REVISED DRAFT

ANAHEIM RESORT AREA FISCAL ANALYSIS TECHNICAL REPORT

Prepared for:

The City of Anaheim

Prepared by:

Economic & Planning Systems, Inc.

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EPS #5207

1815 FOURTH STREET, SUITE B BERKELEY, CALIFORNIA 94710-1910 FAX: 510-841-9208 PHONE: 510-841-9190
SACRAMENTO OFFICE: FAX: 916-649-2070 PHONE: 916-649-8010

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I. INTRODUCTION

The City of Anaheim (the City) is evaluating the potential fiscal impacts of the Proposed Disneyland Resort Project. Disney currently plans to expand its theme park district to 285 acres, its hotel district to include 750 luxury hotel rooms at opening, and to construct a new retail, dining and entertainment center. Some of the land included in the expansion project is currently privately-owned land; it is assumed that this property will be acquired.

The City has retained Economic & Planning Systems, Inc. (EPS) to perform a fiscal impact analysis of current conditions and future impacts of the Second Gate Expansion (Disney Expansion) within the Anaheim Resort Area (ARA). The purpose is to estimate future annual revenue and expenditure impacts from a Disney Expansion (Alternative II) compared to a Baseline Forecast without Disney Expansion (Alternative I). The results will help the City determine the extent to which it can assist in funding public improvements associated with the Disney Expansion and continue to fund other City-wide operating expenditures.

APPROACH AND METHODOLOGY

Development of the Proposed Disneyland Resort Project would significantly increase visitation, hotel development, and other commercial development in the ARA. This report describes the various impacts of the Disney Expansion on the ARA and provides a forecast for the ARA assuming the Disney Expansion does not take place (Baseline Forecast). This report specifically addresses the following issues:

- The land use impacts of the Disney Expansion on the rest of the ARA compared to a development forecast for the ARA without the Disney Expansion;
- Increases in public services and their associated operating costs required with and without the Disney Expansion; and,
- Timing and magnitude of additional City revenues, net of expenditures for public services, compared to a Baseline Forecast.

The forecasted impacts integrate details of the proposed Disney Expansion with the information assembled by EPS, including department impact assessments as estimated by City officials, and an analysis of the existing budget conditions in the City and for the ARA. Information has been obtained from interviews with City staff, a review of pending development applications, information provided by Disney, and a review of literature pertaining to regional theme parks. The City has provided substantial information on current conditions in the ARA and future development, and reviewed the assumptions and methods used in the Fiscal Impact Model. The analysis is benchmarked against a 1994-95 Baseline.

For modeling purposes, Alternative I, or Baseline Forecast, refers to the continuation of existing uses including all Disney owned property and growth associated with the expansion of the Convention Center in the ARA (assuming the Disney Expansion or expansion of the existing Disneyland does not occur); Alternative II refers to the Disney Expansion project, including the effects of this expansion on the rest of the ARA. All of the growth assumed to occur under Alternative I is also assumed to occur under the Disney Expansion or Alternative II. The ARA is forecasted to grow and redevelop at a faster rate with the Disney Expansion than without.

ORGANIZATION

The report is divided into two main chapters following this first introductory chapter. **Chapter II** discusses land use, population, employment and visitation. **Chapter III** summarizes the results of the Fiscal Impact Analysis and describes key assumptions and methodologies for estimating revenues and expenditures. This report is intended to provide supporting technical information to the separate summary document entitled "Anaheim Resort Area Fiscal Analysis - Summary."

Public capital improvement requirements associated with the Disney Expansion are not addressed in the report nor are the specific capital financing techniques that will be required for such capital improvements. Thus, this report analyzes the impacts of the Disney Expansion on the City's annual operating budget, and includes an estimate of revenues that would be available to help fund capital improvements.

Appendix A presents the Fiscal Model Printout for the Baseline analysis and **Appendix B** provides the Fiscal Model Printout for the Disney Expansion analysis.

II. LAND USE AND DEMOGRAPHICS

LAND USE

BASELINE -- EXISTING AND FORECAST

The City of Anaheim, like most cities in Orange County, evolved from an agricultural community into a fully urbanized city following World War II. The development of Disneyland in the fifties provided a catalyst for surrounding tourist-oriented commercial development, and spurred employee housing demand adding to residential demand from Los Angeles commuters. The availability of land also encouraged industrial development and the location of "back office" uses. More recently, the redevelopment of the Civic Center area has encouraged some mid-rise office development. New residential development is occurring in the Canyon area, which is characterized by more expensive, "executive"-oriented housing compared to the residential area surrounding the ARA. Housing surrounding the ARA is characterized by smaller, older homes and multi-family housing.

The ARA is dominated by tourist commercial uses, including the theme park and hotels, but it also includes a diversity of other uses such as agriculture, industry, and some residential (mobile homes). **Table 1** provides a tabulation of existing ARA land uses. Land use acreages and total number of existing hotel and motel rooms and RV spaces were derived from City of Anaheim records. Existing building space (square feet) is estimated by applying typical floor-to-area ratios (FARs) to the total acreage of retail/restaurant, service, and industrial land use types.

The forecast of future development is derived from an evaluation of expected growth and the expansion of the Convention Center. A summary of this forecast is shown in **Table 2**. This forecast reflects current trends towards replacement of small, older motels with higher density hotel development. As shown in **Table 2**, hotel, restaurant, and retail development is expected to continue in the ARA even without the Disney Expansion. The forecast assumes some convention center expansion and is able to increase its existing market share enough to justify the development of new hotel rooms.

DISNEY EXPANSION

The expansion by Disney to create a Second Gate and new hotel rooms and retail changes the current mix of land uses in the ARA and those expected to develop under the Baseline Forecast. In general, the combination of the demand for hotel rooms plus the higher value associated with hotel use will increase the conversion of low-valued uses in the ARA to hotel use. The Disney Expansion will include the conversion of existing vacant or agricultural land to hotel use. The existing Disneyland parking lot will be developed with the second theme park.

Table 1
Existing Land Uses by Acreage and Building Space
Anaheim Recreation Area

Land Use Category		Acreage	FAR	Estimated Sq. Ft.	Number of Rooms		Number of Units/Spaces
Agriculture	(1)	94.9		0			4
Commercial Rec.	(2)	279.7		0			
Easements		12.9		0			
General Gov.		13.7		0			
Industrial	(3)	0.0	0.30	0			
Low Density Res.		0.0					0
Mobile Home		0.0					0
Office / Professional	(3)	4.8	0.40	82,938			
Public Recreation		52.5		0			
Retail-sales	(3)	46.8	0.25	509,129			
Condo / Timeshare		0.9			140		0.9
HOTEL / MOTEL							
Motel		78.0			5,271	39%	
Hotel		87.2			3,221	24%	
Full Service	(3)	60.3			5,083	37%	
Subtotal		225.6			13,575	100%	
RV Park		36.6		0			1,128
Quasi-public		11.5		0			
Vacant Land		64.7		0			
Vacant Bldg.		17.7	0.30	231,748			
Totals		**861.3**		**823,815**	**13,575**		**1,133**

(1) One ag parcel includes one single family units and three mobile homes. Some ag parcels are being used for parking.
(2) All but 4.58 acres are Disneyland.
(3) Vacant space in these land use categories is included in the Vacant Bldg category.
Sources: City of Anaheim; Economic & Planning Systems, Inc.

Table 2
Land Use Changes through 2005
Baseline Forecast

Land Use	Unit	Existing Development	Net New Development	Cumulative Development
Disney Theme Park	acre	131 (1)	0	131
Disney Center Retail	sqft	0	0	0
Disney Theater	sqft	0	0	0
Other Retail/Rest.	sqft	509,000	51,000	560,000
Disney Hotel-Luxury	room	0	0	0
Other Hotel-Luxury	room	5,083	500	5,583
Disney Hotel	room	1,638	0	1,638
Other Hotel	room	1,583	0	1,583
Motel	room	5,271	0	5,271
RV Park	space	1,128	0	1,128
Condominium	unit	140	0	140

(1) Excludes Disney parking lot.

The Disney Expansion would demolish 552 existing motel rooms. This analysis assumes that all retail and restaurant business displaced by Disney would relocate within the ARA. Seventy-five percent of the displaced hotel room-nights are assumed to be retained within the City.

New Development

Table 3 summarizes the cumulative development anticipated within the ARA as a result of the Disney Expansion. This data includes both Disney-owned properties/projects and that of the rest of the ARA. All of the development assumed in the Baseline Forecast is assumed to occur with the Disney Expansion.

Disney is assumed to add 750 new hotel rooms upon opening and another 2,000 rooms are assumed to be developed throughout the ARA as a result of the Disney Expansion, in addition to 500 new rooms assumed under the Baseline Forecast. Disney would also develop 182,000 sqft of new retail and a 100,000 sqft theater as part of the expansion.

Table 3
Land Use Changes through 2005
Expansion Forecast

Land Use	Unit	Existing Development	Net New Development	Cumulative Development
Disney Theme Park	acre	131	147	278
Disney Center Retail	sqft	0	182,000	182,000
Disney Theater	sqft	0	108,000	108,000
Other Retail / Rest.	sqft	509,000	51,000	560,000
Disney Hotel-Luxury	room	0	750	750
Other Hotel-Luxury	room	5,083	1,000	6,083
Disney Hotel	room	1,638	(146) (1)	1,492
Other Hotel	room	1,583	1,500	3,083
Motel	room	5,271	(552)	4,719
RV Park	space	1,128	0	1,128
Condominium	unit	140	0	140

(1) Disney plans to remodel the existing Disneyland Hotel and remove 146 rooms and convert the space to other uses within the hotel and the retail center.

EMPLOYMENT

While increases in employment play a significant role in the economic vitality of a community, employment is not a significant contributor to direct municipal expenditures and revenues by comparison to the effects due to visitation. Nonetheless, the fiscal analysis utilizes employment standards drawn from a variety of sources in order to estimate and allocate certain cost and revenue items.

BASELINE -- EXISTING AND FORECAST

Currently, the majority of jobs in the ARA are in the service industry, which include jobs in retail and restaurants, hotels, and service jobs associated with Disneyland. Disney reports that they currently have about 9,100 employees, although the majority of employees at Disneyland work as seasonal employees. Applying employment density standards to the ARA's current land use estimates results in an approximate 14,400 jobs in the non-Disney portion of the ARA. Based on the forecast of development, total non-Disney employment is expected to grow by an additional 627 jobs by 2005.

DISNEY EXPANSION

The Disney Expansion will result in approximately 4,902 new Disney jobs. In addition, induced growth will provide additional jobs estimated at about 3,200 jobs, for a total of

8,100 jobs above the Baseline forecast. Under both scenarios, these jobs are expected to be predominantly in the service industry fields, such as retail and restaurant, and hotel service.

POPULATION

No new residential land uses are assumed with the Disney Expansion, as the intent of the new Specific Plans for the ARA is to make the area strictly a commercial area. Existing residential uses are assumed to remain, although they would become non-conforming uses.

THEME PARK ATTENDANCE

BASELINE EXISTING AND FORECAST

Attendance at Disneyland has been estimated to be 13.76 million visits in 1995. Continued population growth in the U.S. and southern California suggests continued growth in the visitor market. In light of the current "mini baby boom," demographic trends appear to favor family-oriented destination resorts. Recent figures indicate that annual attendance is exceeding 14 million due largely to the addition of new rides.

Other California theme parks have apparently experienced significant declines in recent years, as illustrated in **Table 4**, testifying to Disney's relative strength in the market. However, competition is likely to increase as existing parks expand and new parks are developed. Future attendance at Disneyland in the Baseline Scenario will depend upon numerous factors, including economic growth, competition, and investment in Disneyland and the ARA.

Note 1 from the fiscal model printout in the fiscal model appendices calculates projected Disneyland visitation from 1995 to 2005 (**Appendix A**). Visitation is not assumed to increase under the Baseline forecast.

DISNEY EXPANSION

Once construction begins on the new theme park, Disney anticipates that attendance at the existing theme park (Disneyland) will decline from 13.76 million attendance to 12.76 million. Attendance at the Second Gate is expected to be 7.0 million in the opening year, and attendance at Disneyland would increase to 13.27 million for a total of 20.27 million, a net increase of 6.51 million (from 1995 conditions). Total attendance is expected to remain stable after the Second Gate opens. These visitation assumptions are utilized in the Fiscal Impact Model.

Attendance projections for the Disney Expansion assume that a significant portion of out-of-town visitors will be enticed to lengthen their stay as a result of the new Disney facilities. Rates of visitation by southern California residents are also anticipated to increase. The increased rates of visitation, in combination with ongoing growth of the local and visitor markets, result in the forecasted attendance.

VISITOR EXPENDITURES

BASELINE EXISTING AND FORECAST

Visitor expenditures are captured within the theme park, at overnight accommodations, and at restaurant and retail space within hotels and other locations in the ARA. The Baseline analysis assumes that expenditure patterns continue at existing rates.

Table 4
Theme Park Attendance
Southern California Theme Parks

	Attendance		% Change	Type of
Attraction/Location	**1990**	**1995**	**Over 5 Years**	**Park**
Disneyland, Anaheim	12.5	13.8	10.1%	Theme Park
Knott's Berry Farm, Buena Park	5.0	3.4	-32.0%	Thrill Rides/Theme Park
Universal Studios Hollywood, Universal City	4.6	4.7	2.2%	Studio Tour
Sea World of California, San Diego	3.3	3.8	13.6%	Marine Life
Six Flags Magic Mountain, Valencia	3.1	3.4	9.7%	Thrill Rides

Source: Amusement Business Magazine; Economic & Planning Systems, Inc.

DISNEY EXPANSION

The increase in retail and restaurant space within the new hotels and the Second Gate will generate a substantial increase in spending due to additional visitors. Under the Disney Expansion, retail expenditures per visitor at Disneyland are expected to increase to $24. Expenditures of hotel guests at Disney hotel rooms are expected to decrease with the Disney Expansion because of the addition of the Disney retail center and theater; thus, sales are expected to shift from the hotels to the retail center. Average retail sales at existing Disney rooms would be $73. Retail sales per room at the Disney luxury hotel are expected to equal $109 per room.

Taxable sales at other retail and restaurants in the ARA are assumed to increase with the opening of the Second Gate and increase from $200 per sqft to $250 per sqft under the Disney Expansion. Taxable sales from population and employment are expected to remain the same under the Disney Expansion. **Note 3** of the **Appendices A** and **B** present the detailed sales tax assumptions and forecasts.

OVERNIGHT ACCOMMODATIONS

BASELINE EXISTING AND FORECAST

Table 5 summarizes the assumptions used in the fiscal model concerning overnight accommodations. Room rates average $55 per motel room, $68 for hotel rooms, and $98 for luxury hotel rooms. Disney hotel rooms average about $111 per room. Disney hotel rooms have a higher than average occupancy at about 86 percent.

The Baseline Forecast assumes the additional occupancy of 500 new hotel rooms. The analysis assumes that a $55 million Convention Center expansion occurs which would justify, in its early phases of expansion, these additional rooms. It is possible that additional growth in room nights could occur as a result of general economic growth, including increases in tourism and local business activity.

DISNEY EXPANSION

Under the Disney Expansion, the total amount of hotel rooms in the ARA at 2005 is expected to be 16,825. In addition to the 500 new rooms assumed under Baseline conditions, an additional 2,000 new rooms are anticipated under the Expansion. These new rooms are a portion of the total room night demand expected from the increased visitation and extended lengths of stays associated with the Expansion. The remaining incremental demand not accommodated by new rooms would be lodged at existing rooms; this increase is reflected by a 5 percent increased overall occupancy rate for all hotels, and higher room rates within the ARA.

The "Planned Growth" case assumptions are derived from Disney's forecast based on its survey data and experience at comparable Disney expansions in Florida. EPS has reduced the Disney total room-night demand forecast approximately 10 percent by excluding growth in business group demand assumed by EPS not to be directly affected by the Disney Expansion. Following is a summary of key factors influencing total room-night demand.

Total Attendance (annual "turnstile clicks") is assumed to be 20.3 million, as described in prior sections of this report.

Tourist Attendance as a Percent of Total Attendance is assumed to increase from the current 52 percent, to 58 percent of the total.

Visits per Tourist is increased from the current 1.5 park visits to 2.2 park visits in the "Planned Growth" case. The increase assumes that the additional gate will induce tourists to visit the Park(s) more than the current average.

Hotel Length of Stay is increased from 3.4 days to 3.9 days in the "Planned Growth" case. It is assumed that tourists extend the length of their stay in Anaheim as a result of the additional visits to the Disney attractions and Disney retail. The Length of Stay is greater than the Visits per Tourist because of the timing of arrivals and departures before and after Park visits, and because a significant proportion of the tourists use Anaheim as a base for visiting other southern California destinations.

Anaheim Capture Rate. It is assumed that only a portion of total room-night demand is captured within Anaheim, reflecting a portion of visitors staying with friends or in other southern California accommodations. The net result of these factors is the capture of approximately two-thirds of total incremental room-night demand.

Other Demand is assumed from growth in the local market that would stay overnight in Anaheim. Demand could also accrue from projected overall growth in the southern California business group meeting market, but those additional room-nights have not been included as a direct impact of the Expansion.

It is assumed that revenues are transferred sufficient to fund $155 million Convention Center expansion. According to reports prepared by Coopers & Lybrand, this level of expansion could generate more room-night demand than assumed under the Baseline case; the additional benefit is not shown in the fiscal projections, producing a conservative revenue estimate.

The Disney rooms are anticipated to achieve higher room rates as a result of the expansion. This analysis assumes that the average room rate Disney charges will increase to $133 per existing room and $182 per room for new luxury rooms with the Expansion. Other ARA new hotel rooms are anticipated to achieve rates up to $77 on average; motel room rates are expected to increase from $55 to $64 per room; luxury rooms are assumed to increase from an average of $98 per night under Baseline to $107 per night. Existing non-Disney rooms are also expected to benefit from the increased demand created by the Disney Expansion, with higher occupancy rates at a 5 percent increase over Baseline conditions. **Note 4** of **Appendices A** and **B** present the detailed hotel and TOT rate assumptions and forecasts.

Table 5
Summary of Transient Occupancy Tax Revenues and Assumptions

Year & Hotel Type	Number of Hotel Rooms	Average Room Rates	Average Occupancy Rates	Room Nights	Estimated TOT Revenue
BASELINE - 1995 (1)					
Disney Hotel-Luxury	0	$0	80%	0	$0
Other Hotel-Luxury	5,083	$98	66%	1,224,495	$18,000,072
Disney Hotel	1,638	$111	86%	514,168	$8,574,012
Other Hotel	1,583	$68	66%	381,345	$3,889,716
Motel	5,271	$55	50%	961,958	$7,936,149
RV Park	1,128	$25	70%	288,204	$1,080,765
Total/Averages (3)	14,703	$75	63%	3,370,169	$39,480,714
BASELINE - 2005 (1)					
Disney Hotel-Luxury	0	$0	80%	0	$0
Other Hotel-Luxury	5,583	$98	68%	1,385,701	$20,369,799
Disney Hotel	1,638	$111	86%	514,168	$8,574,012
Other Hotel	1,583	$68	68%	392,901	$4,007,586
Motel	5,271	$55	50%	961,958	$7,936,149
RV Park	1,128	$25	70%	288,204	$1,080,765
Total/Averages (3)	15,203	$75	64%	3,542,931	$41,968,311
DISNEY EXPANSION - 2005 (2)					
Disney Hotel-Luxury	750	$182	80%	219,000	$5,978,700
Other Hotel-Luxury	6,083	$107	73%	1,620,815	$25,916,837
Disney Hotel	1,492	$133	89%	484,676	$9,704,187
Other Hotel	3,083	$77	73%	821,465	$9,438,637
Motel	4,719	$64	55%	947,339	$9,037,616
RV Park	1,128	$25	70%	288,204	$1,080,765
Total/Averages (3)	17,255	$90	70%	4,381,500	$61,156,743
DISNEY EXPANSION - 2005 (Downside)					
Disney Hotel-Luxury	750	$182	80%	219,000	$5,978,700
Other Hotel-Luxury	6,083	$98	73%	1,620,815	$23,825,986
Disney Hotel	1,492	$133	89%	484,676	$9,704,187
Other Hotel	1,583	$68	73%	421,790	$4,302,262
Motel	4,719	$55	55%	947,339	$7,815,549
RV Park	1,128	$25	70%	288,204	$1,080,765
Total/Averages (3)	15,755	$84	69%	3,981,825	$52,707,448

(1) FY 1994/95 TOT rate is 15%
(2) Projected TOT rate is 15%
(3) TOT Revenues before transfer of revenue to the Visitor and Convention Bureau.
Source: Economic & Planning Systems, Inc.

III. BASELINE TRENDS AND FISCAL IMPACT ANALYSIS

SUMMARY OF FISCAL MODEL RESULTS

Information regarding expenditures and revenues for the ARA was initially derived from interviews with City staff. This information was then further refined for use in EPS's Fiscal Impact Model. The bulk of this Chapter is divided into a Revenues section and Expenditures section. Impacts for both the Baseline Forecast and the Disney Expansion are provided in each section. These sections describe individual revenue and expenditure items and key underlying assumptions, including service levels, cost factors, and revenue-generating characteristics.

BASELINE FORECAST

Table 6 includes a summary of the Baseline Forecast for the ARA in 1996 constant dollars. City revenues from the ARA are expected to increase approximately 25 percent (before accounting for inflation) from 1992 to 2005. This increase is a result of expected development and economic growth within the ARA, excluding the Disney Expansion project. **Table 6** also summarizes projected expenditures for the Baseline Forecast by City departments. The cost increase assumes a real cost increase in public service costs of one percent per year for most departments. Expenditure impacts are less than revenue growth since most departments are equipped, at current service levels, to handle increased development under Baseline conditions. Calculations and key assumptions are documented in **Appendix A**.

DISNEY EXPANSION

Table 6 shows total estimated revenues and expenditures from the Disney Expansion ("Planned Growth") and related development, within the ARA, compared to the Baseline Forecast.

The impact of the Disney Expansion on individual revenue and expenditure categories is described in the following sections. Conditions and trends for specific City revenues are described below, followed by a description of individual expenditure items. In addition, the calculations and key assumptions are shown for each revenue and expense item in **Appendix B**.

Table 6
Forecast of Total ARA Revenues and Expenditures -- 2005

Alternative / Item	Base Year	Anaheim Resort 2005 Baseline	Expansion at 2005 Planned Growth	Expansion at 2005 Down-side Case
BASIC ASSUMPTIONS				
Total Attendance	13,760,000	13,760,000	20,270,000	19,270,000
New Disney Rooms	0	0	750	750
Baseline Hotel Development	0	500	500	500
New Resort Area Induced Rooms	0	0	2,000	500
Hotel Occupancy Rate Increase (non-Disney)	0	0	+5%	+5%
TOT Rate	15%	15%	15%	15%
GENERAL FUND REVENUES				
Property Tax	$2,249,130	$2,112,935	$3,309,692	$3,148,424
Sales and Use Tax	4,749,291	4,859,448	7,660,250	7,437,950
Franchise Fees	391,802	406,300	602,367	581,825
Transient Occupancy Tax	39,480,714	41,968,311	61,156,743	52,707,448
Business License Fees	678,563	696,701	922,211	878,852
Fines and Forfeitures	24,773	25,435	33,662	32,081
Utility Administrative Transfer	889,548	924,061	1,395,346	1,350,479
TOTAL GENERAL FUND REVENUES	$48,463,822	$50,993,192	$75,080,271	$66,137,058
GENERAL FUND EXPENDITURES				
General Government	$1,257,099	$1,416,092	$1,943,587	$1,902,053
Public Works-Engineering	236,119	298,847	515,722	515,722
Police	3,927,271	4,400,328	6,154,337	5,819,590
Fire	5,100,000	5,633,573	7,195,951	7,195,951
Parks & Recreation	110,099	121,618	486,619	486,619
Planning	423,600	610,533	754,925	754,925
Public Works-Maintenance	500,656	553,035	847,034	847,034
Library	178,077	182,833	241,972	230,601
Convention Center Operating Subsidy	0	1,225,000	1,225,000	1,225,000
Visitor & Convention Bureau (1)	4,382,359	4,658,483	4,899,810	4,149,513
Subtotal Operating Expenditures	$16,115,279	$19,100,343	$24,264,958	$23,127,008
Existing Funds Committed to Debt Service (2)	$13,450,000	$13,450,000	$13,450,000	$13,450,000
Additional Funds Available for Debt Service (3)	$7,896,143	$8,393,662	$21,277,885	$19,386,026
Subtotal, Debt Service	$21,346,143	$21,843,662	$34,727,885	$32,836,026
Net Fiscal Balance to General Fund	$11,002,400	$10,049,187	$16,087,428	$10,174,024
Percent of Total Resort Area Revenues	22.7%	19.7%	21.4%	15.4%

(1) Baseline assumes V&CB receives 11.1% of total 15% TOT; Planned Growth assumes 11.1% of 12% TOT rate (excluding new Disney rooms).
(2) Based on existing nominal amount of debt service, and includes $12.8 million debt service for Convention Center and $650,000 for Resort Area improvements.
(3) Base Year and Baseline reflect 3% citywide TOT; Expansion includes Disney project increment (TOT, sales and property tax) plus 3% of citywide TOT.

"DOWN-SIDE" CASE

While the assumptions utilized in these forecasts are considered conservative estimates with a strong probability of occurring, a number of conditions could reduce or enhance the forecasted revenues; for example, changes in State law, actual attendance, room rates, and/or retail spending could vary from the projections contained in this report thus altering the fiscal projections. **Table 6** illustrates the potential effects of a "Down-side" case. As a result, the annual net contribution is $10.2 million rather than the $16.1 million forecasted for the "Planned Growth" case.

The assumptions for the current baseline are derived from the results of Disney surveys of Disney theme park visitors. The "Planned Growth" case assumptions are based upon experience at comparable Disney expansions in Florida. The "Planned Growth" assumptions have been revised based on a judgment of a more conservative level of growth for purposes of the "Down-side" evaluation. Overall, the "Down-side" adjustments, including reductions in attendance, reduce the incremental room-night demand by about 50 percent of the "Planned Growth" increment. Changes in key factors include the following:

1. **Total Attendance** (annual "turnstile clicks") was assumed to be 19.3 million instead of 20.3 million, or 1 million less; this is a 15 percent reduction in the increment due to the "Planned Growth" case. The reduction is consistent with the lower assumptions associated with tourist attendance described in the following items.

2. **Tourist Attendance as a Percent of Total Attendance** was assumed to remain constant at the current 52 percent, rather than increasing to 58 percent of the total. At 58 percent, the additional visitors would represent 71 percent of incremental attendance growth.

3. **Visits per Tourist** is increased from the current baseline 1.5 park visits to 2.2 park visits in the "Planned Growth" case; the "Down-side" case reduces the "Planned Growth" assumption to 2.0 park visits. Both cases assume that the additional gate will induce tourists to visit the Park(s) more than the current baseline average.

4. **Hotel Length of Stay** is increased from current baseline 3.4 days to 3.9 days in the "Planned Growth" case; the "Down-side" case reduces the "Planned Growth" assumption to 3.7 days. Both cases assume that tourists extend the length of their stay in Anaheim as a result of the additional visits to the Disney attractions and Disney retail. The Length of Stay is greater than the Visits per Tourist because of the timing of arrivals and departures before and after Park visits, and because a significant proportion of the tourists use Anaheim as a base for visiting other southern California destinations.

5. **Average Room Rates** of non-Disney properties are assumed to be unaffected; the "Planned Growth" case assumes that rates increase an average of $9 due to induced room demand not otherwise captured by new rooms or increased occupancy rates. The "Planned Growth" increase is approximately 10 percent of future overall ARA averages.

Other factors, including the percent capture rate within ARA hotels, were not changed relative to the "Planned Growth" case.

Factors that could offset the potential "Downside" reduction, or enhance "Planned Growth" revenues, include: 1) additional benefits of Convention Center expansion that have not been included; 2) real growth in room rates, in addition to growth induced by the Expansion; 3) additional room-night demand due to growth in the business and group meeting segment of the market, which has not been included in the analysis; 4) absorption of room-night demand from demolished motel rooms (the analysis assumes a 25 percent loss); and 5) if the municipal service costs are less than the projections, the net revenue to the City would be improved.

GENERAL FUND REVENUES

The following sections describe the key assumptions and methodology employed to estimate revenues.

PROPERTY TAXES

BASELINE FORECAST

Property taxes are levied at rates capped by Proposition 13 at one percent of assessed value. Proposition 13 also established limits for the rate at which property taxes could increase in assessed value. If property does not change hands, its assessed value can increase two percent per year. If property changes ownership, it can be reassessed to market value at the time of the exchange. Actions by the State to deal with its budget crisis in prior years have resulted in a loss of City property tax revenues as a result of a shift of property tax revenues to the State Educational Reserve Augmentation Fund (ERAF). To be conservative, it is assumed that the same percentage loss continues in the future.

The ARA contributed 12.0 percent of total property tax revenues collected by the City of Anaheim during 1995. Despite the relatively high volume of economic activity within the ARA, the property taxes generated in the ARA are a relatively minor portion of the City's total budget. This is partially due to the relatively low or nonexistent levels of resale for most commercial property in the ARA; thus, these properties are assessed at or below current market values.

Orange County levies a one percent property tax on parcels based on the assessed value of the parcel. Of the one percent property tax, the City receives a portion of this amount based on the formula specified in a given Tax Rate Area. There are three Tax Rate Areas in the ARA. For purposes of analysis, the forecast utilizes an average rate of 10.8 percent to estimate future revenues in the ARA, including Disney property. This factor is applied to the assessed value added by new development and two percent annual increase, and to the value lost through demolition. New commercial property is assessed based upon the capitalized value of the income stream generated by the property. Property tax to the City is net of the revenue transferred to the State ERAF.

DISNEY EXPANSION

The Disney Expansion will result in a significant addition of assessed value to the ARA, generating new property taxes. Development of new hotel rooms, the theme park, retail and other commercial uses is assumed to occur as described in **Chapter II**. **Table 2** of **Appendices A** and **B** present the market values for each land use and alternative.

Future property tax revenues also reflect the demolition of existing uses. Over time, property tax receipts decline in relative purchasing power, since assessed value of built projects is limited to a two percent annual increase; turnover, which would increase assessed value to market value, is infrequent for commercial property in the ARA and is not assumed to occur during the analysis period. No property taxes are assumed from the parking structure; however, the operator may be responsible for possessory interest tax which would increase the revenues forecasted.

Property tax revenue assumptions and calculations are shown on **Tables 4, 5,** and **6** of the Fiscal Impact Model in **Appendices A** and **B**.

SALES TAX

BASELINE, EXISTING AND FORECAST

Citywide, sales tax is one of the largest single source of revenue to the General Fund. The City receives one percent of taxable sales collected in Anaheim. Sales tax is levied on durable goods, soft goods such as apparel, food and beverages that are prepared in restaurants, and sundry items such as cigarettes and periodicals. Sales taxes are not applied to ticketed admissions events, pharmaceuticals, or foods purchased for preparation and consumption at home. In the past, the State Legislature has considered extending sales tax to ticketed admissions sales, but it is not currently under discussion. Future changes such as that could significantly affect sales tax receipts in Anaheim.

In addition to the one percent sales tax, the City receives a share of unallocated State and County sales tax revenues, which is approximately equal to 0.05 percent of taxable sales collected in the City. Thus, the amount of sales tax revenues received may be slightly higher than the one percent of taxable sales estimated in the model.

The average taxable expenditure per Disney visitor is estimated to be $21 per day. This expenditure assumption is assumed for the Baseline Forecast. Employees working in the ARA are assumed to spend on average about $6.50 per day (this amount assumes that Disneyland and most hotel employees receive discounts on food expenditures). Of this amount, 80 percent is assumed to be captured in the ARA. Sales tax from existing and new retail space retail is assumed at $200 per year per sqft.

Sales tax is also assumed to be generated by Disney-owned hotel guests and is assumed to be $116 per occupied room night. Sales generated by other hotel guests at non-Disney hotels are assumed to be captured in the estimates of sales in existing retail and restaurant space.

The calculations and assumptions used to project sales tax from visitors, new retail space, employees, and existing population are shown on **Note 3** in **Appendix A**.

DISNEY EXPANSION

The increase in visitors and visitor spending, and additions of retail and restaurant space will generate substantial new sales tax revenue for the City. Disneyland visitors are estimated to spend $24 per visit. Visitors to the ARA are expected to increase with the Disney Expansion, and thus, sales tax revenue to the City will increase as well.

Retail and restaurant space is assumed to generate $250 in annual taxable sales per square foot, or $50 per sqft higher with the Expansion. Taxable sales per square foot at the Disney Center Retail are estimated at $500 per square foot; no sales tax is assumed to be generated at the theater, but some small amount of revenue would be generated from food sales.

Sales tax is also assumed to be generated by Disney-owned hotel guests and is assumed to drop under the Expansion to $73 per occupied room night; these guests are assumed to support the new Retail Center developed by Disney. The new luxury in-berm hotel is assumed to generate about $109 per occupied room night under the Expansion. Sales generated by other hotel guests at non-Disney hotels are assumed to be captured in the estimates of sales in existing retail and restaurant space.

The calculations and assumptions used to project sales tax from visitors, new retail space, employees, and existing population are shown on **Note 3** in **Appendix B**.

TRANSIENT OCCUPANCY TAX

BASELINE, EXISTING AND FORECAST

Transient occupancy taxes (TOT) are levied as a percent of hotel and motel room charges. The current TOT rate is 15 percent. A total of 11.1 percent of the TOT revenue collected is administratively allocated to the Anaheim Visitors and Convention Bureau (V&CB), which is responsible for encouraging and coordinating use of Anaheim's convention and recreational facilities.

The ARA contributed over 90 percent of total TOT revenue collected during fiscal year 1994/95, although the area contains less than 80 percent of total hotel rooms in the City.

Table 5 shows the total number of rooms, average daily rate and the occupancy rate assumptions used to estimate TOT revenues (see **Chapter II**). For all Disney-owned hotel rooms, the occupancy rate is 86 percent; for all ARA hotel rooms, the average vacancy rate equals 63 percent, which corresponds to existing average occupancy rates in the ARA including motels.

Note 4 of the Fiscal Model Printout (**Appendix A**) shows the estimating procedure used to forecast TOT revenues.

DISNEY EXPANSION

The Disney Expansion would result in a net increase in the number of hotel rooms of 2,000 rooms above the Baseline Forecast of 500 new rooms, and increases in average room rates for existing rooms. As a result, TOT revenues are expected to increase substantially with the Disney Expansion. TOT revenues make up the majority of revenue generated by the Disney Expansion or about 80 percent of total new revenues.

Disney forecasts that it will increase its average hotel room rate to $133 per room with the Expansion; for the luxury rooms the average room rate is $182. Other existing rooms in the ARA are forecasted to have the higher room rates under the Disney Expansion; under Disney Expansion, it is assumed that non-Disney room rates will increase by $8.60 per night. Overall occupancies in the ARA are forecast to increase by five percent under the Expansion.

Note 4 of the Fiscal Model Printout (**Appendix B**) shows the estimating procedure used to forecast TOT revenues.

UTILITY GENERAL FUND TRANSFER

BASELINE, EXISTING AND FORECAST

The City transfers four percent of water and electric utility revenues to the General Fund. **Note 2** of the model printouts (Appendices A and B) present the estimate of this revenue.

DISNEY EXPANSION

Billing assumptions for electric and water service by different types of land use are shown on **Note 2** in **Appendices B**. In addition, **Note 2** includes current Disney utility information. **Note 2** estimates utility charges by types of land use and provides an estimate of utility administrative transfer revenue the City could expect to receive from the ARA at four percent.

FRANCHISE AND RIGHT-OF-WAY FEES

The City receives over $5.1 million Citywide in franchise fees levied on cable T.V. and natural gas use, and from utility right-of-way (ROW) fees. The cable and gas revenues are estimated based on a daytime population factor. The ROW fees are estimated based on 1.5 percent of water and electrical revenues. **Note 2** estimates utility charges by types of land use and provides an estimate of franchise fee revenue the City could expect to receive from the ARA.

STATE SUBVENTIONS

State subventions include motor vehicle in-lieu taxes which total $10.2 million. These subventions are funds that are collected by the State and distributed to counties and cities on a per capita basis. Although project employment may increase population elsewhere in the City, the resultant secondary impacts such as State subventions or service expenditures are not included in this analysis. These revenue sources are not forecasted for either the Baseline or Disney Expansion Alternatives.

The City receives about $3.4 million per year in gas tax revenue from the State. A portion of these monies are transferred to the General Fund to pay for street maintenance costs. In this analysis, this transfer is assumed to continue and is described further under Public Works in the Expenditures section of this chapter.

OTHER REVENUE SOURCES

Revenue sources, such as charges for City services, building permits fees, planning fees, and police and fire fees are all assumed to offset costs incurred by the City for providing these services, and thus, are not estimated in the Fiscal Model. The current corresponding costs which are covered by these fee revenues have also been subtracted from appropriate public service expenditures, under both the Baseline and Disney Expansion Alternatives.

Other revenue sources such as business license fees and fines and forfeitures are forecasted in the Model but are not expected to generate significant revenues. Business license tax is forecast at $28.91 per employee and fines and forfeitures at $2.11 per daytime population.

GENERAL FUND EXPENDITURES

Personnel staffing impacts referenced in this report represent projected impacts at buildout. Project design features and the resort character of the overall area may alter estimated requirements. Precise staffing needs will be determined and implemented based upon the ultimate nature and phasing of the project as adjusted by factors such as technological advances, departmental scheduling and assignment of personnel, and projected area-wide needs experienced in the future.

POLICE

BASELINE, EXISTING AND FORECAST

The Police Department currently employs 1.53 sworn officers per million visitors in the ARA. The Police Department currently provides 24-hour service to the ARA. Traffic responses to the ARA are high. The Department is also engaged in a Community Action Policing Plan which works with residential neighborhoods to deal with crime prevention problems specific to those neighborhoods.

Disney provides security for both the theme park and the Disneyland Hotel; City police personnel are called to the theme park's backstage area, when necessary, for apprehension and transport of suspects to City facilities. The City handles reported criminal activity in the Disney parking lot. Disney personnel also assist in report preparation and facilitate witness court appearances.

A total of 21 sworn officers, 5 supervisors, and about 11.7 support personnel are required to staff and patrol the ARA. Costs of serving the ARA total an estimated $3.9 million annually. The analysis assumes an increase at one percent per year above inflation. The actual rate of change will depend upon future levels of visitation, trends in criminal activity, and employment and population growth.

DISNEY EXPANSION

Increased theme park visitation and numbers of tourists spending time in the ARA hotels will generate an increased demand for police services in the ARA as a result of the Disney Expansion.

The estimate of demand for police services is based upon the existing proportion of officers (and related staff) to theme park visitors and hotel guests in the ARA. The Disney Expansion results approximately in a fifty percent increase in the number of required officers and support staff.

The costs associated with additional police department personnel are calculated in **Note 5** in **Appendices A** and **B**. **Note 5** shows the current number and costs of personnel serving the ARA, as well as the projected increase in personnel-related costs for both Alternatives.

FIRE

BASELINE, EXISTING AND FORECAST

There are currently 17 fire units in service throughout the City, which operate out of ten stations. Nine of those stations have paramedic units. The Department's ISO rating (a rating developed by the insurance industry to establish commercial rates) is "one" throughout the City, which is the best possible rating. Anaheim is one of three cities in California to achieve this ISO level of fire protection.

Two fire stations provide the primary fire protection and emergency medical service to the ARA. The east side, or Harbor Boulevard side of the area, is served by Fire Station #3 located at 1580 South Manchester Street. The west side is served by Fire Station #6, located at 1330 South Euclid Street. In the event of a structure fire, units also respond from Fire Headquarters Station, Fire Station #7, and Garden Grove Fire Station #6. Fire Station #3 will have to be relocated as part of the I-5 widening project. According to the Fire Department, it will need to be relocated somewhere near its present location to have quick access to development just east of I-5. Caltrans is in the process of working with the City to identify and purchase a site.

Disney maintains registered nurses on its staff, but relies upon the Fire Department paramedic units for advanced life support aid. The Disney facilities and hotel are equipped with sprinkler systems and fire suppression equipment.

The Fire Department estimates that the ARA requires the full cost equivalent of three units (100 percent of Station #3 and 50 percent of Station #6). The cost per unit which is used in the analysis assumes that all units require a comparable level of staff time and overhead cost, independent of number of calls for service per unit.

The Fire Department has indicated that it will not be negatively impacted by Baseline development in the ARA.

DISNEY EXPANSION

If the project occurs, it is anticipated that the Fire Department would need to add additional services in the ARA, an additional truck company to service the hotel area, and additional paramedic equipment to service the entire area. An additional station is assumed to be required to provide more central service and mitigate potential access problems due to traffic congestion.

Future cost impacts have been estimated based upon existing annual costs per unit increased by one percent per year above inflation to reflect labor cost trends. These impacts may be partially mitigated if Disney employs paramedics within its facilities.

Note 7 in **Appendices A** and **B** show calculations and assumptions regarding fire service revenues and expenditures, as well as the real increase in these costs for both Alternatives.

PUBLIC WORKS

BASELINE, EXISTING AND FORECAST

These departments are responsible for several different services to the City of Anaheim, ranging from maintaining the surfaces of residential and arterial roadways to the design and planning of transportation and wastewater services. The Department employs staff approximately 40 percent of whom have technical training in engineering and related fields. The Public Works Department receives approximately 90 percent of its funding from sources other than the General Fund. Much of this is derived from county, State, and federal grants.

Public Works is responsible for maintenance of non-arterial roads, street cleaning, and sewer and storm drain maintenance within the ARA. Current levels of non-arterial maintenance are considered less than optimal due to budgetary constraints. It is assumed that current levels of service would continue under the Baseline Forecast.

The City uses some of the gas tax revenue it receives from the State to cover the cost of street maintenance. For this analysis, total street maintenance costs have been reduced to account for these gas tax revenues spent in the ARA. This amount of revenue is not forecasted to increase with the proposed project but remain constant over time, as has been the case in the past.

Public Works also provides traffic and transportation coordination services to the ARA; this service provides traffic management, ARA parking and other special events traffic coordination. The City spends about $243,000 per year on traffic engineer staff and overhead to service the capital improvement planning needs of the ARA. It is assumed that current levels of activity continue under the Baseline Forecast, with a one percent annual real cost increase. Currently about 2.8 percent of Public Works - Engineering costs are covered by fees charged for services. This amount is forecasted under both Alternatives.

The City spends about $261,000 per year on street maintenance and about $500,000 per year on capital replacement projects (see Note 6 of Appendix A).

DISNEY EXPANSION

Public Works provides capital improvement planning and supervision to the ARA. It is assumed that current levels of activity and expenditures (net of State and federal funds) would increase by 50 percent to reflect additional responsibilities associated with ARA improvements and the Disney Expansion.

Public Works is assumed to continue its functions at a higher standard of service compared to current or Baseline Forecast. For this analysis it is assumed that the current 20-year reconstruction program for ARA streets and arterials would have to be shortened to an 11-year program, which would begin following the start of construction. This higher standard is necessary due to heavy truck traffic during construction, increased usage following construction, and upgrading of current substandard service levels. The analysis assumes an "optimal" program of rehabilitation after the theme park opens, at an annual cost of $500,000 for an 11-year period, followed by ongoing maintenance at a cost of $250,000 annually.

Street cleaning and street maintenance is also forecast based upon an increased service level, resulting in annual incremental costs of about $278,000 per year. Sewer and storm drain costs are forecast based upon existing levels, although actual costs may depend upon final design and configuration of facilities. Both minor annual street repair and maintenance costs include a one percent annual real cost increase above inflation.

The assumptions used in calculating public works expenditures, which are broken down by engineering, street maintenance, other maintenance, and street rehabilitation and reconstruction, are shown on **Note 6** in **Appendix B**.

PARKS, RECREATION AND COMMUNITY SERVICES

BASELINE, EXISTING AND FORECAST

The Parks Division provides park and landscape maintenance service to the ARA. The Parks Division is responsible for tree trimming, parkways and medians maintenance, and tree well maintenance.

Total annual costs to serve the ARA are estimated to be about $110,000. These costs include services such as tree trimming, tree well maintenance, parkway and median landscape maintenance, and an estimated share of the maintenance cost of public parks that are near the ARA and are thought to serve ARA employees and population. The ARA's share of such park costs varies from five to ten percent, depending on the park. It is assumed that current levels of service would continue under the Baseline Forecast.

DISNEY EXPANSION

The Parks Division would be responsible for maintaining the additional landscaped parkways and medians, including tree trimming. The analysis assumes an additional 3,400 trees in the area, and 5.1 acres of additional landscaped median. The average annual cost of maintaining the new landscaped acreage associated with the Disney Expansion is assumed to be $26,000 per acre.

The assumptions used in calculating the cost of maintaining existing and new parks, parkways, medians, and landscaped acreage, as well as the cost of trimming existing and new trees, and tree well maintenance are shown on **Note 8** in **Appendices A** and **B**.

GENERAL GOVERNMENT

The analysis assumes that the current Citywide ratio between general government expenditures and total General Fund expenditures (excluding the V&CB), which is assumed to be 12 percent, applies to the ARA and is not forecasted to increase in the future. This cost assumption applies to both the Baseline Forecast and the Disney Expansion Alternatives.

PLANNING

BASELINE, EXISTING AND FORECAST

The Planning Department provides a number of services to the ARA. Planning services to the ARA cost approximately $448,000 per year. These costs include planning, zoning, building code enforcement staff and support costs. A portion of such costs are offset by annual fee revenue assumed to be $25,000. An additional $140,000 per year in costs are assumed after 1998, which are related to increased code enforcement activity, involvement in the Capital Improvement Program, and other increases in existing levels of service which may be required as a result of convention center expansion.

DISNEY EXPANSION

A total of two additional staff members are assumed to be required under the Expansion forecast. A one percent real cost increase is assumed under both alternatives.

Note 9 in **Appendices A** and **B** shows the costs associated with planning staff and planning code enforcement officers for both Alternatives.

LIBRARY

The analysis assumes minor increased library costs as a result of increased employment (and resulting increases in residents) under both scenarios.

OTHER EXPENDITURES AND FUNDS

CONVENTION CENTER OPERATING SUBSIDY

Currently the Convention Center is able to cover its operating costs. The Baseline forecast assumes expansion of the Convention Center, which is anticipated to create the need for an operating subsidy of $1.2 million per year. The convention center expansion and operating subsidy is assumed to occur under all scenarios.

UTILITIES FUND

There are two components to utility expenditures within the ARA. The first relates the cost of providing power and water to private customers within the ARA. These costs are compensated by service charges, resulting in no net cost to the City. It is assumed that future service rates, under the Baseline Forecast, will continue to cover expenditures. The forecasts assume the City receives a "Utility General Fund Transfer" as a percentage of gross revenue. This transfer is forecasted to increase under both the Baseline Forecast and the Disney Expansion proportionate to increases in utility consumption (see Note 2 of model printouts).

VISITORS AND CONVENTION BUREAU

The Visitors and Convention Bureau's (V&CB) purpose is to promote growth and enhancement of the community, promote and encourage visitors to come to the City of Anaheim, and promote the holding of conventions, conferences and trade shows in Anaheim, as well as to provide support services.

The V&CB currently receives an 11.1 percent share of the Transient Occupancy Taxes (TOT) received by the City (see **Note 4** of the Fiscal Model Printout in **Appendices A** and **B**). The Baseline forecast assumes that this factor is applied to all future TOT collected. A full proportionate share is not allocated under the Disney Expansion, since additional incremental TOT revenues will accrue directly as a result of theme park expansion (in addition to V&CB activities). It is likely that the V&CB share would be revised if total revenues increase substantially. A share of TOT from new Disney rooms is not allocated to the V&CB.

EXISTING DEBT SERVICE

Debt service totals approximately $13.4 million per year, and includes $12.8 million for Convention Center debt service and $650,000 for Resort Area Improvements. This amount changes over time based upon debt payment schedules; these changes have not been forecasted, since it is assumed that the changes will apply to both scenarios.

REVENUES AVAILABLE FOR DEBT SERVICE

The fiscal analysis assumes that revenues are transferred to fund capital improvements as a part of the financial arrangements related to the Disney expansion. It is assumed that all property tax, sales tax and TOT from new Disney development are transferred. Further transfers are estimated based on increases in revenues from existing Disney development, less some reduction due to reduction of existing Disney Hotel rooms and retail. Transferred revenues are also calculated based on the Citywide collection of 3 percent out of the 15 percent TOT rate. **Table 7** shows the estimated transferred revenue. **Table 8** shows the transferred revenue above a 1994-95 benchmark from existing Disney properties.

The distinction between new and existing properties is shown for analysis purposes; the actual formula will group all revenues and compare to a 1994-95 benchmark.

Table 7
Incremental Disney Revenues

	Expansion at 2005	
Item	**Planned Growth (1)**	**Down-side Case**
INCREMENTAL REVENUE		
Allocation to Financing		
2% TOT increase on new Disney rooms (in berm hotel)	$919,800	$919,800
13% on new Disney rooms	$5,058,900	$5,058,900
Subtotal, New Disney Hotel	$5,978,700	$5,978,700
Sales tax from new Disney	$2,801,148	$2,801,148
Property tax from new Disney	$940,428	$940,428
Subtotal, New Sales & Property Tax	$3,741,576	$3,741,576
Subtotal, New Disney Revenues	$9,720,276	$9,720,276
Net Growth of Existing Disney (2) (above CPI)	522,000	320,000
Total Disney Transferred Revenues	$10,242,276	$10,040,276

(1) Represents Disney Proposal of initial planned development, with 750 hotel rooms and 280,000 sqft of retail.
(2) Based on 12% TOT rate.

Table 8
Summary of Revenues from Existing Disney Properties

Alternative / Item		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
		Fiscal Year Ending										
Existing Disney Properties - Expansion												
Property Tax (1)	existing	1,155,651	1,144,431	1,133,320	1,122,317	1,111,421	1,100,630	1,089,944	1,079,362	1,068,883	1,058,506	1,048,229
Sales Tax		3,426,057	3,426,057	3,426,057	3,167,244	3,167,244	3,167,244	3,044,291	3,044,291	3,044,291	3,044,291	3,044,291
TOT (2)	12%	6,859,209	6,859,209	6,859,209	6,247,827	6,247,827	6,247,827	7,763,350	7,763,350	7,763,350	7,763,350	7,763,350
Total Revenue	(1995$)	11,440,917	11,429,697	11,418,586	10,537,388	10,526,492	10,515,701	11,897,585	11,887,003	11,876,524	11,866,146	11,855,870
Nominal Revenues	3.0%	11,440,917	11,772,588	12,113,978	11,514,488	11,847,659	12,190,580	14,206,339	14,619,514	15,044,825	15,482,630	15,933,297
1995 Revenues @ CPI Increase (3)	3.0%	11,440,917	11,772,588	12,113,978	12,465,374	12,827,071	13,199,374	13,582,596	13,977,060	14,383,097	14,801,049	15,231,270
Rev. Avail. for Transfer (nominal $)		$0	$0	$0	($950,886)	($979,412)	($1,008,795)	$623,742	$642,455	$661,728	$681,580	$702,028
Rev. Avail. for Transfer (constant $)		$0	$0	$0	($870,195)	($870,195)	($870,195)	$522,374	$522,374	$522,374	$522,374	$522,374

(1) Net of ERAF shift to State.
(2) Based on 12% of 15% TOT rate; remaining 3% is included in total revenues available for transfer (see Table 6).
(3) Property tax is increased at 2%, other revenues at CPI.