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City Manager

CITY of CHINO

August 21, 2019

Dear Community Members,

In late 2017, the Chino City Council, after hearing multiple requests for development and annexation of properties within the Sphere of Influence (SOI), directed City staff to develop an Economic Analysis of the SOI. This analysis was required to evaluate four different potential annexation scenarios, and evaluate the budgetary impacts to the City for each scenario, both through revenues received in the form of taxes, and costs incurred in the form of providing services (police, roadway repair, code, enforcement, etc.).

The Public Review Draft of the Sphere of Influence Economic Analysis is finally ready. City staff and the City's consultant, Stanley R. Hoffman Associates, began the process of developing the study in July of last year. Several factors have drawn the process out longer than anticipated. After initial review of the data, it was evident to staff that a citizen committee should be formed to review and evaluate a draft document, in order to provide several different perspectives on the study to the City Council. In March, City Council directed staff to select the members and establish an SOI Steering Committee. Additionally, and unfortunately, the lead consultant on the project, Mr. Hoffman, passed away unexpectedly. His firm is carrying on his work, however.

While the SOI Steering Committee will be providing direct review and input to City staff, I would like to invite the community to review the document and provide your comments as well. The goal of the analysis is not to drive a "yes or no" vote on annexation of the entire SOI; rather it is to inform the City Council of the economic impacts of future decisions regarding annexation and land use within the SOI, based upon the four scenarios described in the document.

I invite you to be critical of the analysis; to read it carefully and objectively; and to provide your comments in writing to us, either by using the email address SOI@cityofchino.org, or regular mail to Chino City Hall. This important document will help guide decisions in the future that will impact both City of Chino residents and unincorporated San Bernardino County residents, so we are looking for a broad range of perspectives. Additionally, if you have related questions or would just like to have a conversation with City staff about the SOI, we invite you to contact us. Our City Planner Warren Morelion can be reached at wmorelion@cityofchino.org or (909) 334-3332.

I thank you in advance for your time and participation in this process.

Sincerely,

Nicholas S. Liguori, AICP
Director of Development Services



Sphere of Influence Annexation Study

Fiscal Analysis of Impacts

City of Chino

Prepared for:

City of Chino

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Attn: Warren Morelion, City Planner

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August 20, 2019

SRHA Job #1343

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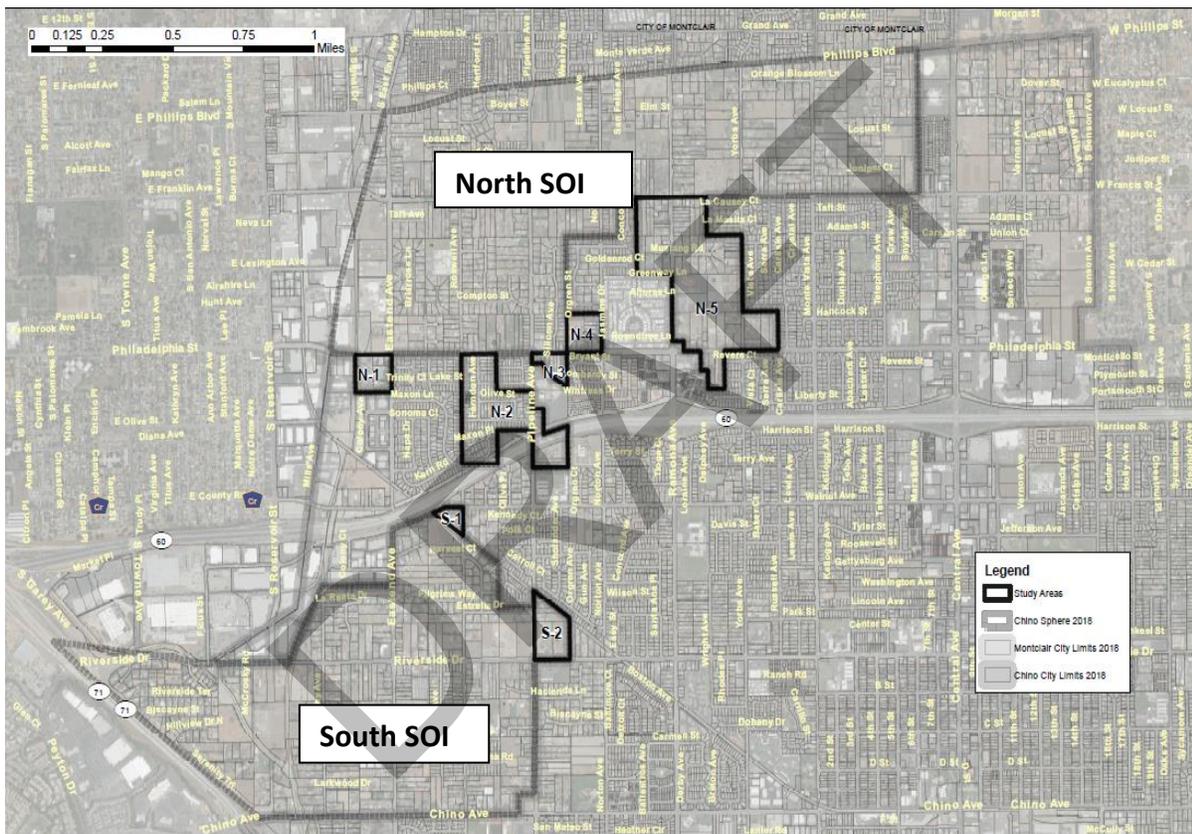
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CHAPTER 1 INTRODUCTION AND OVERVIEW

This report provides an assessment of the fiscal feasibility of annexing remaining North and South Sphere of Influence (SOI) areas to the City of Chino for the ongoing City’s General Fund revenues and costs. As shown in Figure 1, the North SOI area includes five island areas and the remainder of the North SOI. The South SOI includes two island areas and the remainder of the South SOI area.

**Figure 1-1
North and South Sphere of Influence Areas
Chino Sphere of Influence Annexation Study**



Source: Stanley R. Hoffman Associates, Inc.

1.1 Annexation Development Scenarios

The following four (4) land use development scenarios for the 2020-2040 period are analyzed:

- **General Plan.** This scenario is based on a capacity analysis of the current General Plan zoning conditions and assumes that projected growth will not exceed any of the zoning capacities of the City’s General Plan for the SOI areas.
- **Market Trends.** This development scenario is based on an assessment of market demand and residential product types at different density levels that can exceed zoning capacities of the City’s General Plan for the SOI areas.

- **Islands Only.** This scenario assumes that vacant and underutilized parcels within identified islands will develop because they are located relatively near to existing services.
- **Status Quo.** Annexation would continue as it is currently processed; any new annexations will need to connect to the City’s sewer system.

1.2 Fiscal Policies

In addition to the analysis of the four development scenarios, the following four fiscal policies for property tax revenues are tested:

- **Base Case.** Current transfer conditions for annexation
 - property tax at 5.4 percent of basic one percent levy, except for island areas which is 10.8 percent of basic one percent levy
 - base valuation of annexing area is not assumed to generate property tax in-lieu VLF to the City
- **Alternative 1.** Historic property tax (PT) rate for annexing area
 - historic property tax rate of 10.8 percent of basic one percent levy for entire SOI areas, including the island areas
 - base valuation of annexing area is not assumed to generate property tax in-lieu VLF to the City
- **Alternative 2.** Current valuation of annexing area for property tax in-lieu of VLF (PTVLF)
 - upon annexation, the base value of the annexing property will be assumed for projecting PTVLF
 - property tax at 5.4 percent of basic one percent levy, except for island areas which is 10.8 percent of basic one percent levy
- **Alternative 3.** Both historic PT and current valuation for property tax in-lieu of VLF
 - upon annexation, the entire annexing areas will receive 10.8 percent of the basic one percent levy
 - the base value of the annexing property will be assumed for projecting property tax in-lieu VLF

1.3 Findings and Conclusions

Detailed fiscal impacts for each development scenario by fiscal assumption alternatives is included in Chapter 3. Upon annexation, an estimated 1,609 existing units would require immediate public services.

The following table summarizes the projected first year of an annual surplus for each development scenario by fiscal alternative. For scenarios where a fiscal deficit was projected for the year 2040, revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-40 period.

General Plan Scenario

- An annual surplus is not projected for the General Plan Scenario for any of the fiscal alternatives during the 2020-2040 development period. The is largely due to the lower

Table 1-1
First Year of Projected Annual Surplus
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)

First Year of Annual Surplus				
Fiscal Alternative	Development Scenario			Status Quo
	General Plan	Market Trends	Islands Only	
Base Case	2051	2043	2034	2031
Alternative 1	2046	2037	2034	2031
Alternative 2	2047	2042	2033	2031
Alternative 3	2042	2036	2033	2031

Source: Stanley R. Hoffman Associates, Inc.

projected absorption rate for the lower density, higher valued product types under the current General Plan

- The earliest year for a projected surplus for the General Plan Scenario is 2042 for the Alternative 3 fiscal assumptions where the historic property tax (PT) rate of 10.8 percent is assumed for annexing area and the current valuation of the annexing are is used for calculation of property tax in-lieu of VLF.

Market Trends Scenario

- Under the Market Trends Scenario, the density ranges are projected to be broadened to allow for faster absorption, primarily in RD 4.5 and RD 8 zoning categories, which generates relatively more property valuation than under the General Plan Scenario
- An annual surplus is projected for the Market Trends Scenario for Alternative 1 and Alternative 3 during the 2020-2040 development period. A surplus for Alternative 1 (the historic property tax (PT) rate of 10.8 percent is assumed for annexing area) is projected for year 2037 and the first year for a surplus is 2036 for Alternative 3.
- An annual surplus is not projected for the Market Trends Scenario during the 2020-2040 development period for the Base Case and Alternative 2 (the current valuation of the annexing are is used for calculation of property tax in-lieu of VLF). The first year for a projected surplus for the Base Case is 2043 and the first year for a projected surplus for Alternative 2 is 2042.

Islands Only Scenario

- 264 units are estimated within the Island areas and the City would receive the historic rate of 10.8% of the 1% basic property tax levy upon annexation
- Under the Island Only Scenario, the fiscal impact becomes positive for all fiscal alternatives during the 2030-2040 development period. A surplus is projected in year 2034 for the Base Case and Alternative 1. The first projected surplus year for Alternatives 2 and 3 is 2033.

Status Quo Scenario

- Under the Status Quo Scenario annexation would only occur as projects are submitted for processing and the projected first year for a surplus is 2031.

Cumulative Fiscal Impacts – Break Even Analysis

An analysis was done on a cumulative basis to estimate when each scenario (under various fiscal alternatives) achieved a net zero cost when revenues and costs were summed up over the entire projection period. For scenarios that showed a net cumulative fiscal deficit by 2040, revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-2040 period.

Table 1-2
Break Even Year for Cumulative Fiscal Impacts
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)

Break Even Year				
Fiscal Alternative	Development Scenario			Status Quo
	General Plan	Market Trends	Islands Only	
Base Case	2069	2054	2044	2032
Alternative 1	2061	2048	2044	2032
Alternative 2	2063	2052	2042	2032
Alternative 3	2070	2045	2042	2032

Source: Stanley R. Hoffman Associates, Inc.

- Negative ***cumulative fiscal impacts*** are projected for the ***General Plan Scenario*** over the 2020-2040 development period for all fiscal alternatives. If the average annual growth rates of revenues and costs for the 2020 to 2040 period are continued beyond 2040, the General Plan Scenario is projected to break even in 2061 for fiscal Alternative 1 and year 2063 for fiscal Alternative 2. The projected break even year for the General Plan for Base Case assumptions is 2069 and for the Alternative 3 the projected break even year is 2070.
- Projected ***cumulative fiscal impacts*** are also negative for the ***Market Trends Scenario*** over the 2020-2040 development period for all fiscal alternatives. Assuming the average annual growth rates of revenues and costs for the 2020 to 2040 period are continued beyond 2040, the Market Trends Scenario is projected to break even in 2045 for fiscal Alternative 3. The projected break even year for the Market Trends Scenario is 2048 for Alternative 1 fiscal assumptions. The projected break even year is 2052 for Alternative 2 and for the Base Case the projected break even year is 2054.
- Negative ***cumulative fiscal impacts*** are also projected for the ***Islands Only Scenario*** over the 2020-2040 development period for all fiscal alternatives. If the average annual growth rates of revenues and costs for the 2020 to 2040 period are continued beyond

2040, the Islands Only Scenario is projected to break even in 2042 for fiscal Alternatives 2 and 3. The projected break even year is 2044 for Base Case and Alternative 1 fiscal assumptions.

- Positive ***cumulative fiscal impacts*** for the ***Status Quo Scenario*** over the 2020-2040 development period are projected for all fiscal alternatives, with a projected break even year of 2032.

In addition to the policy variables tested above - related to the historic property tax transfer rate and the allocation of the base year property tax in-lieu of VLF - another consideration is the application of a special tax on property owners for both annual operations and maintenance and capital costs to cover a portion of public service and infrastructure costs; this special tax could be phased out over time as public costs are reduced from new growth.

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CHAPTER 2 DEVELOPMENT DESCRIPTIONS

Housing units, the average value per unit and the non-residential square feet for the four land use scenarios for the Chino Sphere of Influence (SOI) Annexation are summarized in this chapter. Detailed land use descriptions are included in Appendix A of *Sphere of Influence Annexation Study, Fiscal Analysis Technical Appendixes, City of Chino*.

2.1 Housing Units

- As shown in Figure 2-1, the largest increase in housing units for the SOI Annexation is projected for the Market Trends Scenario, increasing by 177 percent to 4,456 over the 2020 to 2040 period.
- Housing units for the General Plan Scenario are projected to increase by 65 percent to 2,653 in 2040 from the 2020 estimate of 1,609.
- The Island areas are projected to grow from 264 in 2020 to 671 in 2040.
- The Status Quo is projected to increase by 480 units by 2040.

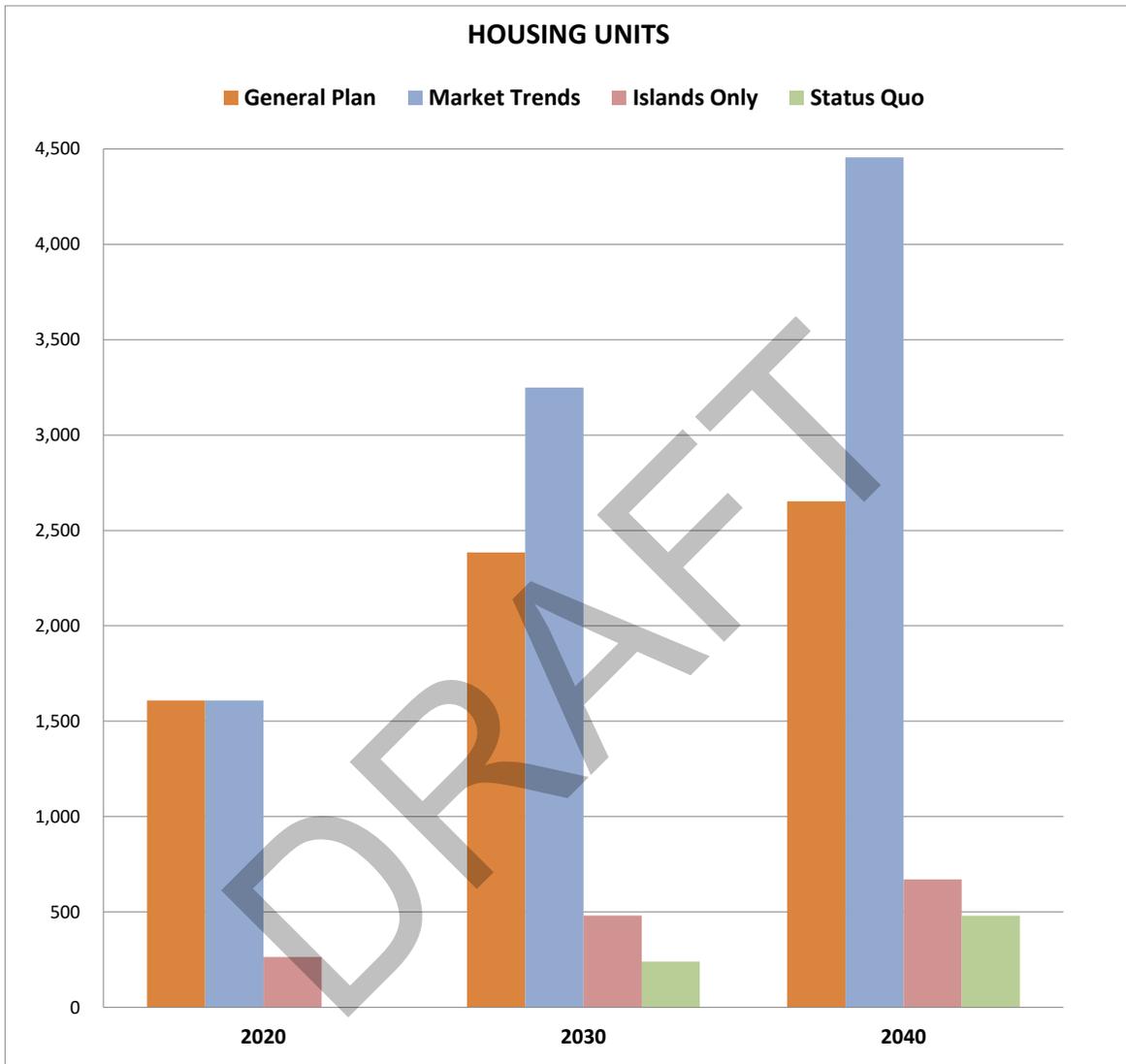
2.2 Average Value per Unit

- As shown in Figure 2-2, the existing average value per unit is estimated at \$356,251; by 2040 the average increases by about 78% to \$632,639 under the General Plan scenario in 2019 dollars.
- Under the Market Scenario, the average value increases by 125% to \$800,542 by 2040.

2.3 Non-Residential Square Feet

- As shown in Figure 2-3, non-residential square feet is projected to grow from an estimated 561,274 in 2020 to 1,525,000 in 2040, under both the General Plan and the Market Scenarios.
- Industrial uses account for about 95% of non-residential square feet.

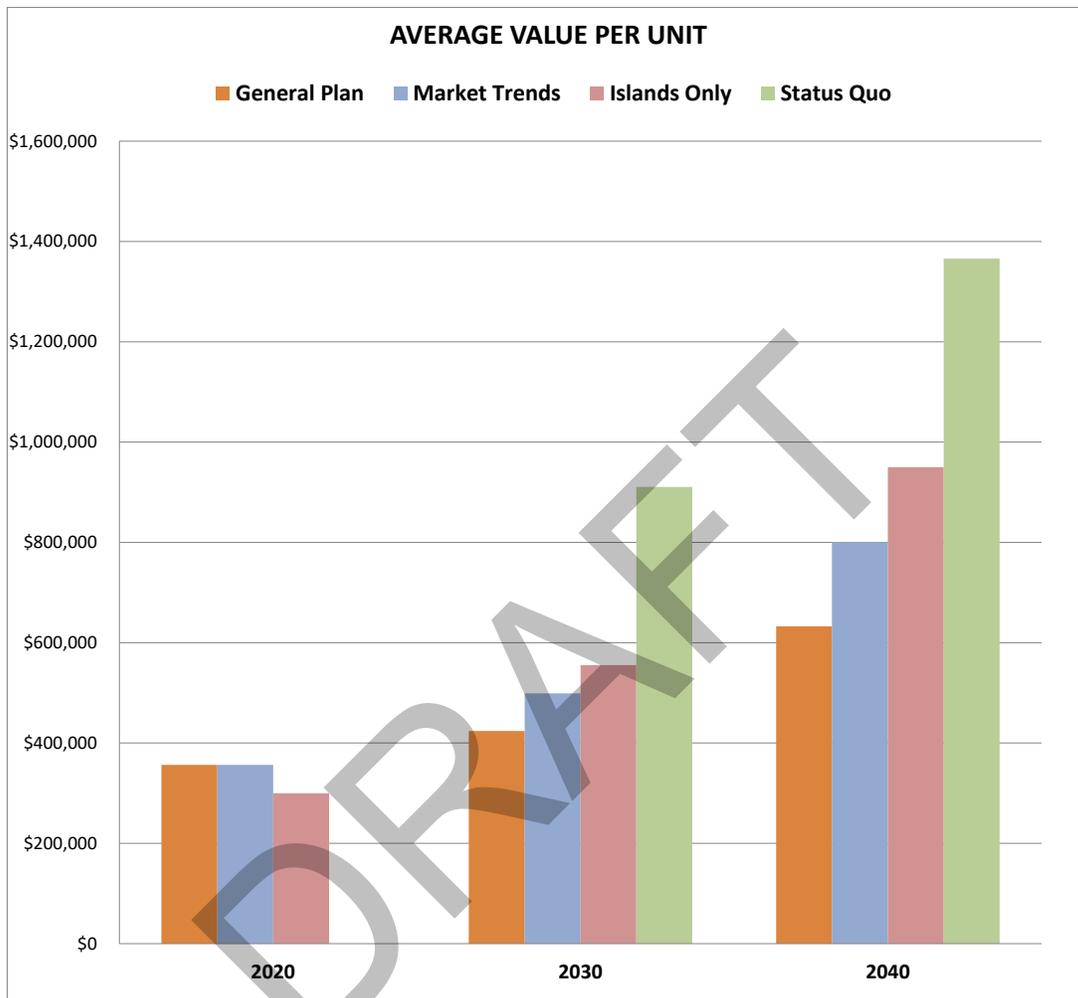
Figure 2-1
Housing Units by Land Use Scenario
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Housing Units				
Scenario	2020	2030	2040	2020-2040 Percent Change
General Plan	1,609	2,385	2,653	65%
Market Trends	1,609	3,249	4,456	177%
Islands Only	264	481	671	154%
Status Quo	0	240	480	n/a

Source: Stanley R. Hoffman Associates, Inc.

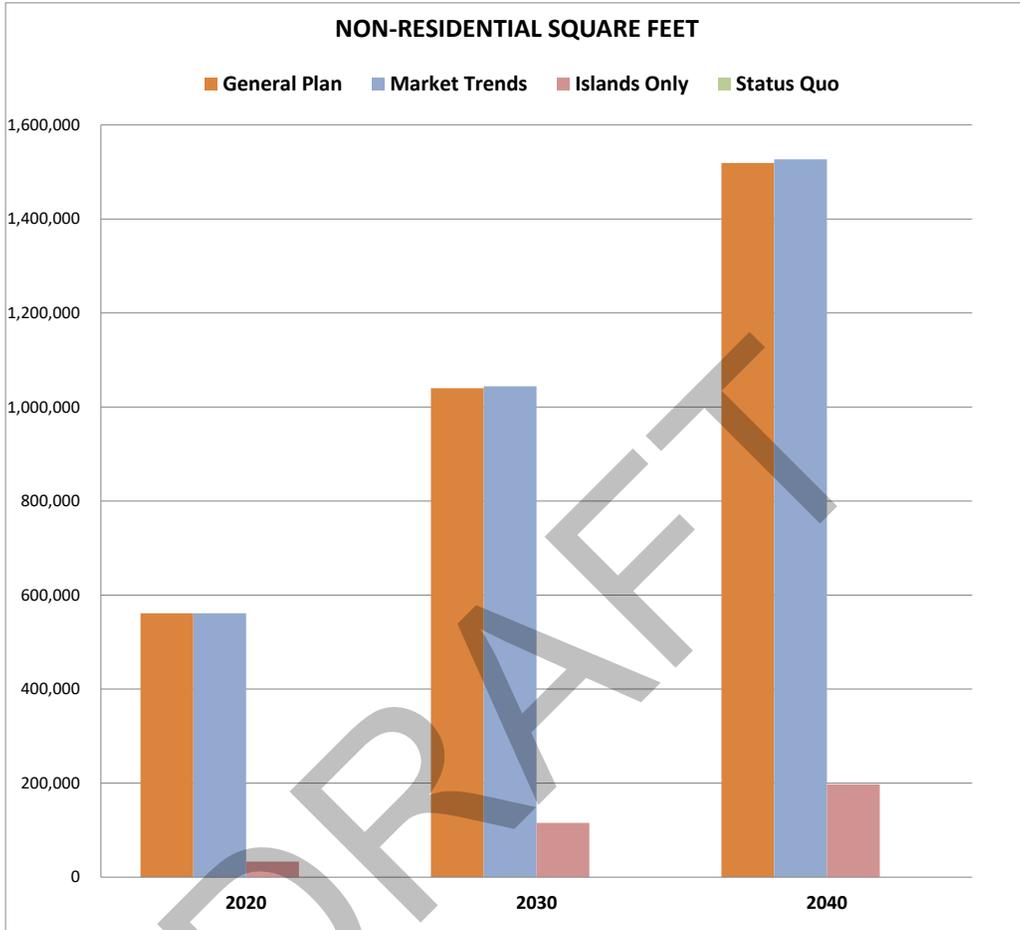
Figure 2-2
Average Value per Unit by Land Use Scenario
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Average Value per Unit				
Scenario	2020	2030	2040	2020-2040 Percent Change
General Plan	\$356,251	\$424,068	\$632,639	78%
Market Trends	\$356,251	\$499,004	\$800,542	125%
Islands Only	\$299,652	\$555,407	\$950,094	217%
Status Quo	n/a	\$910,593	\$1,365,889	n/a

Source: Stanley R. Hoffman Associates, Inc.

Figure 2-3
Non-Residential Square Feet by Land Use Scenario
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Non-Residential Square Feet ¹				
Scenario	2020	2030	2040	2020-2040 Percent Change
General Plan	561,274	1,040,196	1,519,118	171%
Market Trends	561,274	1,044,097	1,526,920	172%
Islands Only	33,260	115,427	197,594	494%
Status Quo	0	0	0	n/a

1. Industrial uses account for about 95 percent of non-residential square feet for the General Plan and the Market Trends scenarios. The Islands Only includes only industrial uses.

Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 3 FISCAL IMPACTS OF ANNEXATION AREA

This chapter summarizes the projected fiscal surplus or deficit for the four land use scenarios by the various property tax alternatives. Detailed fiscal projections are in Appendix B of *Sphere of Influence Annexation Study, Fiscal Analysis Technical Appendixes, City of Chino*. All projections are presented in constant 2019 dollars, with no adjustment for inflation.

3.1 Base Case Alternative (Current Property Tax Transfer Conditions for Annexation)

The projected surplus or (deficit) for the Base Case Alternative is presented in Figure 3-1.

- The current property tax allocation is 5.4 percent of the basic one percent levy for annexing areas outside of Islands.
- Island areas receive 10.8 percent of the basic one percent levy (the historic rate).
- Current valuation of annexing areas is not included in the property tax-VLF calculation.
- Because a deficit is projected for the year 2040 for the General Plan and Market Trends scenarios, revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-40 period. Based on these assumed growth rates, a surplus for the General Plan is projected for the year 2051 and a surplus for the Market Trends scenario is projected for the year 2043.
- The Islands Scenario is projected to become fiscally positive by 2034 and the Status Quo Scenario becomes fiscally positive by 2031, but their growth potential is relatively low.

Cumulative Fiscal Impacts for Base Case Alternative

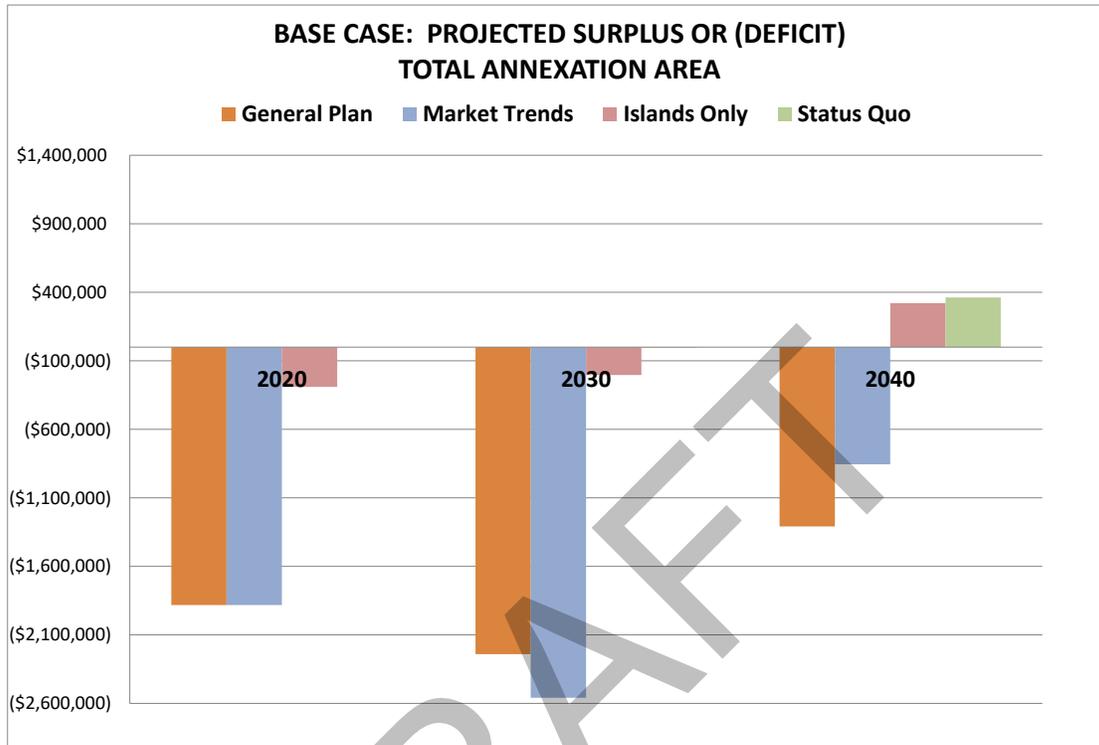
- As shown in Table 3-1, the projected total fiscal impact over the 2020 to 2040 development period for the Base Case Scenario is very similar for the General Plan and Market Trends Scenarios, at a negative \$41.73 million and negative \$42.34 million, respectively.
- The projected total fiscal impact for the 20-year development period for the Islands Only Scenario is a negative \$1.80 million, while a total positive fiscal impact of \$2.11 million is projected for the Status Quo Scenario over the 2020-2040 period.
- Under the Base Case fiscal assumptions and assuming the average annual growth rate of revenues and costs over the 2020-2040 period were to continue, the General Plan Scenario is projected to break even in the year 2069; the Market Trends Scenario is projected to break even in 2054; the Islands Only Scenario is projected to break even in 2044. The Status Quo Scenario breaks even in 2032.

3.2 Alternative 1 (Historic Property Tax Rate)

Figure 3-2 presents the projected surplus or (deficit) for the Alternative 1 fiscal assumptions.

- Property tax allocation is assumed at the historic rate of 10.8 percent of the basic one percent levy for all annexing areas, including the islands.
- Current valuation of annexing areas not included in the property tax-VLF calculation.

Figure 3-1
Base Case: Net Fiscal Impacts by Development Year and Land Use Scenario
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Base Case: Projected Annual Surplus or (Deficit)				First Year of Annual Surplus
Scenario	2020	2030	2040	
General Plan	(\$1,882,001)	(\$2,240,458)	(\$1,308,529)	2051
Market Trends	(\$1,881,973)	(\$2,558,060)	(\$855,506)	2043
Islands Only	(\$289,698)	(\$203,449)	\$321,495	2034
Status Quo	\$0	(\$5,827)	\$362,171	2031

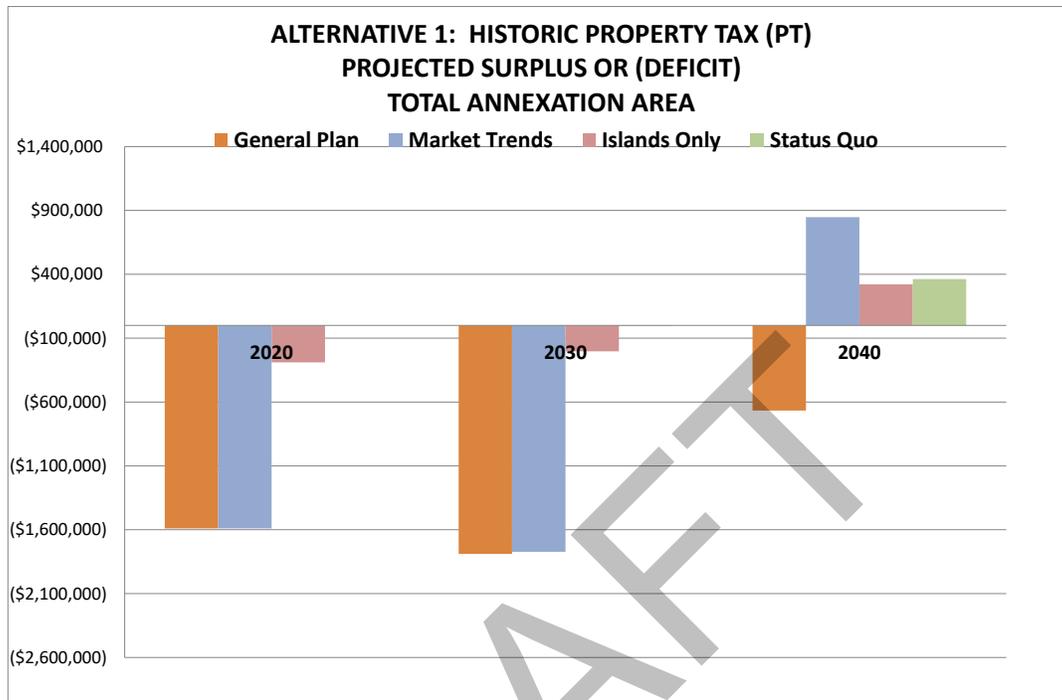
Source: Stanley R. Hoffman Associates, Inc.

Table 3-1
Base Case: Cumulative Surplus or (Deficit) and Break Even Year
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)

Base Case: Cumulative Surplus or (Deficit)				Break Even Year
Scenario	2020-2030	2031-2040	2020-2040	
General Plan	(\$22,673,525)	(\$19,053,465)	(\$41,726,990)	2069
Market Trends	(\$24,420,183)	(\$17,923,333)	(\$42,343,516)	2054
Islands Only	(\$2,712,312)	\$911,722	(\$1,800,590)	2044
Status Quo	(\$32,046)	\$2,143,893	\$2,111,846	2032

Source: Stanley R. Hoffman Associates, Inc.

Figure 3-2
Alternative 1: Net Fiscal Impacts by Development Year and Land Use Scenarios
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Alternative 1: Projected Annual Surplus or (Deficit)				First Year of Surplus
Scenario	2020	2030	2040	
General Plan	(\$1,589,974)	(\$1,788,983)	(\$667,025)	2046
Market Trends	(\$1,589,947)	(\$1,772,449)	\$847,368	2037
Islands Only	(\$289,698)	(\$203,448)	\$321,495	2034
Status Quo	\$0	(\$5,830)	\$362,171	2031

Source: Stanley R. Hoffman Associates, Inc.

- Only the General Plan Scenario remains fiscally negative by 2040. Revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-40 period. Based on these assumed growth rates, a surplus for the General Plan is projected for the year 2046 for Alternative 1.
- Surpluses are projected to begin in the year 2037 for the Market Trends Scenario; the year 2034 for the Islands Only Scenario; and the year 2031 for the Status Quo Scenario.

Cumulative Fiscal Impacts for Alternative 1

- As shown in Table 3-2, the projected total fiscal impact over the 2020 to 2040 development for Alternative 1 is a projected negative impact of about \$31.53 million for the General Plan and a projected negative \$22.27 million for the Market Trends Scenario.

Table 3-2
Alternative 1: Cumulative Surplus or (Deficit) and Break Even Year
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)

Alternative 1: Cumulative Surplus or (Deficit)				Break Even Year
Scenario	2020-2030	2031-2040	2020-2040	
General Plan	(\$18,584,262)	(\$12,947,064)	(\$31,531,326)	2061
Market Trends	(\$18,493,178)	(\$3,778,037)	(\$22,271,215)	2048
Islands Only	(\$2,712,307)	\$911,727	(\$1,800,580)	2044
Status Quo	(\$32,063)	\$2,143,877	\$2,111,814	2032

Source: Stanley R. Hoffman Associates, Inc.

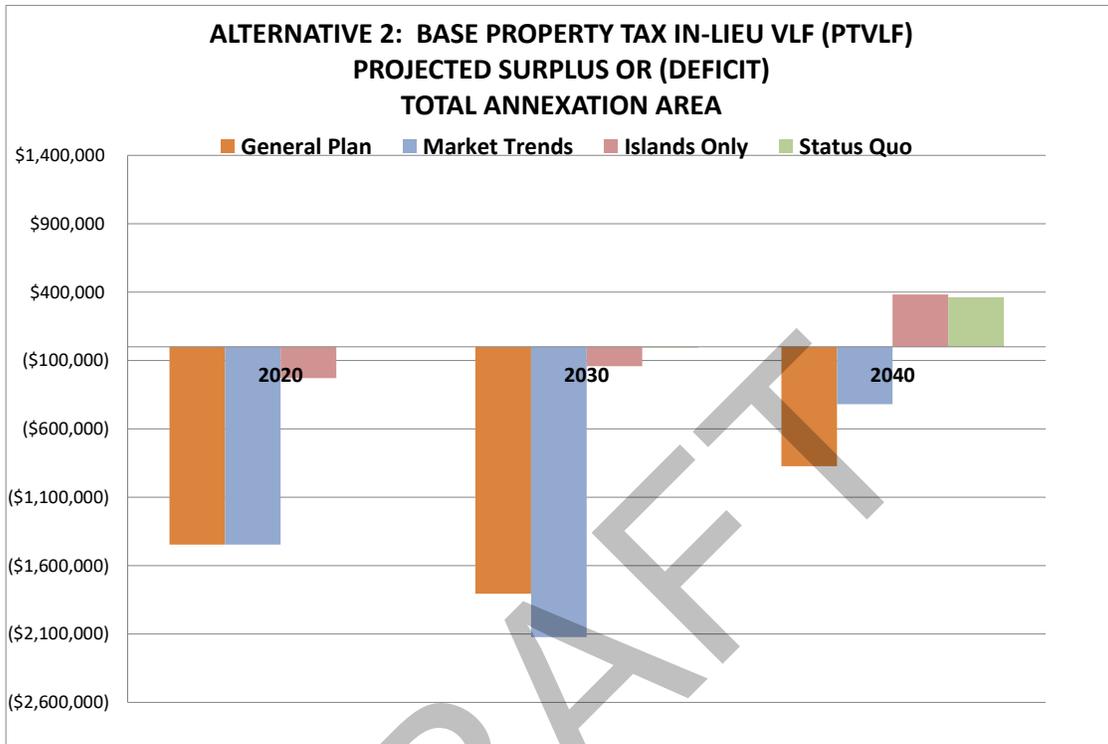
- Under Alternative 1, the projected total fiscal impact for the 20-year development period for the Islands Only Scenario is a negative \$1.80 million, while a total positive fiscal impact of about \$2.11 million is projected for the Status Quo Scenario over the 2020-2040 period.
- Assuming the average annual growth rate of revenues and costs over the 2020-2040 period for Alternative 1 were to continue, the General Plan Scenario is projected to break even in the year 2061; the Market Trends Scenario is projected to break even in 2048; the Islands Only Scenario is projected to break even in 2044 and the Status Quo breaks even in 2032.

3.3 Alternative 2 (Current Valuation of Annexation for PT In-Lieu of VLF

The projected surplus or (deficit) for Alternative 2 is presented in Figure 3-3.

- Current valuation of the annexing area is included in the property tax-VLF calculation.
- The current property tax allocation of 5.4 percent of the basic one percent levy for annexing areas outside of islands is assumed.
- Island areas receive 10.8 percent of the basic one percent levy.
- Similar to the Base Case, only the General Plan Scenario remains fiscally negative by 2040. Because a deficit is projected for the year 2040 for the General Plan and Market Trends scenarios, revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-40 period. Based on these assumed growth rates, a surplus for the General Plan is projected for the year 2047 and a surplus for the Market Trends scenario is projected for the year 2042.
- Surpluses are projected to begin in the year 2033 for the Islands Only Scenario and the year 2031 for the Status Quo Scenario for Alternative 2.

Figure 3-3
Alternative 2: Net Fiscal Impacts by Development Year and Land Use Scenarios
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Alternative 2: Projected Annual Surplus or (Deficit)				First Year of Annual Surplus
Scenario	2020	2030	2040	
General Plan	(\$1,446,239)	(\$1,804,696)	(\$872,767)	2047
Market Trends	(\$1,446,212)	(\$2,122,297)	(\$419,743)	2042
Islands Only	(\$228,460)	(\$142,210)	\$382,734	2033
Status Quo	\$0	(\$5,827)	\$362,171	2031

Source: Stanley R. Hoffman Associates, Inc.

Cumulative Fiscal Impacts for Alternative 2

- As shown in Table 3-3, the projected total fiscal impacts for Alternative 2 over the 2020 to 2040 development period is very similar for the General Plan and Market Trends Scenarios, at a negative \$32.14 million and negative \$32.76 million, respectively.
- The projected total fiscal impact for the 20-year development period for the Islands Only Scenario is a negative \$453.3 thousand, while a total positive fiscal impact of about \$2.88 million is projected for the Status Quo Scenario over the 2020-2040 period for Alternative 2.

Table 3-3
Alternative 2: Cumulative Surplus or (Deficit) and Break Even Year
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)

Alternative 2: Cumulative Surplus or (Deficit)				Break Even Year
Scenario	2020-2030	2031-2040	2020-2040	
General Plan	(\$17,880,144)	(\$14,260,083)	(\$32,140,227)	2063
Market Trends	(\$19,626,799)	(\$13,129,947)	(\$32,756,746)	2052
Islands Only	(\$2,038,685)	\$1,585,350	(\$453,335)	2042
Status Quo	(\$32,046)	\$2,143,893	\$2,111,846	2032

Source: Stanley R. Hoffman Associates, Inc.

- Under Alternative 2 fiscal assumptions and assuming the average annual growth rate of revenues and costs over the 2020-2040 period were to continue, the General Plan Scenario is projected to break even in the year 2063 and the Market Trends Scenario is projected to break even in 2052. The Islands Only Scenario is projected to break even in 2042 and the Status Quo breaks even in 2032.

3.4 Alternative 3 (Combined Historic PT Rate and Base Valuation for PTVLF)

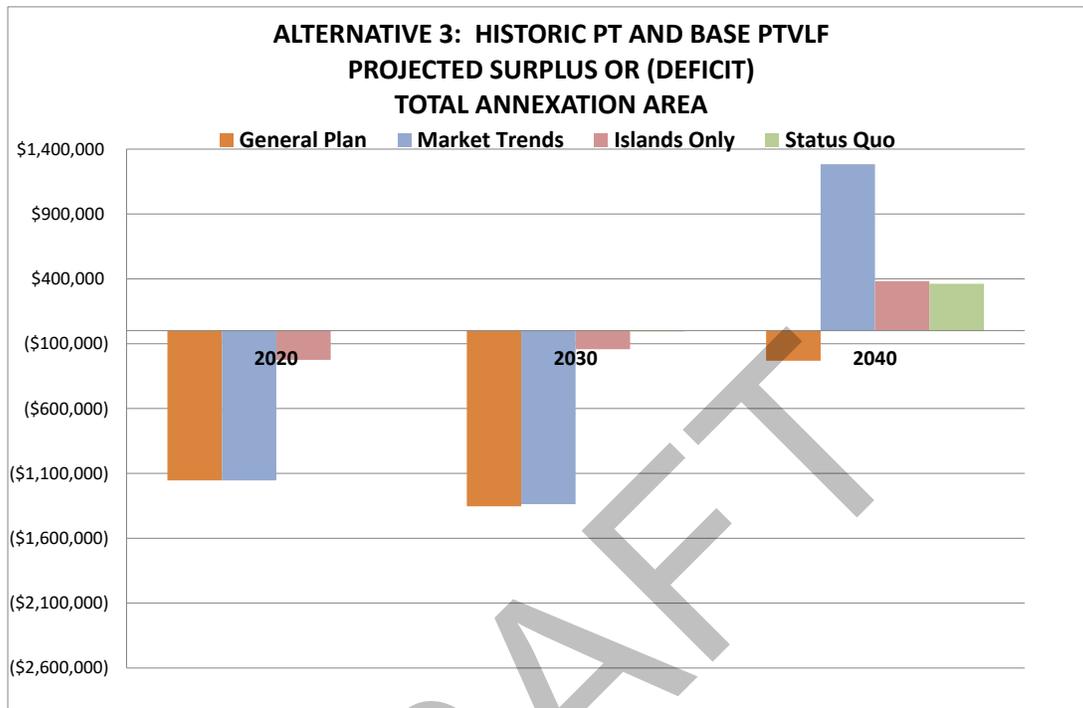
Figure 3-4 presents the projected surplus or (deficit) for the Alternative 3 fiscal assumptions.

- Property tax allocation is assumed at the historic rate of 10.8 percent of the basic one percent levy all annexing areas, including the islands.
- Current valuation of annexing areas is included in the property tax-VLF calculation.
- Under the combined alternatives, only the General Plan Scenario remains fiscally negative by 2040. Revenues and costs were projected out beyond 2040 using average annual growth rates for revenues and for costs over the 2020-40 period. Based on these assumed growth rates, a surplus for the General Plan is projected for the year 2042 for Alternative 3.
- Surpluses are projected to begin in the year 2036 for the Market Trends Scenario; the year 2033 for the Islands Only Scenario; and the year 2031 for the Status Quo Scenario.

Cumulative Fiscal Impacts for Alternative 3

- As shown in Table 3-4, the projected total fiscal impact over the 2020 to 2040 development period for Alternative 3 is a projected negative impact of about \$21.94 million for the General Plan.
- The Market Trends Scenario, at a projected negative \$12.68 million is significantly lower than the projected negative for the General Plan Scenario.
- The projected total fiscal impact for the 20-year development period for the Islands Only Scenario for Alternative 3 is a about \$431.2 thousand, while a total positive fiscal impact of about \$2.11 million is projected for the Status Quo Scenario over the 2020-2040 period.

Figure 3-4
Alternative 3: Net Fiscal Impacts by Development Year and Land Use Scenarios
Chino Sphere of Influence Annexation Study
(In Constant 2019 Dollars)



Alternative 3: Projected Annual Surplus or (Deficit)				First Year of
Scenario	2020	2030	2040	Annual Surplus
General Plan	(\$1,154,212)	(\$1,353,222)	(\$231,263)	2042
Market Trends	(\$1,154,185)	(\$1,336,687)	\$1,283,131	2036
Islands Only	(\$224,431)	(\$142,210)	\$382,733	2033
Status Quo	\$0	(\$5,830)	\$362,171	2031

Source: Stanley R. Hoffman Associates, Inc.

Table 3-4
Alternative 3: Cumulative Surplus or (Deficit) and Break Even Year
Chino Sphere of Influence Annexation Study
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Alternative 3: Cumulative Surplus or (Deficit)				Break Even
Scenario	2020-2030	2031-2040	2020-2040	Year
General Plan	(\$13,790,885)	(\$8,153,686)	(\$21,944,571)	2070
Market Trends	(\$13,699,796)	\$1,015,351	(\$12,684,445)	2045
Islands Only	(\$2,016,525)	\$1,585,351	(\$431,174)	2042
Status Quo	(\$32,063)	\$2,143,876	\$2,111,813	2032

Source: Stanley R. Hoffman Associates, Inc.

- Assuming the average annual growth rates of revenues and costs over the 2020-2040 period for Alternative 3 were to continue, the General Plan Scenario is projected to break even in the year 2070 and the Market Trends Scenario is projected to break even in 2045. The Islands Only Scenario is projected to break even in 2042. The Status Quo is projected to break even in 2032.

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