government & non NAICs	\$0.0	\$0.3	\$0.5	\$0.8
All Industries	\$161.2	\$49.0	\$49.5	\$259.7

Note: NAICS = North American Industry Classification System
 Source: IMPLAN Professional Input-Output Model

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El Corazon Aquatics Resort

El Corazon Park, Oceanside, Ca

