

**From:** [Perez, Juan](#)  
**To:** [Mark Prestwich](#)  
**Cc:** [Van Wagenen, Jeffrey](#)  
**Subject:** Hemet United Annexation Proposal  
**Date:** Thursday, January 22, 2026 5:17:07 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[Fiscal Impact Analysis Report w Appendices - Proposed Hemet Annexation 12-29-2025 DRAFT.pdf](#)

Good morning Mark, hope this finds you well.

Attached please find a Fiscal Impact Analysis Report prepared by Kosmont of the proposed Hemet United Annexation. The County's Executive Office contracted with Kosmont to conduct this study with the goal of providing fiscal information to all involved decision makers in the annexation process.

We ask please that you share this with your City Council and that the study also be provided to the Annexation Citizen Review Committee (ACRC) that is being formed to independently review the annexation proposal. County staff will be available, and will also make Kosmont available, to discuss further with the City team and/or the ACRC, should the city wish to discuss further.

Thanks.

Juan

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[County of Riverside California](#)

# PROPOSED HEMET ANNEXATION

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**FISCAL IMPACT ANALYSIS**  
*PROPOSED ANNEXATION BY CITY OF HEMET*  
*FROM COUNTY OF RIVERSIDE*

Prepared By:



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**December 2025**

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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. Actual results may differ from those expressed in this analysis, as results are difficult to predict as a function of market conditions, natural disasters, pandemics, significant economic impacts, legislation and administrative actions.

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# 1.0 Executive Summary

## 1.1 Background & Purpose

Kosmont Companies (“Kosmont”) understands that the City of Hemet (“City”) is exploring the potential annexation of over 30,000 acres of area currently within unincorporated County of Riverside (“County”) jurisdiction. Figure 1 provides a map of the potential annexation area in relation to current City boundaries.

The County engaged Kosmont to prepare this Net Fiscal Impact Analysis (“Analysis”) as an independent evaluation of potential fiscal revenues, fiscal expenditures, and resulting net fiscal impact of the proposed annexation into the City.

## 1.2 Summary of Findings

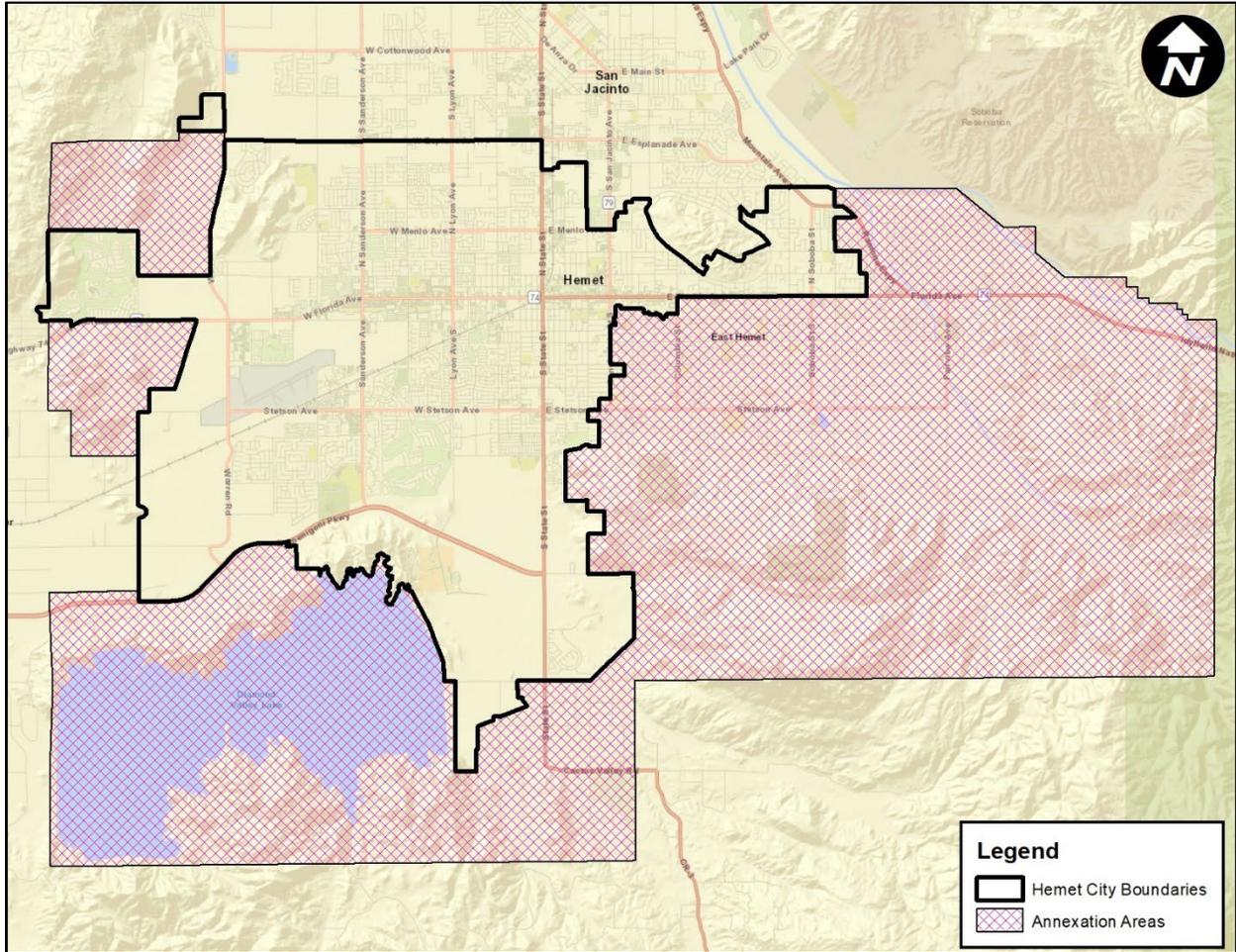
Based on the fiscal model discussed herein, the proposed annexation is estimated to generate approximately \$14,567,400 in annual fiscal revenues to the City and drive approximately \$33,516,300 in annual fiscal expenditures. The proposed annexation would thus be expected to generate a net fiscal deficit to the City approximately \$18,948,900 annually (see Table 1).

**Table 1: Overview of Net Fiscal Impacts to City**

	<b>Impact</b>
Estimated Annual Fiscal Revenues	\$14,567,400
Estimated Annual Fiscal Expenditures	\$33,516,300
<b>Estimated Net Fiscal Impact to City</b>	<b>(\$18,948,900)</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.43</i>

Additional tables are provided in the Appendix for reference, including a summary of fiscal impacts to the County General Fund in the pre-annexation and post-annexation scenarios.

Figure 1: Map of Potential Hemet Annexation Area



Source: ESRI (2025)

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## 2.0 Methodology

This Analysis is based on information available from the City's budget, County, California Department of Finance ("DOF"), California Board of Equalization ("BOE"), U.S. Census Bureau, U.S. Bureau of Labor Statistics "BLS"), HdL Companies, and ESRI.

### 2.1 General Assumptions

General assumptions follow below, and more specific assumptions are provided throughout this document.

- Dollar amounts are expressed in 2025 dollars unless otherwise noted.
- Summary figures are rounded to the nearest \$100.
- The foundation for revenue and expenditure assumptions is the 2025-2026 Adopted Budget for the City. It is assumed that municipal revenue and expenditure levels in the proposed annexation area will reflect existing Citywide averages.

### 2.2 Fiscal Revenue and Expenditure Analysis

#### 2.2.1 Property Tax

Secured property tax revenues are estimated based on the anticipated assessed value within the proposed annexation area and the applicable property tax rates for the City and other affected taxing entities. The potential annexation area encompasses dozens of County tax rate areas ("TRAs"). Post annexation, the City General Fund is assumed to receive approximately 12.04% of the annual 1.0% secured property tax general levy on the assessed value of the property (\$0.1204 of each \$1.00 of secured property tax revenue) within this proposed annexation area. This is based on an assumed 75% County / 25% City split post-annexation, based on the County's Master Property Tax Sharing Agreement (see Appendix pages 4 and 5).

#### 2.2.2 Property Tax In-Lieu of MVLFF

Prior to 2004, a percentage of State motor vehicle license fees ("MVLFF") 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 MVLFF collected the prior year, plus a percentage equal to the annual increase in assessed value. Property Tax In-Lieu of MVLFF resulting from the proposed annexation is estimated based on the incremental amount of assessed value the development will add to the City, thereby increasing the City's apportionment (see Appendix page 6).

#### 2.2.3 Real Property Transfer Tax

Property transfer tax revenue is based on estimated assessed value, the City's property transfer tax schedule, and an expected turnover rate. The expected turnover rate of taxable property within

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the proposed annexation area is 5.0% (once every approximately 20 years, see Appendix page 7).

#### *2.2.4 Sales Tax*

Sales tax revenues are estimated based on actual taxable sales data provided by sales tax consultant HdL Companies within the proposed annexation area. Use tax revenue (e.g., sales tax revenue from online sales distributed through county pools) received by cities varies, but currently averages 11% to 15% of sales tax revenue generated within a city. An estimate of 11.5% was utilized in this Analysis for estimation. Additionally estimated is Measure U sales tax, a voter-approved sales tax for 10 years through March 2027, subject to extension by local voters. This analysis assumes extension (see Appendix page 8).

#### *2.2.5 Cannabis Tax*

Cannabis revenues are estimated based on extrapolations from actual taxable sales data provided by sales tax consultant HdL Companies within the proposed annexation area and the City's cannabis tax rate of 8% of gross receipts (see Appendix page 9).

#### *2.2.6 Multiplier Based Revenues*

In addition to the specific revenues identified above, other City revenues such as franchise fees and business license revenues are identified and evaluated generally on a per capita basis. The calculation of equivalent residents within the City weights each employee within the City as 50% of one City resident. Multiplier-based revenue sources are estimated based on historic revenues in accordance with the 2025-2026 Adopted City Budget, then applied to the residents and employees (also treated as equivalent residents) within the proposed annexation area (see Appendix pages 10 through 12).

#### *2.2.7 Multiplier Based Expenditures*

Similar to multiplier base revenues, to estimate City fiscal expenditures related to the proposed annexation, historic costs for providing services such as police, fire, and public works are identified and evaluated generally on a per capita basis in accordance with the 2025-2026 Adopted City Budget. For reference, the City's operating budget in 2025-2026 is approximately \$93.5 million, inclusive of Measure U Fund allocations to Police and Fire. This serves a current resident population of approximately 91,934 within the City. Total expenditures related to the proposed annexation are then estimated based on the number of residents and employees (also treated as equivalent residents within the proposed annexation area (see Appendix pages 10 through 12). For additional context, Kosmont also reviewed the August 2025 Development Review Process and Staffing Analysis Report prepared for the City by Citygate Associates.

## 3.0 Summary of Fiscal Impacts

Based on the fiscal model discussed herein, the proposed annexation is estimated to generate approximately \$14,567,400 in annual fiscal revenues to the City and approximately \$33,516,300 in annual fiscal expenditures. As a result, the proposed annexation is expected to generate a net fiscal deficit to the City of approximately \$18,948,900 annually. As shown in Table 2, primary revenue drivers include property tax and property tax in-lieu of MVLF, while primary expenditure categories include police and fire. The Appendix provides details of calculation by fiscal revenue and expenditure category.

**Table 2: Summary of Net Fiscal Impacts to City**

	<b>Annual Stabilized Impacts</b>
<b>City of Hemet Revenues</b>	
Property Tax	\$4,317,700
Property Tax In-Lieu of MVLF	\$4,069,600
Property Transfer Tax	\$98,600
Sales and Use Tax	\$38,600
Measure U Transactions Tax	\$34,600
Cannabis Tax	\$309,200
Franchise Fees	\$2,370,700
General Administration	\$2,183,600
Transient Occupancy Tax	\$525,100
Intergovernmental - Other	\$222,700
Charges for Services	\$91,600
Use of Money & Property	\$219,700
Business License	\$63,900
Fines & Penalties	\$21,800
<b>Estimated Total Revenues</b>	<b>\$14,567,400</b>
<b>City of Hemet Expenditures</b>	
Police - General Fund	\$12,121,200
Fire - General Fund	\$6,237,000
Police - Measure U Fund	\$4,196,500
Fire - Measure U Fund	\$2,098,400
Non-Departmental - Liability Premium	\$1,546,100
Public Works	\$1,528,600
Fire - Dept of Life Safety (Building and Code)	\$1,408,000
Administrative Services (Finance and HR)	\$585,600
Community Development	\$754,100
Library	\$831,600
Non-Departmental - Animal Regulation	\$528,600
City Manager's Office	\$282,000
City Clerk's Office	\$137,700
City Council Office	\$52,700
Non-Departmental - Other	\$63,600
City Treasurer's Office	\$17,300
Non-Departmental - Other (use of one-time fund balance)	\$1,069,000
Interfund Transfers	\$58,300
<b>Estimated Total Expenditures</b>	<b>\$33,516,300</b>
<b>Estimated Annual Net Fiscal Impact</b>	<b>(\$18,948,900)</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.43</i>

Additional tables are provided in the Appendix for reference, including a summary of fiscal impacts to the County General Fund in the pre-annexation and post-annexation scenarios.

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## 4.0 Appendix – Analysis Detail

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# **City and County Fiscal Impact Analysis: Post-Annexation**

# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Overview of Fiscal Impacts to City - Post Annexation

	<b>Impact</b>
Estimated Annual Fiscal Revenues	\$14,567,400
Estimated Annual Fiscal Expenditures	\$33,516,300
<b>Estimated Net Fiscal Impact to City</b>	<b>(\$18,948,900)</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.43</i>

Notes:  
Values in 2025 dollars



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Summary of Estimated Fiscal Impacts to City: Post-Annexation

	Annual Stabilized Impacts
<b>City of Hemet Revenues</b>	
Property Tax	\$4,317,700
Property Tax In-Lieu of MVLF	\$4,069,600
Property Transfer Tax	\$98,600
Sales and Use Tax	\$38,600
Measure U Transactions Tax	\$34,600
Cannabis Tax	\$309,200
Franchise Fees	\$2,370,700
General Administration	\$2,183,600
Transient Occupancy Tax	\$525,100
Intergovernmental - Other	\$222,700
Charges for Services	\$91,600
Use of Money & Property	\$219,700
Business License	\$63,900
Fines & Penalties	\$21,800
<b>Estimated Total Revenues</b>	<b>\$14,567,400</b>
<b>City of Hemet Expenditures</b>	
Police - General Fund	\$12,121,200
Fire - General Fund	\$6,237,000
Police - Measure U Fund	\$4,196,500
Fire - Measure U Fund	\$2,098,400
Non-Departmental - Liability Premium	\$1,546,100
Public Works	\$1,528,600
Fire - Dept of Life Safety (Building and Code)	\$1,408,000
Administrative Services (Finance and HR)	\$585,600
Community Development	\$754,100
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City Manager's Office	\$282,000
City Clerk's Office	\$137,700
City Council Office	\$52,700
Non-Departmental - Other	\$63,600
City Treasurer's Office	\$17,300
Non-Departmental - Other (use of one-time fund balance)	\$1,069,000
Interfund Transfers	\$58,300
<b>Estimated Total Expenditures</b>	<b>\$33,516,300</b>
<b>Estimated Annual Net Fiscal Impact</b>	<b>(\$18,948,900)</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.43</i>

Notes:

Values in 2025 dollars



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Resident and Employment Base

<b>Estimated Population</b>		<b>38,172</b>
<b>Estimated Employment Base</b>		<b>3,237</b>
Employees Weighted at 50%	50%	1,619
<b>Total Service Population (Residents + Empl.)</b>		<b>39,791</b>

Notes:

Employee weighting is standard industry methodology to reflect revenue and expenditure impacts from non-resident daytime population  
 Values in 2025 dollars

Source: ESRI (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Property Tax Shift: Pre-Annexation and Post-Annexation

Affected Taxing Entities	Pre-Annexation			Annexation Transfer	Post-Annexation		
	Pre-ERAF	Post-ERAF	Amount		Pre-ERAF	Post-ERAF	Amount
<b>Riverside County General</b>	<b>28.38%</b>	<b>14.18%</b>	<b>\$5,083,800</b>	<b>(25%)</b>	<b>21.28%</b>	<b>10.63%</b>	<b>\$3,812,800</b>
<b>County Structure Fire Protection (assumes detachment)</b>	<b>5.91%</b>	<b>5.91%</b>	<b>\$2,120,700</b>	<b>(100%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>
<b>County Free Library (assumes detachment)</b>	<b>2.75%</b>	<b>1.45%</b>	<b>\$518,800</b>	<b>(100%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>
<b>County Service Area (CSA) 69 / Hemet Area E Lighting (assumes detachment)</b>	<b>0.67%</b>	<b>0.55%</b>	<b>\$198,400</b>	<b>(100%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>
Hemet Unified School	34.72%	34.72%	\$12,449,800		34.72%	34.72%	\$12,449,800
Mt. San Jacinto JR College	4.00%	4.00%	\$1,432,600		4.00%	4.00%	\$1,432,600
Riverside County Office of Education	4.12%	4.12%	\$1,478,800		4.12%	4.12%	\$1,478,800
Riverside County Regional Park & Open Space	0.43%	0.35%	\$125,600		0.43%	0.35%	\$125,600
Flood Control Admin	0.27%	0.24%	\$84,900		0.27%	0.24%	\$84,900
Flood Control Zone 4	4.44%	3.71%	\$1,330,000		4.44%	3.71%	\$1,330,000
San Jacinto Valley Cemetery	0.52%	0.32%	\$116,100		0.52%	0.32%	\$116,100
Valleywide Rec and Park	1.14%	0.70%	\$251,800		1.14%	0.70%	\$251,800
Eastern Muni Water District (EMWD)	5.00%	3.29%	\$1,180,400		5.00%	3.29%	\$1,180,400
EMWD Improvement District 11	0.10%	0.06%	\$21,000		0.10%	0.06%	\$21,000
EMWD Improvement District 17	1.65%	0.99%	\$355,600		1.65%	0.99%	\$355,600
Lake Hemet Municipal Water	5.80%	4.61%	\$1,654,300		5.80%	4.61%	\$1,654,300
Lake Hemet Municipal Water Imp. U-2	0.07%	0.07%	\$25,500		0.07%	0.07%	\$25,500
San Jacinto Basin Resource Conservation	0.02%	0.00%	\$0		0.02%	0.00%	\$0
Educational Revenue Augmentation Fund (ERAF)	0.00%	20.72%	\$7,429,600		0.00%	20.14%	\$7,220,700
<b>City of Hemet (from County General Fund)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>	<b>100%</b>	<b>7.09%</b>	<b>5.20%</b>	<b>\$1,864,500</b>
<b>City of Hemet (from County Fire)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>	<b>100%</b>	<b>5.91%</b>	<b>4.33%</b>	<b>\$1,554,400</b>
<b>City of Hemet (from County Free Library)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>	<b>100%</b>	<b>2.75%</b>	<b>2.01%</b>	<b>\$722,100</b>
<b>City of Hemet (from CSA 69)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>\$0</b>	<b>100%</b>	<b>0.67%</b>	<b>0.49%</b>	<b>\$176,700</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$35,857,600</b>		<b>100.00%</b>	<b>100.00%</b>	<b>\$35,857,600</b>

Notes:

Tax rates reflect tax rate area (TRA) weighted average rates  
 Annexation transfers are based on assumed property tax sharing agreement terms  
 Does not include property tax overrides above 1% general levy  
 Values in 2025 dollars

Source: Riverside County Auditor-Controller (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Property Tax: Post-Annexation

<b>Total Estimated Taxable Assessed Value within Proposed Annexation Area</b>		<b>\$3,585,763,397</b>
Total Property Tax General Levy	1.00%	\$35,857,634
<b><i>Distributions to Taxing Entities - Post Annexation</i></b>		
City of Hemet (from County General Fund)	5.20%	\$1,864,500
City of Hemet (from County Fire)	4.33%	\$1,554,400
City of Hemet (from County Free Library)	2.01%	\$722,100
City of Hemet (from CSA 69)	0.49%	\$176,700
<b>Net Property Tax to City</b>	<b>12.04%</b>	<b>\$4,317,700</b>
Riverside County General (share remaining post annexation)	10.63%	\$3,812,800
<b>Net Riverside County Distributions</b>	<b>10.63%</b>	<b>\$3,812,800</b>

Notes:

- Estimated taxable property value based on actual existing taxable assessed value within proposed annexation area
- Tax rates reflect rax rate area (TRA) weighted average within proposed annexation area
- Post Educational Revenue Augmentation Fund (ERAF) distributions
- Does not include property tax overrides above 1% general levy
- Values in 2025 dollars

Source: HdL, Riverside County Auditor-Controller (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Property Tax In-Lieu of Motor Vehicle License Fees (MVLf): Post-Annexation

Total AV within <b>CITY</b> (FY 2024-2025)	\$8,709,833,150
Current Property Tax In-Lieu of MVLf (2024-2025)	\$9,884,997
Prop Tax In-Lieu of MVLf per \$1M of AV	\$1,135
Estimated Annexation Area Taxable Assessed Value	\$3,585,763,397
<b>Incremental Property Tax In-Lieu of MVLf to City</b>	<b>\$4,069,600</b>
Total AV within <b>COUNTY</b> (FY 2024-2025)	\$424,415,316,053
Current Property Tax In-Lieu of MVLf (2024-2025)	\$392,017,343
Prop Tax In-Lieu of MVLf per \$1M of AV	\$924
Estimated Annexation Area Taxable Assessed Value	\$3,585,763,397
<b>Incremental Property Tax In-Lieu of MVLf to County</b>	<b>\$3,312,000</b>

Notes:

Values in 2025 dollars

Source: Riverside County Auditor-Controller (2025)



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**Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation**

**Property Transfer Tax: Post-Annexation**

Estimated Assessed Value		\$3,585,763,397
Estimated Property Turnover Rate		5.0%
<hr/>		
Estimated Value of Property Transferred		\$179,288,170
Total Transfer Tax	\$1.10 per \$1,000	\$197,200
<b>Transfer Tax to City</b>	<b>\$0.55 per \$1,000</b>	<b>\$98,600</b>
<b>Transfer Tax to County</b>	<b>\$0.55 per \$1,000</b>	<b>\$98,600</b>

Notes:  
Values in 2025 dollars

Source: Riverside County Auditor-Controller (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Sales Tax: Post-Annexation

Estimated Taxable Sales within Proposed Annexation Area		\$3,459,100
Sales Tax to City	1.00%	\$34,591
Use Tax as % of Sales Tax	11.50%	\$3,978
<b>Sales and Use Tax to City - Direct</b>		<b>\$38,600</b>
<b>Measure U Transactions Tax - Direct</b>	<b>1.00%</b>	<b>\$34,600</b>
<b>Sales Tax to County</b>	<b>0.25%</b>	<b>\$8,600</b>
Sales Tax to County (Transportation)	0.50%	\$17,300
<b>Sales Tax to County (Transportation)</b>		<b>\$17,300</b>

Notes:  
 Estimated taxable sales reflected actual taxable sales tax reported within proposed annexation area from sales tax consultant HdL Companies  
 County sales tax for transportation based on Measure A (0.5%), Revenue and Taxation Code Section 7203.1 (0.25%)  
 Does not include additional sales tax allocation for public safety from Proposition 172 (collected by State Board of Equalization and apportioned to counties based on proportionate share of taxable sales)  
 Taxable sales PSF factor escalated 3% annually  
 Values in 2025 dollars.

Source: HdL Companies (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Cannabis Tax: Post-Annexation

Estimated Cannabis Sales within Proposed Annexation Area		\$3,865,500
<b>Cannabis Tax to City</b>	<b>8.00%</b>	<b>\$309,200</b>

Notes:  
Values in 2025 dollars.

Source: HdL Companies (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## City Service Population

City Population	91,934
City Employee Population	20,731
Employee Weighting for Service Population	0.5
Weighted # Employees	10,366
<b>Total City Service Population</b>	<b>102,300</b>

Source: CA Department of Finance, U.S.Census Bureau Center for Economic Studies (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## City Multiplier Revenue Factors

Budget Category	Adopted City Budget	Allocation Basis	Relevant City Population / Factor	Percent Fixed	Per Capita Factor
<b>Revenues</b>					
Sales Tax	\$17,180,000	Case Study - Evaluated Separately			
Measure U Transactions Tax	\$16,184,000	Case Study - Evaluated Separately			
Property Taxes	\$11,134,000	Case Study - Evaluated Separately			
Intergovernmental Motor Vehicle License Fee	\$10,490,000	Case Study - Evaluated Separately			
Community Development Revenues	\$6,421,000	N/A Not annexation-related			
Franchise Fees	\$6,095,000	Service Population	102,300	0%	\$59.58
General Administration	\$5,614,000	Service Population	102,300	0%	\$54.88
Other / Miscellaneous	\$3,477,000	N/A Not annexation-related			
Transient Occupancy Tax	\$1,350,000	Service Population	102,300	0%	\$13.20
Intergovernmental - Other	\$1,145,000	Service Population	102,300	50%	\$5.60
Charges for Services	\$942,000	Service Population	102,300	75%	\$2.30
Use of Money & Property	\$753,000	Service Population	102,300	25%	\$5.52
Business License	\$409,000	Per Employee	20,731	0%	\$19.73
Cannabis Tax	\$200,000	Case Study - Evaluated Separately			
Licenses & Permits	\$77,000	N/A Non-Recurring			
Fines & Penalties	\$56,000	Service Population	102,300	0%	\$0.55
<b>Total Selected Revenues</b>	<b>\$81,527,000</b>				
<b>Expenditures</b>					
Police - General Fund	\$31,163,000	Service Population	102,300	0%	\$304.63
Fire - General Fund	\$16,035,000	Service Population	102,300	0%	\$156.75
Police - Measure U Fund	\$10,789,000	Service Population	102,300	0%	\$105.46
Fire - Measure U Fund	\$5,395,000	Service Population	102,300	0%	\$52.74
Non-Departmental - Liability Premium	\$5,300,000	Service Population	102,300	25%	\$38.86
Public Works	\$3,930,000	Service Population	102,300	0%	\$38.42
Fire - Dept of Life Safety (Building and Code)	\$3,620,000	Service Population	102,300	0%	\$35.39
Administrative Services (Finance and HR)	\$3,011,000	Service Population	102,300	50%	\$14.72
Community Development	\$2,585,000	Service Population	102,300	25%	\$18.95
Library	\$2,138,000	Service Population	102,300	0%	\$20.90
Non-Departmental - Animal Regulation	\$1,812,000	Service Population	102,300	25%	\$13.28
City Manager's Office	\$1,450,000	Service Population	102,300	50%	\$7.09
City Clerk's Office	\$708,000	Service Population	102,300	50%	\$3.46
City Council Office	\$271,000	Service Population	102,300	50%	\$1.32
Non-Departmental - Other	\$218,000	Service Population	102,300	25%	\$1.60
City Treasurer's Office	\$89,000	Service Population	102,300	50%	\$0.43
Non-Departmental - Other (use of one-time fund balance)	\$3,664,300	Service Population	102,300	25%	\$26.86
Police - Measure U Fund (use of one-time fund balance)	\$939,000	Service Population	102,300	0%	\$9.18
Fire - Measure U Fund (use of one-time fund balance)	\$120,000	Service Population	102,300	0%	\$1.17
Library - General Fund (use of one-time fund balance)	\$61,000	Service Population	102,300	0%	\$0.60
Interfund Transfers	\$200,000	Service Population	102,300	25%	\$1.47
<b>Total Selected Expenditures</b>	<b>\$93,498,300</b>				

**Notes:**

Community Development revenues include non-annexation-related revenues (e.g., building permits ~\$4,005,200, other permits, plan check fees)

Other / miscellaneous revenues include non-annexation-related revenues (e.g., opiod settlements, utility land and building rental fees)

Intergovernmental - Other revenues include several non-annexation-related revenues (e.g., grants, reimbursements)

Charges for services revenues include several one-time revenue categories (e.g., fire inspection services ~\$406,400, plan check fees, alarm permits/fees)

Does not include non-General Fund CIP expenditures

"Percent Fixed" adjustments reflect fixed versus variable nature of certain line items (e.g., administrative service costs or certain fee revenues seldom increase 1:1 with new population within a city)

Values in 2025 dollars.

Source: City of Hemet 2025-2026 Adopted Budget



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## City Multiplier Revenues: Post-Annexation

Estimated # Residents	38,172
Estimated # Employees	3,237
Total Project Service Population	39,791
<b>Budget Category</b>	
<i>Revenues</i>	
Franchise Fees	\$2,370,700
General Administration	\$2,183,600
Transient Occupancy Tax	\$525,100
Intergovernmental - Other	\$222,700
Charges for Services	\$91,600
Use of Money & Property	\$219,700
Business License	\$63,900
Fines & Penalties	\$21,800
<b>Total Multiplier Revenues</b>	<b>\$5,699,100</b>
<i>Expenditures</i>	
Police - General Fund	\$12,121,200
Fire - General Fund	\$6,237,000
Police - Measure U Fund	\$4,196,500
Fire - Measure U Fund	\$2,098,400
Non-Departmental - Liability Premium	\$1,546,100
Public Works	\$1,528,600
Fire - Dept of Life Safety (Building and Code)	\$1,408,000
Administrative Services (Finance and HR)	\$585,600
Community Development	\$754,100
Library	\$831,600
Non-Departmental - Animal Regulation	\$528,600
City Manager's Office	\$282,000
City Clerk's Office	\$137,700
City Council Office	\$52,700
Non-Departmental - Other	\$63,600
City Treasurer's Office	\$17,300
Non-Departmental - Other (use of one-time fund balance)	\$1,069,000
Police - Measure U Fund (use of one-time fund balance)	\$365,200
Fire - Measure U Fund (use of one-time fund balance)	\$46,700
Library - General Fund (use of one-time fund balance)	\$23,700
Interfund Transfers	\$58,300
<b>Total Multiplier Expenditures</b>	<b>\$33,951,900</b>

Notes:

Values in 2025 dollars.

Source: City of Hemet 2025-2026 Adopted Budget



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## Summary of Estimated Fiscal Impacts to County General Fund: Post-Annexation

	Pre-Annexation	Post-Annexation	Net Difference
<b>County of Riverside Revenues</b>			
Property Tax - County General	\$5,083,800	\$3,812,800	(\$1,271,000)
Property Tax - Fire	\$2,120,700	\$0	(\$2,120,700)
County Free Library	\$518,800	\$0	(\$518,800)
Property Tax in Lieu of MVLFF	\$3,312,000	\$3,312,000	\$0
Property Transfer Tax	\$197,200	\$98,600	(\$98,600)
Sales and Use Tax	\$38,600	\$8,600	(\$30,000)
Cannabis Development Agreement Revenue	\$185,721	\$0	(\$185,721)
Franchise Fees	\$632,000	\$0	(\$632,000)
Fines and Penalties	\$210,300	\$0	(\$210,300)
<b>Estimated County Revenues</b>	<b>\$12,299,121</b>	<b>\$7,232,000</b>	<b>(\$4,039,100)</b>
<b>County of Riverside Expenditures</b>			
Public Safety - Non-Sheriff / Non-Fire	\$7,588,300	\$7,588,300	\$0
Public Safety - Sheriff Patrol	\$13,576,600	\$0	(\$13,576,600)
Public Safety - Sheriff Administration and Support	\$1,194,800	\$0	(\$1,194,800)
Public Safety - Fire Protection	\$2,346,300	\$0	(\$2,346,300)
Human Services	\$2,152,400	\$1,614,300	(\$538,100)
RUHS Health and Hospital Services	\$1,147,100	\$1,147,100	\$0
Finance and Government Services	\$216,300	\$216,300	\$0
Public Works and Community Services	\$568,400	\$568,400	\$0
Internal Services	\$97,600	\$97,600	\$0
Contribution to Other Funds	\$1,502,400	\$1,126,800	(\$375,600)
<b>Estimated County Expenditures</b>	<b>\$30,390,200</b>	<b>\$12,358,800</b>	<b>(\$18,031,400)</b>
<b>Estimated County Net Fiscal Impact</b>	<b>(\$18,091,079)</b>	<b>(\$5,126,800)</b>	<b>\$13,992,300</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.40</i>	<i>0.59</i>	



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**Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation**

**County Service Population**

County Population (Incorporated and Unincorporated)	2,495,640
County Employee Population (Incorporated and Unincorporated)	799,029
Employee Weighting for Service Population	0.5
Weighted # Employees	399,515
<b>Total County Service Population (Inc. + Uninc.)</b>	<b>2,895,155</b>

County Population - Unincorporated Only	417,901
County Employee Population Unincorporated - Only	133,799
Employee Weighting for Service Population	0.5
Weighted # Employees	66,900
<b>Unincorporated County Service Population</b>	<b>484,801</b>

Source: CA Department of Finance, U.S.Census Bureau Center for Economic Studies (2025)



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# Fiscal Impact Analysis - Proposed Hemet Annexation - Post Annexation

## County Multiplier Revenue and Expenditure Factors

Budget Category	Adopted County Budget	Allocation Basis	Relevant County Population	Discount for Operational Efficiency	Per Capita Factor
<i>Primary Expenditures - Net County Cost</i>					
Public Safety - Non-Sheriff / Non-Fire	\$552,123,155	Total Service Population	2,895,155	0%	\$190.71
Public Safety - Sheriff Patrol	\$165,414,911	N/A Upon Annexation			
Public Safety - Sheriff Administration and Support	\$50,378,612	N/A Upon Annexation			
Public Safety - Fire Protection	\$112,686,053	N/A Upon Annexation			
Human Services	\$156,608,006	Total Service Population	2,895,155	25%	\$40.57
RUHS Health and Hospital Services	\$111,288,054	Total Service Population	2,895,155	25%	\$28.83
Finance and Government Services	\$31,478,985	Total Service Population	2,895,155	50%	\$5.44
Public Works and Community Services	\$55,146,098	Total Service Population	2,895,155	25%	\$14.29
Internal Services	\$14,205,468	Total Service Population	2,895,155	50%	\$2.45
Contribution to Other Funds	\$109,316,176	Total Service Population	2,895,155	25%	\$28.32
Contingency	\$24,224,724	N/A			
Debt Service	\$9,453,233	N/A			
<b>Total Net County Cost</b>	<b>\$1,392,323,475</b>				

Source: County of Riverside 2025-2026 Adopted Budget



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County Multiplier Revenues and Expenditures

Estimated # Residents	38,172
Estimated # Employees	3,237
Total Project Service Population	39,791
<b>Budget Category</b>	
<i>Primary Expenditures - Net County Cost</i>	
Public Safety - Non-Sheriff / Non-Fire	\$7,588,300
Human Services	\$1,614,300
RUHS Health and Hospital Services	\$1,147,100
Finance and Government Services	\$216,300
Public Works and Community Services	\$568,400
Internal Services	\$97,600
Contribution to Other Funds	\$1,126,800



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# **County Fiscal Impact Analysis: Pre-Annexation**

Overview of Fiscal Impacts to County - Pre-Annexation

	Annual
<b>County of Riverside</b>	
Estimated Fiscal Revenues	\$12,299,121
Estimated Fiscal Expenditures	\$30,390,200
<b>Estimated Net Fiscal Impact to County</b>	<b>(\$18,091,079)</b>
<i>Revenue / Expenditure Ratio</i>	<i>0.40</i>

Notes:  
Values in 2025 dollars



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Summary of Estimated Fiscal Impacts to County - Pre-Annexation

	Annual Stabilized Impact
<b>County of Riverside Revenues</b>	
Property Tax - Riverside County General Fund	\$5,083,800
Property Tax - Fire	\$2,120,700
County Free Library	\$518,800
Property Tax in Lieu of MVLF	\$3,312,000
Property Transfer Tax	\$197,200
Sales and Use Tax	\$38,600
Cannabis Development Agreement Revenue	\$185,721
Franchise Fees	\$632,000
Fines and Penalties	\$210,300
<b>Estimated County Revenues</b>	<b>\$12,299,121</b>
<b>County of Riverside Expenditures</b>	
Public Safety - Non-Sheriff / Non-Fire	\$7,588,300
Public Safety - Sheriff Patrol	\$13,576,600
Public Safety - Sheriff Administration and Support	\$1,194,800
Public Safety - Fire Protection	\$2,346,300
Human Services	\$2,152,400
RUHS Health and Hospital Services	\$1,147,100
Finance and Government Services	\$216,300
Public Works and Community Services	\$568,400
Internal Services	\$97,600
Contribution to Other Funds	\$1,502,400
<b>Estimated County Expenditures</b>	<b>\$30,390,200</b>
<b>Estimated County Net Fiscal Impact</b>	<b>(\$18,091,079)</b>
Revenue / Expenditure Ratio	0.40

Notes:  
Values in 2025 dollars



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Resident and Employment Base

<b>Estimated Population</b>		<b>38,172</b>
<b>Estimated Employment Base</b>		<b>3,237</b>
Employees Weighted at 50%	50%	1,619
<b>Total Service Population (Residents + Empl.)</b>		<b>39,791</b>

Notes:  
Values in 2025 dollars

Source: ESRI (2025)



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Property Tax: Pre-Annexation

<b>Total Estimated Taxable Assessed Value within Proposed Annexation Area</b>		<b>\$3,585,763,397</b>
Total Property Tax General Levy	1.00%	\$35,857,634
<b><i>Distributions to Taxing Entities - Pre-Annexation</i></b>		
County General Fund	14.18%	\$5,083,800
County Fire	5.91%	\$2,120,700
County Free Library	1.45%	\$518,800
<b>Net Property Tax to County</b>	<b>21.54%</b>	<b>\$7,723,300</b>

Notes:

- Tax rate area (TRA) weighted average
- Post Educational Revenue Augmentation Fund (ERAF) distributions
- Does not include property tax overrides above 1% general levy
- Values in 2025 dollars

Source: HdL, Riverside County Auditor-Controller (2025)



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Property Tax In-Lieu of Motor Vehicle License Fees (MVLf)

Total AV within COUNTY (FY 2024-2025)	\$424,415,316,053
Current Property Tax In-Lieu of MVLf (2024-2025)	\$392,017,343
Prop Tax In-Lieu of MVLf per \$1M of AV	\$924
Estimated Annexation Area Taxable Assessed Value	\$3,585,763,397
<b>Property Tax In-Lieu of MVLf to County</b>	<b>\$3,312,000</b>

Notes:  
Values in 2025 dollars

Source: Riverside County Auditor-Controller (2025)



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Property Transfer Tax

Estimated Assessed Value		\$3,585,763,397
Estimated Property Turnover Rate		5.0%
Estimated Value of Property Transferred		\$179,288,170
<b>Transfer Tax to County</b>	<b>\$1.10 per \$1,000</b>	<b>\$197,200</b>

Notes:  
Values in 2025 dollars

Source: Riverside County Auditor-Controller (2025)



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**Sales Tax - Direct / On-Site: Pre-Annexation**

Estimated Taxable Sales within Proposed Annexation Area		\$3,459,100
Sales Tax to County	1.00%	\$34,591
Use Tax as % of Sales Tax	11.50%	\$3,978
<b>Sales and Use Tax to County</b>		<b>\$38,600</b>
Sales Tax to County (Transportation)	0.50%	\$17,300
<b>Sales Tax to County (Transportation)</b>		<b>\$17,300</b>

Notes:

Taxable sales PSF factor escalated 3% annually  
 Values in 2025 dollars.

Source: HdL Companies (2025)



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**Cannabis Development Agreement Revenue**

Estimated Annual Cannabis Development Agreement Revenue \$185,721

Notes:  
Values in 2025 dollars.

Source: County Financial Reporting (Sept 2025)



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County Service Population

County Population (Incorporated and Unincorporated)	2,495,640
County Employee Population (Incorporated and Unincorporated)	799,029
Employee Weighting for Service Population	0.5
Weighted # Employees	399,515
<b>Total County Service Population (Inc. + Uninc.)</b>	<b>2,895,155</b>

County Population - Unincorporated Only	417,901
County Employee Population Unincorporated - Only	133,799
Employee Weighting for Service Population	0.5
Weighted # Employees	66,900
<b>Unincorporated County Service Population</b>	<b>484,801</b>

County Sheriff Service Area - Residents	1,446,190
County Sheriff Service Area - Employees	463,027
Employee Weighting for Service Population	0.5
Weighted # Employees	231,513
<b>Total County Sheriff Service Population</b>	<b>1,677,703</b>

County Fire Service Area - Residents	1,647,286
County Fire Service Area - Employees	527,412
Employee Weighting for Service Population	0.5
Weighted # Employees	263,706
<b>Total County Fire Service Population</b>	<b>1,910,992</b>

County unincorporated employment base estimated based on ratio of unincorporated residential population to total County population  
 Sheriff service area includes unincorporated County and Cities of Calimesa, Canyon Lake, Coachella, Eastvale, Indian Wells, Jurupa Valley, La Quinta, Lake Elsinore, Menifee, Moreno Valley, Norco, Palm Desert, Perris, Rancho Mirage, San Jacinto, Temecula, and Wildomar.  
 Fire service area encompasses unincorporated County and Cities of Banning, Beaumont, Canyon Lake, Coachella, Desert Hot Springs, Eastvale, Indian Wells, Indio, Jurupa Valley, La Quinta, Lake Elsinore, Menifee, Moreno Valley, Norco, Palm Desert, Perris, Rancho Mirage, Rubidoux, San Jacinto, Temecula, and Wildomar.  
 Source: CA Department of Finance, California Employment Department



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County Multiplier Revenue and Expenditure Factors

Budget Category	Adopted County Budget	Allocation Basis	Relevant County Population	Discount for Operational Efficiency	Per Capita Factor
<i>Per Capita Revenues</i>					
Franchise Fees	\$7,700,000	Unincorporated Service Population	484,801	0%	\$15.88
Fines and Penalties	\$15,300,000	Total Service Population	2,895,155	0%	\$5.28
<b>Total Selected Revenues</b>	<b>\$23,000,000</b>				
<i>Primary Expenditures - Net County Cost</i>					
Public Safety - Non-Sheriff / Non-Fire	\$552,123,155	Total Service Population	2,895,155	0%	\$190.71
Public Safety - Sheriff Patrol	\$165,414,911	Unincorporated Service Population	484,801	0%	\$341.20
Public Safety - Sheriff Administration and Support	\$50,378,612	Total County Sheriff Service Pop.	1,677,703	0%	\$30.03
Public Safety - Fire Protection	\$112,686,053	Total County Fire Service Pop.	1,910,992	0%	\$58.97
Human Services	\$156,608,006	Total Service Population	2,895,155	0%	\$54.09
RUHS Health and Hospital Services	\$111,288,054	Total Service Population	2,895,155	25%	\$28.83
Finance and Government Services	\$31,478,985	Total Service Population	2,895,155	50%	\$5.44
Public Works and Community Services	\$55,146,098	Total Service Population	2,895,155	25%	\$14.29
Internal Services	\$14,205,468	Total Service Population	2,895,155	50%	\$2.45
Contribution to Other Funds	\$109,316,176	Total Service Population	2,895,155	0%	\$37.76
Contingency	\$24,224,724	N/A			
Debt Service	\$9,453,233	N/A			
<b>Total Net County Cost</b>	<b>\$1,392,323,475</b>				

Notes:

Adjusted for inflation assuming 3% annual inflation rate.

Values in 2025 dollars.

Source: County of Riverside 2025-2026 Adopted Budget



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**County Multiplier Revenues and Expenditures**

Estimated # Residents	38,172
Estimated # Employees	3,237
Total Project Service Population	39,791
<b>Budget Category</b>	
<i>Per Capita Revenues</i>	
Franchise Fees	\$632,000
Fines and Penalties	\$210,300
<b>Total Selected Revenues</b>	<b>\$842,300</b>
<i>Primary Expenditures - Net County Cost</i>	
Public Safety - Non-Sheriff / Non-Fire	\$7,588,300
Public Safety - Sheriff Patrol	\$13,576,600
Public Safety - Sheriff Administration and Support	\$1,194,800
Public Safety - Fire Protection	\$2,346,300
Human Services	\$2,152,400
RUHS Health and Hospital Services	\$1,147,100
Finance and Government Services	\$216,300
Public Works and Community Services	\$568,400
Internal Services	\$97,600
Contribution to Other Funds	\$1,502,400
<b>Total Net County Cost</b>	<b>\$30,390,200</b>

Notes:

Adjusted for inflation assuming 3% annual inflation rate.

Values in 2025 dollars.

Source: County of Riverside 2025-2026 Adopted Budget



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 from those expressed in this analysis.

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