

DOCKETED

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Development Management Group, Inc.

economic development ■ fiscal & economic analysis ■ development management



MORTON BAY GEOTHERMAL LLC (BHER)



Economic Impact Analysis (EIA)
Employment (Jobs) Impact Analysis (JIA)
Fiscal Impact Analysis (FIA)

Completed for:



Draft Report of Findings
June 26, 2024





Development Management Group, Inc.

economic development ■ fiscal & economic analysis ■ development management

June 26, 2024

Mr. Miguel Figueroa County Executive Officer
County of Imperial
940 Main Street
El Centro, CA 92243

RE: DRAFT REPORT OF FINDINGS ECONOMIC/EMPLOYMENT (JOB)/FISCAL IMPACT ANALYSIS: MORTON BAY GEOTHERMAL LLC (BHER)

Dear Mr. Figueroa:

On behalf of Development Management Group, Inc., I am honored to provide you with our independent analysis of the economic, employment and fiscal impacts of the proposed Morton Bay Geothermal LLC geothermal energy production facility project in Imperial County, CA. The purpose of this cover letter is to provide you with a brief explanation of each of the three analyses contained in this report and a summary. By review, the proposed project is a 140 MW net geothermal energy production facility estimated to produce 1,165,080 MWh of power annually. The project is to be sited on 63-acres of a 160-acre parcel of land in an unincorporated portion of Imperial County about 7 miles Northwest of the City of Calipatria.

An *Economic Impact Analysis* calculates the predicted impact to a community or region as a result of a project or activity. This includes all known direct (and indirect) expenditures as a result of both construction and operation for the projected life of a facility/project. With respect to the Morton Bay Geothermal LLC project, we have calculated that the economic impact to the Imperial County region will be approximately \$1.39 billion over the first thirty (30) years of the project (inclusive of both project construction and operations but exclusive of governmental taxes and fees).

An *Employment or Jobs Impact Analysis* calculates the total amount of construction and operational jobs specific to Morton Bay Geothermal LLC. The project applicant states that the project will generate 205 full-time one-year equivalent construction jobs each year over the construction period of about three (3) years. The applicant further states the project will create sixty-one (61) full-time permanent jobs.

Finally, a *Fiscal Impact Analysis* calculates the amount of revenue a governmental agency is expected to receive and calculates the projected costs they will incur to provide appropriate services to both the project and the additional population/employment generated as a result of such. A comparative model is then produced in order to determine if the project is of economic benefit or cost to the government agency.

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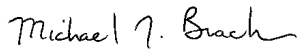
Development Management Group, Inc. has calculated that based on the information provided by Morton Bay Geothermal LLC the project will generate approximately \$78.72 million in net local (county) tax revenue over the first thirty (30) years of the project. This is derived from an estimated \$7.78 million in Sales & Use Tax revenue and \$70.94 million in net to County Property Tax revenue.

It is projected that it will cost the County about \$40.10 million to provide appropriate services to the project and related employment thus generating a projected *surplus to the County of Imperial of about \$38.63 million over the first thirty (30) year of the project life* (subject to acceptance of the recommendations provided within the report).

Note that this amount is based solely on the tax laws that are currently in place and does not include any amounts that may be received by the County under a Public Benefits Agreement or similar arrangement.

A complete report of findings along with a list of sources and detailed calculations are contained within the report that follows. We are prepared to answer any questions you may have about our work and conclusions. I can be reached at (760) 272-9136 or by email at michael@dmgeconomics.com.

Sincerely,



Michael J. Bracken
Managing Partner

1. Introduction

Development Management Group, Inc. (DMG) has been retained by the County of Imperial, California to provide an independent Economic Impact Analysis (EIA), Employment/Jobs Impact Analysis (JIA) and Fiscal Impact Analysis (FIA) for a proposed geothermal energy production facility to be within the County of Imperial, California. The project is scheduled to produce an estimated 140 MW net or 1,165,080 MWh of renewable energy annually on approximately 63 acres of a 160-acre parcel of land.

This Employment Impact Analysis assumes all calculations in 2023-24 dollars as a base year with an appropriate adjustment for future years (see notes in exhibits for assumptions). The expected life of the facility is 30 years which is generally in line with the length of entitlements for these types of projects).

The project developer is Morton Bay Geothermal, LLC. For purposes of readability, the project will generally be referred to by the name Morton Bay throughout this report.

2. Contact Information for the County of Imperial, California

Mr. Miguel Figueroa, County Executive Officer
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El Centro, CA 92243
(442) 265-1736

3. Contact Information for Morton Bay Geothermal, LLC

BHE Renewables, LLC.
4124 NW Urbandale Drive
Urbandale, Iowa 50322

4. Contact Information for Development Management Group, Inc.

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6. Statement of Independence

The County of Imperial has provided a joint contractual obligation with Development Management Group, Inc. regarding independence of conclusions contained in this report. Therefore, neither project proponent (applicant) nor the County of Imperial (including those associated directly working on the entitlement process for the Morton Bay project) have provided editorial comment or direction regarding the conclusions contained herein.

7. Scope and References of Analysis:

Development Management Group, Inc. has utilized information contained from the following sources in completing this analysis:

1. Berkshire Hathaway Renewables, LLC (Project Developer of Morton Bay Geothermal LLC)
2. California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)
3. California Department of Conservation
4. California Department of Industrial Labor Relations
5. California Department of Tax and Fee Administration
6. California Employment Development Department
7. California Energy Commission
8. California Independent System Operator
9. California Public Utilities Commission
10. California State Department of Finance
11. Confidential Sources (Unnamed Active Farmers)
12. County of Imperial, California
13. County of Kern, California
14. County of Riverside, California
15. County of San Bernardino, California
16. Environics Analytics
17. Environmental Management Associates
18. Imperial County Farm Bureau
19. Imperial Irrigation District
20. Implan Group, Inc.

21. Regional Analysis & Information Data Sharing (Raidsonline.com)
22. United States Bureau of Economic Analysis (Regional Input-Output Modeling System-RIMS II)
23. United States Census Bureau (American Community Survey)
24. United States Department of Labor

8. Qualifications of Consultant

Development Management Group, Incorporated (DMG, Inc.) specializes in services related to economic development and redevelopment. Such services include site selection and analysis, economic development strategic planning and implementation, development management, market/development feasibility, economic analysis, entitlement/permit processing and project financing. DMG has completed over two hundred (200) Fiscal and Economic Impact Analysis projects for both the private and public sector and serves as a contract economist for the Southern California Association of Governments.

Over the past twenty (20) years, DMG, Inc. has assisted over five dozen companies with their site selection and entitlement/permit processing. These companies have created over 2,500 new jobs and invested tens of millions of dollars within the communities where they are located. In addition, DMG, Inc. has assisted a number of public agencies and economic development corporations with economic impact analysis, strategic planning, marketing and other business recruitment projects creating the administrative and operational infrastructure to enable them to grow their economies.

The company founder, Michael Bracken, brings over 30 years of local, regional and state government experience in the fields of economic development, redevelopment, housing and sales and use tax administration. Before founding Development Management, Inc., Bracken completed four years as the President and Chief Executive Officer of the Coachella Valley Economic Partnership where he led a regional business recruitment team that generated tens of millions of dollars of economic investment for the Palm Springs Region of Southern California.

Bracken holds a Bachelor's Degree in Business Administration and a Master's Degree in Public Administration from The California State University San Bernardino (CSUSB). He co-designed CSUSB's Master's level course titled *Management of Local Economic Development*, which trains economic development professionals in business recruitment and effective use of financial and tax incentives. He is also a former City Councilman and Vice-Chairman of a Community Redevelopment Agency providing unique and beneficial perspective to local governments.

9. Description of Economic Multipliers

There are two types of multipliers that are generally utilized by economists. These include spending multipliers and job creation multipliers. Simply stated, spending multipliers is the calculation of the number of times a dollar is expected to be spent through the regional economy. Economic multipliers differ based on the origination of that particular dollar. For example, labor multipliers are higher than material multipliers as labor dollars are paid directly to personnel and generally spent more locally. Dollars spent on materials (for example, construction materials) are more likely to leave the regional economy as they are used to pay suppliers located elsewhere.

Economists often provide the example of a gold mining town when describing the concept of economic multipliers. Imagine a gold miner with money paying various people within the town for a place to sleep, equipment to mine, food and entertainment. The recipients of these dollars then utilize the money they received for their own purchases (including a place to sleep, supplies for their businesses, food and entertainment). Economic multipliers are the basis of understanding how a particular business or use will impact a regional economy.

There is disagreement between individual economists and government authorities regarding appropriate economic multipliers. More aggressive economists often argue for higher economic multipliers stating that dollars continually circulate through an economy. Conservative economists believe that multipliers are lower, and that the circulation has an ending point (and therefore a new beginning point) in the spending cycle. In an effort to provide the greatest amount of accuracy to an analysis of this nature, Development Management Group, Inc. utilizes the RIMS II model, which most economists consider to be a more conservative estimate of economic multipliers.

The RIMS II model is based on work by the United States Bureau of Economic Analysis. DMG, Inc. is utilizing the latest RIMS II Model (2012/2020). Use is also made of the California Economic Strategy Panel 2009. They published a study titled “Using Multipliers to Measure Economic Impacts”. This publication looks at hundreds of industry types. Multipliers for Imperial County typically are in the range of 1.0 to 2.0.

Employment multipliers help predict the number of additional jobs that are created elsewhere in the economy for each job of a certain type. For example, if a certain type of job (let us say one involving the full-service restaurants which has a multiplier of 1.1346, for each job directly attached to retail, an additional .13 (or about 1/7) of a job is created elsewhere in the economy). DMG, Inc. applies the use of economic multipliers in the following pages to help present potential economic, employment and fiscal impacts.

10. Need for Renewable Energy Generation

As the Renewable Portfolio Standard (RPS) requirements continue to increase, so will investment in the region. California has essentially met the RPS standard of a minimum of 33% (SBX1-2) and is now working toward the implementation of SB350 which increases the RPS standard to 50% by 2030. Most recently (September 2018) California Governor Jerry Brown signed SB 100 into law, which sets the bar for California to generate 100% of energy through renewable sources by the year 2045. Morton Bay LLC is a geothermal energy production facility which helps California meet its renewable energy goals.

11. Host Region, Location and Project Description

The County of Imperial, California (Imperial County) is located in the southeast corner of California. The population of the County is approximately 179,476 (2023 California Department of Finance) The California Employment Development Department (EDD) shows as of October 2023 that the unemployment rate for Imperial County is 19.3% with 74,600 available in the workforce, 60,200 employed and 14,400 currently unemployed.

Morton Bay is proposing to construct a facility to produce geothermal renewable energy in the Imperial Valley region of Southern California. The project will be placed on a 63-acre portion of a 160-acre parcel of land generally located about 7 miles Northwest of the City of Calipatria in an unincorporated portion of Imperial County, California. Note that the subject site does not have any recent agriculture activity.

The facility is scheduled to be built over a three-year period from the time construction starts. The project developer states that that about 205 FTE construction jobs will be generated during each of the three-year construction period or about 1,281,820 labor hours.

The subject parcel numbers are provided below:

020-100-007 Total Acreage:160 (approximate)

12. Description of Analyses Contained and Limitations

Development Management Group, Inc. is presenting three types of analysis. These include an Economic Impact Analysis, an Employment or Jobs Impact Analysis and a Fiscal Impact Analysis. Each serves a distinct purpose in evaluating the overall economic impacts of a project.

An ***Economic Impact Analysis*** is designed to provide calculations regarding the potential overall economic impact of a project for a region. It gives an understanding of the quantity of dollars that will flow through an economy as a result of a project. In the case of geothermal energy production facilities this includes such items as labor, construction materials, local purchases and operations. Additionally, calculations are presented regarding the amount of money that will be generated for governmental purposes (through taxes and fees). A combination of the two calculations (and associated multipliers) provides a full understanding of the potential economic impact.

An Employment Impact Analysis (or in this case what we term as a ***Jobs Impact Analysis***) provides calculations regarding the number of direct and indirect jobs that are generated as a result of construction and operation of the project. Additionally, it provides a comparison to the direct and indirect jobs that are currently in place as a result of existing land use(s).

Finally, a *Fiscal Impact Analysis* provides a financial picture of what it may cost a governmental authority (such as the County of Imperial) to provide essential goods and services to a community as a result of a specific development project and compares it to the revenue stream that is expected as a result of the same project. The consolidation of the two calculations provides analysis for which to determine if a project is fiscally viable for a governmental agency. This report does have certain limitations, which are disclosed below:

1. Morton Bay has stated that their intention (if market conditions, demand and financing prevail) is to build their project in (essentially) a single phase over a twenty-nine (29) month period. For the purposes of analysis, DMG, Inc. shall split the project evenly over a three (3) year period.
2. DMG, Inc. has completed an analysis for the period of the first thirty (30) total years (inclusive of construction). The project may be entitled and/or permitted to operate beyond the initial period analyzed in this document.
3. DMG, Inc. does not provide an analysis of the highest and best use of the subject property. Our analysis is limited to analyzing the current use and projected use.
4. DMG, Inc. does not provide civil engineering services or construction cost estimation. Therefore, to the extent that we recommend public improvement mitigation, we are able to provide a potential formula for use by a qualified civil or traffic engineer but not the calculations itself.
5. DMG, Inc. endeavors to utilize as much third-party data as possible, but as with any projection, certain assumptions must be made for which to provide appropriate calculations and conclusions.
6. DMG, Inc. recognizes that some of the data provided directly by the project proponent is considered proprietary in nature. This said, it is not possible to protect all such information in relation to completing this analysis without utilizing some of the specific numbers and calculations.
7. DMG, Inc. estimates that the project will receive Sales & Use Tax relief for up to \$241.29 million of tangible property (equipment) purchases as construction materials for the project. DMG, Inc. is estimating that said relief will occur equally throughout Years 1-3 (construction period).
8. It is noted that DMG, Inc. is not providing legal or tax advice in regard to this project/development and the information listed shall not be used as a replacement for legal or tax advice from appropriate qualified person(s).
9. DMG, Inc. is using updated RIMS II Economic Multipliers dated 2012/2020 and said multipliers may differ slightly from multipliers used on reports dated prior to the date of this report.

10. DMG, Inc. has copyrighted each and every page of this report. The purpose of the Copyright is to protect our analysis and report structure as it is considered intellectual property of DMG, Inc. This said, the County of Imperial does have unlimited use of this report (in Final Report status) for which to analyze the project, print/publish for public comment and make public policy decisions. Any use by any other person or entity of this analysis and/or system without the express written and/or licensed permission of Development Management Group, Inc. is prohibited.

13. Economic Impact Analysis (Exhibits A thru G)

Construction and Operation

Initial construction of Morton Bay is anticipated to cost between \$899.2 million and \$1.45 billion. This is inclusive of between \$750 million to \$1.3 billion in geothermal facility and well construction and additional \$149.2 million for transmission and administrative office construction.

The construction phase of the project is scheduled to include the following types of expenditures:

1. Site Acquisition (land lease and/or leasing costs)
2. Engineering
3. Project Management (including Overhead and Profit to an EPC)
4. Construction and Installation of Geothermal Facility and Well(s)
5. Site Work (clearing & grubbing, grading and fencing)
6. Interior Roads & Landscaping
7. Operations Facilities
8. Transmission Upgrades (including Pro-Rata Share of Switching Station)

In terms of construction, the project developer states that 205 full time equivalent jobs lasting about three (3) years. In total, about \$598.84 million is projected in direct and indirect construction labor (on and off site). The economic multiplier for construction labor is 1.2619. This means that for each dollar spent on labor to construct the facility it is anticipated that an additional 26 cents are spent within the economy as that dollar circulates. In total, it is projected that the economic impact of construction labor will be about \$600.10 million. Note this includes both onsite and offsite labor. Onsite labor calculations will be described later in this report.

Additionally, \$575.36 million in material purchases are anticipated to construct the geothermal energy production facility. Obviously only a small portion of the material purchases will come from within the Imperial Valley as most items used in the geothermal energy production process are manufactured outside the region. DMG, Inc. has examined what materials may come directly from Imperial Valley vendors and we have determined that such items as aggregate and cement/concrete will likely come from within the region. Thus, for the purpose of calculating the potential impact of the development of the project, we are estimating that 5% of the overall materials purchased may come from within the region. This would equate to about \$28.77 million dollars being spent within the region on materials during the construction period. In applying an economic multiplier of 1.2995 for construction material purchases, the overall economic impact of material purchases within the region is anticipated to be about \$37.38 million over the same period.

Long term operational impacts will take the form of operational labor, facility security and maintenance as well as replacement of equipment. Information from the developer suggests some additional local material purchases to be made as part of the operation of the facility. It is estimated that the economic impact of material purchases (during the thirty (30) year life of the facility) will have an economic impact of about \$75.28 million on the regional economy. This is based on 5% of material purchases coming from local sources as major component purchases are sourced from outside the region.

At build-out the project developer states that the facility will employ a projected full-time equivalent of 61 people. Over the life of the facility, operational labor is estimated to have a \$563.84 million economic impact on the regional economy. It is also anticipated that there will be some additional contract services required for the operation and maintenance of the facility. Exhibit B provides the scheduled calculations along with scheduled and multipliers.

It is calculated that the construction and operation of Morton Bay project will have an overall economic impact to the Imperial Valley Region of about **\$1.39 billion** over the thirty (30) year period of construction and operation.

Conclusion Regarding Economic Impact to the Region

Development Management Group, Inc. projects that the Morton Bay project will have approximately ***\$1.39 billion in economic impact to the regional economy*** over the thirty (30) year life of the project.

Governmental Revenues

The Morton Bay project will provide certain and specific tax revenues to the County of Imperial and other region-based taxing organizations. Exhibit C shows the projected governmental revenues. They fall into two (2) main categories, Sales & Use Tax and Property Tax.

Sales & Use Tax: DMG, Inc. is estimating that Morton Bay LLC will receive Sales & Use Tax abatement whereby Sales & Use Tax will not apply on the first \$241.29 million of equipment purchases during the three (3) year construction period. This abatement/exemption is expected to be provided by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). After application of the CAEATFA exemption, the County of Imperial is still anticipated to receive approximately \$7.78 million of Sales & Use Tax so long as the construction site is designated as a Point of Sale for Construction Materials. Additional information regarding Sales & Use Tax and construction contracts is shown below:

In the State of California sales tax is applicable when construction materials are purchased by a construction contractor. An example would be a contractor that purchases roofing materials from a roofing supply company. At the time the contractor purchases the materials, he or she pays sales tax on the amount purchased. The point of sale is the place where the purchase was “principally negotiated” which is typically the location of the roofing supply business. The point of sale is important because local jurisdictions receive a portion of the sales tax collected.

In the case of a geothermal energy production facility that is scheduled to have hundreds of millions of dollars of materials, the point of sale provides substantial financial benefit to the retailer (supplier) of the materials. The following paragraphs provide guidance regarding the applicability of sales tax on manufacturing/construction equipment and the appropriate structure so that the County of Imperial may maximize its ability to receive financial benefit as the designated point of sale.

There are two (2) documents which are worthy of review and understanding relative to how sales and use tax can and should be handled for the Imperial County project. The first is Regulation 1521, which governs Construction Contractors and defines Construction Contracts. The second is Publication 28 entitled “Tax Information for City and County Officials” (relative to Sales and Use Tax). Both documents are available through the California State Board of Equalization.

Regulation 1521 discusses the application of Sales & Use Tax on solar and energy production equipment. DMG, Inc. believes this also applies to materials utilized in the geothermal energy production process. Further, Morton Bay 1 or anyone else that would be installing equipment on real property would be a Construction Contractor and the “retailer” of the product. This means that Morton Bay would be responsible for reporting and paying sales and use tax to the State of California. A section under Regulation 1521 deals directly with Construction Contractors that are also the manufacturer of the product. Simply stated, there are various methods for which Morton Bay determines the retail price or value of the product. Such methods are described in detail on Page 3 of Regulation 1521 (Measure of Tax: Determining Cost Price).

Sales and Use Tax applies to fixtures utilized in the construction process. The law provides the option for a Construction Contractor to obtain a “Sales Tax Jobsite Sub-Permit” that allows the reporting of sales and use taxes at the jobsite itself (rather than where the fixtures were purchased). Essentially this means that the County of Imperial (under the Jobsite Sub-Permit) would receive the maximum financial benefit of a project such as the one proposed by Morton Bay. Publication 28 Exhibits A and B provide greater detail as to both the qualification and application to obtain a “Jobsite Sub-Permit”.

Essentially, at such time as construction commences, Morton Bay would file for a “Sales Tax Jobsite Sub-Permit for Construction Contractors (Exhibit A of Publication 28). Sales Tax will then be reported to the Board of Equalization and paid by Morton Bay. Since the Sub-Permit will be specific to the job site, the County of Imperial will receive the maximum amount of sales tax as the local entity.

1521 (b)(2)(B)(1) In General

In General, Construction Contractors are retailers of fixtures which they furnish and install in the performance of construction contracts and tax applies to their sales of fixtures.

1521 (b)(2)(B)(2) Measure of Tax

(a) In General, if the contract states the sale price at which the fixture is sold, tax applies to that price. If the contract does not state the sale price of the fixture, the sale price shall be deemed to be the cost price of the fixture to the contractor.

(b) Determining Cost Price. If the contractor purchases the fixtures in a completed condition, the cost price is deemed to be the sale price of the fixture to him or her and shall include any manufacturer's excise tax or import duty imposed with respect to the fixture prior to its sale by the contractor.

If the contractor is the manufacturer of the fixture, the cost price is deemed to be the price at which similar fixtures in similar quantities ready for installation are sold by him or her to other contractors.

(If neither of these sections fall within the general operating framework of Morton Bay, the Regulation goes further into other tests that can be applied to determine the sales price (which is applicable to sales and use tax).

Sales Tax/Point of Sale Conclusions:

1. Geothermal Energy Production Equipment are fixtures under Sales and Use Tax Law.
2. The Construction Contractor is the retailer of fixtures.
3. The retailer (Construction Contractor) is responsible for reporting and paying sales and use tax to the State of California
4. Where the Construction Contractor (retailer) is also the manufacturer, there are various methods of determining the sale price.
5. It is important that the contract between the Construction Contractor and Morton Bay clearly separates labor, materials and fixtures.

6. The Construction Contractor can apply for and receive a Job Site Sub-Permit from the California Department of Tax and Fee Administration, thus allowing the maximum financial benefit (sales and use taxes) to be allocated to the County of Imperial.

Sales and Use Tax Designated for the County of Imperial:

In total, the County of Imperial would receive a total of 2.5% of the cost or value of tangible personal property sold within the County. More specifically, the County will receive 2.5% of the cost or value of the materials and equipment installed on projects within its jurisdiction. Keep in mind that the sales tax rate in Imperial County is 7.75%. The following is a list of the breakdown of how the County receives 2.5%:

- 1: 1.00% local sales tax for County General Fund
- 2: .50% local health programs
- 3: .50% local public safety funding
- 4: .50%* Measure D Transportation Projects

* Measure D is a locally approved Transportation Funding in Imperial County. It is represented by a ½ of 1% additional tax placed upon taxable sales originating within the County. About 2/3 of the funds received are placed into a pool that is used for regional transportation projects throughout the region (across the seven cities) while the other 1/3 is available directly to the County of Imperial for transportation projects. Measure D is in addition to the .25% that is included as part of the general 1.00% sales tax listed above.

In terms of application to the Morton Bay, if the County of Imperial were to require as part of the Conditions of Approval (or similar project governing document) that the site location be designated as the “Point of Sale”, the County of Imperial (and region through Measure D) will be the beneficiary of \$7.78 million in sales tax over the construction period (Years 1-3). In order for the County of Imperial to benefit from Point of Sale, the County MUST place said requirement in the Conditions of Approval. This action is included in our analysis and will be part of our recommendations. Note again that DMG, Inc.’s analysis considers a likely exemption of approximately \$241.29 million in taxable manufacturing material purchases in Years 1-3 through CAEATFA).

Property Taxes: Morton Bay Geothermal, LLC will generate a significant amount of property tax as a result of the project. The Year 3 Assessed Valuation (completion of construction) is expected to be about \$1.33 billion which includes \$1.74 billion in valuation for property improvements and \$377,000 in land valuation. Note that the Assessed Valuation is subject to depreciation and is projected to be placed on a 30-year depreciation schedule. Based on the above valuation and depreciation schedule, it is anticipated that the project will generate \$276.73 million in gross property taxes over the first thirty (30) years. This is the total amount of property taxes that are split among various taxing agencies. Under this scenario, the County of Imperial would receive a net of \$70.94 million in property taxes over thirty (30) years.

Overall, it is expected that the County of Imperial will receive \$7.78 million in Sales & Use Tax and a gross amount of \$276.73 million in Property Taxes. Exhibits D & E provide the calculations for net to County property taxes, which includes General Fund, Fire Protection and County Library. The Exhibit (D) also shows that 46% of the funds previously allocated to the County General Fund have been recaptured as part of the Education Revenue Augmentation Fund. Exhibit D also provides annual income projections to the County of Imperial from the Community Services Fee (which is a portion of the Property Tax savings as described earlier in this section). In total, the County of Imperial is expected to net \$70.94 million in Property Tax over the first ten (10) years of the project.

The subject properties also include a number of add-on taxes (or benefit taxes) that were passed by local voters. Such add-on taxes benefit Imperial Community College District, Pioneers Hospital District and Calipatria Unified School District. Over the thirty-year life of the project, these add-on property taxes are projected to generate an additional \$73.42 million in direct dollars to the above-named organizations. Exhibit F provides a full allocation of all local property taxes by taxing agency.

It is projected that the County of Imperial (and associated regional taxing agencies) will garner approximately \$350.14 million in gross revenues (Sales & Use Tax and Property Tax, inclusive of Add-On Taxes) over the first thirty (30) years of the project. The accepted multiplier for dollars generated (and spent) by local governments is 1.2783 which mean that the overall economic impact of the tax revenue received by the County of Imperial and other taxing organizations is approximately \$447.58 million over the first thirty (30) years of the project.

14. Employment/Job Impact Analysis

As previously stated, Morton Bay has projected a total of 205 construction jobs lasting approximately three (3) years. These are the onsite construction jobs and do not include outside engineering and management that may not be onsite or within Imperial County. In addition, the project is projecting 61 full-time operating jobs. These jobs include positions in General Management, Plant Management, Professional Engineers, Office/Administrative and Operations/Maintenance. The projected average annual pay, including benefits, for these sixty-one (61) jobs is approximately \$114,750. The first-year stabilized payroll (Year 3 of the project) is \$7 million (inclusive of benefits).

Exhibit G provides calculations (with appropriate economic multipliers) for both construction and operation jobs. The overall economic impact to the region based on the jobs the Morton Bay project is creating is \$665.34 million while the economic impact of wages (without construction) over the thirty-year life of the project is expected to be \$563.84 million. Note that these figures include economic multipliers. Finally, the sixty-one (61) direct operation jobs are expected to generate an additional 60 jobs elsewhere in the regional economy.

15. Fiscal Impact Upon the County of Imperial (Single Phase Development) Exhibits H-J

A Fiscal Impact Analysis was completed to determine if the revenues scheduled were sufficient for which to allow the County of Imperial to provide essential goods and services to the project site and the additional population within the County as a result of the construction and/or operation of the energy production facility. It is estimated that the County will receive a net of approximately \$78.72 million in tax revenues over the thirty (30) year life of the project (net of \$70.94 million in property tax revenue and \$7.78 million in sales tax revenue). This figure is a base figure for which to better understand the aggregate fiscal impacts of the proposed Morton Bay project on the County.

There are multiple ways of conducting a Fiscal Impact Analysis. DMG, Inc. has chosen to utilize the following assumptions/methodology:

1. Land in and of itself has very little call for service from the County of Imperial.
2. Persons employed (to construct, operate or secure) at the facility do require various general governmental services.
3. For purposes of evaluating the potential demand by persons for services, it is assumed that each full-time equivalent job (construction, operation or security) shall support an average countywide household size of 3.81 persons (meaning the employee and an additional 2.81 persons).

To generate a Fiscal Impact Analysis, a schedule of costs for County of Imperial General Government Services was generated as Exhibit N. This was extrapolated from Schedule 8 of the 2023-24 County of Imperial "Actual Estimated" Budget as presented to the County Board of Supervisors in June 2023. Exhibit N shows approximately \$585.26 million for General Government expenditures by the County of Imperial. This equates to approximately \$3,260.95 per person (based on a population of 179,476). For purposes of disclosure, it is estimated that about 66% of the County General Fund comes from outside sources (State and Federal Government) while 34% of the revenues come from within the County (taxes and fees). Development Management Group, Inc. recognizes that the revenue climate (at the State and Federal level) is ever changing and in order to provide a conservative analysis, it is expected that new projects into the County provide sufficient revenue for which to support 100% of the costs (without expectation of additional reimbursement from State or Federal sources).

Utilizing project level data, we have generated a schedule that calculates the estimated costs to provide General Government services as a result of the proposed project. For example, in Year 3 (stabilized year), the project developer states that 205.42 FTE construction employees and 61 operating positions will be needed, generating a total population demand for government services of 1,015.06 persons. This equates to a need for \$3.485 million to be generated in County revenues for which to support this number of people. To adjust for inflation through the life of the project, the annual cost per person to provide General Government Services has been increased by 2.5233% per annum. This represents the average Consumer Price Index Adjustment for the last thirty (30) years (1992-2021) (Exhibit A).

In total, it is estimated it will cost the County of Imperial approximately \$40.10 million over the thirty (30) year life of the project for which to provide General Government Services to the employees and their families/dependents. These calculations are found in Exhibit I.

Exhibit J provides a comparison on a year-by-year basis of the anticipated revenues to the County of Imperial as a result of the project and compares it to the anticipated expense to provide General Government Services to the employees and their families/dependents. The exhibit accounts for approximately 2.33% of sales tax that is anticipated to be received along with an allocation of (approximately) 25.64% of the overall property taxes paid being available to provide General Government Services. It should be noted that a majority of property taxes paid go to taxing agencies other than the County of Imperial.

Analysis of Exhibit J shows that hosting the Morton Bay facility in Imperial County, based on the information the developer has provided, will generate \$38.63 million more than what it will cost the County to support the proposed project directly. The Morton Bay project is estimated to produce \$78.72 million in tax revenue to the County while costing the County \$40.10 million to support. Based on the information the developer has provided and stated to be true, ***the project does produce sufficient local tax revenue (in the form of net to the County of Imperial property tax and sales & use tax) to support the level of services anticipated to be needed by the persons constructing and operating the facility.***

16. Recommendations Regarding Fiscal Impacts and Mitigation(s)

A. Development Management Group, Inc. recommends that the County of Imperial consider entering into a formal agreement that requires the project developer to provide certified (and independently audited) payroll records at the conclusion of the project to insure that craft hour estimates (provided by the developer) are accurate and to the extent that the actual craft hours exceeds the estimated craft hours that the County of Imperial is reimbursed for the cost of services needed to support the construction of the facility. If this is a mitigation measure that the County determines is viable, DMG, Inc. will assist the County in drafting the specific condition of approval appropriate to address this recommendation.

- B. Development Management Group, Inc. recommends that the County of Imperial requires the applicant to have a qualified civil or traffic engineer calculate a) the average life of regional and surface streets from Interstate 8, Highway 111 and/or Highway 86 to the project site(s) b) the potential accelerated impact of street resurfacing based on the construction traffic (equipment and employees) over the first five (5) years of the project c) cost to resurface said streets d) calculate the proportional share for which Morton Bay should be responsible for as part of a direct mitigation payment to the County of Imperial prior to commencing construction. This recommendation is in the event that project construction will utilize surface streets outside of Interstate 8, Highway 111 and/or Highway 86.
- C. Development Management Group, Inc. recommends that the County of Imperial require Morton Bay LLC to enter into a specific cost reimbursement agreement for direct police and fire protection services whereas for each call made to the project site for such public safety services that the project is responsible for reimbursing the County of Imperial. Such an agreement can be created using a “Contract Cities Service Rate” for both police (Sheriff) and fire protection services. This will ensure that if there is a fire or similar significant incident that the residents of Imperial County are not subsidizing the facility.
- D. Development Management Group, Inc. recommends that the County of Imperial require Morton Bay to enter into a specific cost reimbursement agreement for direct judicial and prosecutory services whereas if a person(s) is tried in a court of law for potential crimes at the project site, that the project itself is required to reimburse the County for such costs.
- E. Development Management Group, Inc. recommends that the County of Imperial require Morton Bay, or any other landowner associated with the project sites (parcels) to enter into a Development Agreement or similar document that calls for the remuneration for estimated deficits to the County of Imperial budget as a result of the Morton Bay project. Said Agreement may include such items as predetermination in regard to project valuation and property tax depreciation in order to protect County revenues. An example could include assessed land values shall increase by 2% per annum on land and the appropriate referenced depreciation schedule for all non-land items to ensure that the County of Imperial and other regional taxing authorities receive the scheduled revenue contained within this analysis.

Such an agreement should contain a provision which prohibits said property owner(s) from appealing their assessed value for the duration of the project operation (or 30 years) whichever comes first. The agreement shall be in full compliance with Proposition 13 in all other aspects. This is necessary to mitigate the fiscal costs to the County to host this facility.

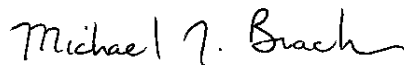
- F. Development Management Group, Inc. recommends that the County of Imperial require the project developer through Conditions of Approval, Development Agreement or similar document to designate the project site as the “Point of Sale/Point of Use” in compliance with State Board of Equalization Regulation 1521 and file for a “Sales Tax Jobsite Sub-Permit for Construction Contractors” as outlined in State Board of Equalization Publication 28, Exhibit A. Note: the project developer has indicated they will participate in this program/opportunity. It is still incumbent upon the County to require participation through the Conditions of Approval.

- G. Development Management Group, Inc. recommends that the County of Imperial enter into some type of agreement with the project proponent that recognizes the taxable material cost estimates contained in Exhibit B of this report and provides a formal guarantee (bond or otherwise) in order to provide greater certainty of these figures.

- H. Development Management Group, Inc. recommends that the County of Imperial condition the project so that if equipment is replaced with new equipment after the original construction period (most likely for purposes of utilizing newer technology) that the project site again designated as the "Point of Sale/Point of Use" as to create an additional local tax funding source for the County of Imperial. This requirement is similar to Item E but extends said condition in such cases as a substantial portion of the geothermal energy production equipment is "upgraded", "replaced" or “repowered”.

17. Certification

I certify that my engagement to prepare this report was not contingent upon developing or reporting predetermined results. The statements of fact contained herein and the substance of this report are based on public records, data provided by the Morton Bay LLC (Morton Bay) and other sources as described in the reference section of this report. This report reflects my personal, unbiased professional analyses, opinions and conclusions. If any of the underlying assumptions related to this report change after the date of this report (June 26, 2024), then the undersigned reserves the professional privilege to modify the contents and/or conclusions of this report.



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Exhibit A			
Consumer Price Index Calculation (30-Years) 1993-2022			
	#	Year	CPI %
	1	1993	3
	2	1994	2.6
	3	1995	2.8
	4	1996	3
	5	1997	2.3
	6	1998	1.6
	7	1999	2.2
	8	2000	3.4
	9	2001	2.8
	10	2002	1.6
	11	2003	2.3
	12	2004	2.7
	13	2005	3.4
	14	2006	3.2
	15	2007	2.8
	16	2008	3.8
	17	2009	-0.4
	18	2010	1.6
	19	2011	3.2
	20	2012	2.1
	21	2013	1.5
	22	2014	1.6
	23	2015	0.1
	24	2016	1.3
	25	2017	2.1
	26	2018	1.9
	27	2019	2.3
	28	2020	1.4
	29	2021	7.0
	30	2022	6.5
	Gross		75.7
	Average		2.5233
Average Increase in Consumer Prices = 2.5233% annually			

Exhibit B

Construction/Operational Economic Impacts: (Years 1-30)

Morton Bay Geothermal LLC

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Short Term Economic Impacts										
Construction Labor	\$199,614,000	\$199,614,000	\$199,614,000							
Economic Multiplier Rate	1.2619	1.2619	1.2619							
Economic Impact of Labor (Annually)	\$251,890,910	\$251,890,910	\$251,890,910							
Construction Materials	\$191,786,000	\$191,786,000	\$191,786,000							
Local Purchase Materials (5%)	0.05	0.05	0.05							
Projected Purchase of Materials Locally	\$9,589,300	\$9,589,300	\$9,589,300							
Economic Multiplier Rate	1.2995	1.2995	1.30							
Local Impact (Annually)	\$12,461,295	\$12,461,295	\$12,461,295							
Long Term Economic Impacts										
Operational Materials (Ongoing)	\$0	\$0	\$10,500,000	\$21,000,000	\$22,050,000	\$23,152,500	\$24,310,125	\$25,525,631	\$26,801,913	\$28,142,008
Local Material Purchase (5%)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Projected Local Purchases of Materials	\$0	\$0	\$525,000	\$1,050,000	\$1,102,500	\$1,157,625	\$1,215,506	\$1,276,282	\$1,340,096	\$1,407,100
Economic Multiplier Rate	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995
Local Impact of Material Purchases	\$0	\$0	\$682,238	\$1,364,475	\$1,432,699	\$1,504,334	\$1,579,550	\$1,658,528	\$1,741,454	\$1,828,527
Operational Labor	\$0	\$0	\$3,500,000	\$7,000,000	\$7,350,000	\$7,717,500	\$8,103,375	\$8,508,544	\$8,933,971	\$9,380,669
Economic Multiplier Rate	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617
Economic Impact of Labor (Annually)	\$0	\$0	\$4,765,950	\$9,531,900	\$10,008,495	\$10,508,920	\$11,034,366	\$11,586,084	\$12,165,388	\$12,773,658
Aggregate of Impacts (Annual)	\$264,352,206	\$264,352,206	\$269,800,393	\$10,896,375	\$11,441,194	\$12,013,253	\$12,613,916	\$13,244,612	\$13,906,843	\$14,602,185
Cumulative of Impacts (Cumulative)	\$264,352,206	\$528,704,412	\$798,504,805	\$809,401,180	\$820,842,374	\$832,855,627	\$845,469,543	\$858,714,155	\$872,620,998	\$887,223,182
Year 11 - Year 20										
Operational Materials (Ongoing)	\$29,549,109	\$31,026,564	\$32,577,893	\$34,206,787	\$35,917,127	\$37,712,983	\$39,598,632	\$41,578,564	\$43,657,492	\$45,840,366
Local Material Purchase (5%)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Projected Local Purchases of Materials	\$1,477,455	\$1,551,328	\$1,628,895	\$1,710,339	\$1,795,856	\$1,885,649	\$1,979,932	\$2,078,928	\$2,182,875	\$2,292,018
Economic Multiplier Rate	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995
Local Impact of Material Purchases	\$1,919,953	\$2,015,951	\$2,116,749	\$2,222,586	\$2,333,715	\$2,450,401	\$2,572,921	\$2,701,567	\$2,836,646	\$2,978,478
Operational Labor	\$9,849,703	\$10,342,188	\$10,859,298	\$11,402,262	\$11,972,376	\$12,570,994	\$13,199,544	\$13,859,521	\$14,552,497	\$15,280,122
Economic Multiplier Rate	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617
Economic Impact of Labor (Annually)	\$13,412,341	\$14,082,958	\$14,787,105	\$15,526,461	\$16,302,784	\$17,117,923	\$17,973,819	\$18,872,510	\$19,816,136	\$20,806,942
Aggregate of Impacts (Annual)	\$15,332,294	\$16,098,909	\$16,903,854	\$17,749,047	\$18,636,499	\$19,568,324	\$20,546,740	\$21,574,077	\$22,652,781	\$23,785,420
Cumulative of Impacts (Cumulative)	\$902,555,476	\$918,654,385	\$935,558,239	\$953,307,285	\$971,943,784	\$991,512,108	\$1,012,058,849	\$1,033,632,926	\$1,056,285,707	\$1,080,071,127
Year 21 - Year 30										
Operational Materials (Ongoing)	\$48,132,385	\$50,539,004	\$53,065,954	\$55,719,252	\$58,505,214	\$61,430,475	\$64,501,999	\$67,727,099	\$71,113,454	\$74,669,126
Local Material Purchase (5%)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Projected Local Purchases of Materials	\$2,406,619	\$2,526,950	\$2,653,298	\$2,785,963	\$2,925,261	\$3,071,524	\$3,225,100	\$3,386,355	\$3,555,673	\$3,733,456
Economic Multiplier Rate	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995	1.2995
Local Impact of Material Purchases	\$3,127,402	\$3,283,772	\$3,447,960	\$3,620,358	\$3,801,376	\$3,991,445	\$4,191,017	\$4,400,568	\$4,620,597	\$4,851,626
Operational Labor	\$16,044,128	\$16,846,335	\$17,688,651	\$18,573,084	\$19,501,738	\$20,476,825	\$21,500,666	\$22,575,700	\$23,704,485	\$24,889,709
Economic Multiplier Rate	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617	1.3617
Economic Impact of Labor (Annually)	\$21,847,289	\$22,939,654	\$24,086,637	\$25,290,968	\$26,555,517	\$27,883,293	\$29,277,457	\$30,741,330	\$32,278,397	\$33,892,316
Aggregate of Impacts (Annual)	\$24,974,691	\$26,223,426	\$27,534,597	\$28,911,327	\$30,356,893	\$31,874,738	\$33,468,475	\$35,141,898	\$36,898,993	\$38,743,943
Cumulative of Impacts (Cumulative)	\$1,105,045,818	\$1,131,269,244	\$1,158,803,841	\$1,187,715,167	\$1,218,072,060	\$1,249,946,798	\$1,283,415,273	\$1,318,557,171	\$1,355,456,165	\$1,394,200,108
Notes:										
1. Construction based on \$1.174 billion total (\$598.42mm Labor, \$575.36mm Materials over three (3) year period										
2. Applicant States 61 Operational Jobs (Average Annual \$114,754 includes 25% Burden)										

Exhibit C
Governmental Revenues: (Years 1-30)
Morton Bay Geothermal LLC

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Construction Phase										
Construction Materials (Total Amount)	\$191,786,000	\$191,786,000	\$191,786,000							
Exclusion (CAEATFA)	\$80,430,108	\$80,430,108	\$80,430,108							
Total Amount Subject to Local Sales & Use Tax	\$111,355,892	\$111,355,892	\$111,355,892							
Base 1% Local Sales Tax	\$1,113,559	\$1,113,559	\$1,113,559							
Public Health Allocation of Sales Tax .50%	\$556,779	\$556,779	\$556,779							
Public Safety Allocation of Sales Tax .50%	\$556,779	\$556,779	\$556,779							
Transportation - Measure D Sales Tax (.50%) 33% to County	\$367,474	\$367,474	\$367,474							
Total Sales Taxes Collected Benefit of County of Imperial	\$2,594,592	\$2,594,592	\$2,594,592							
Property & Sales Taxes (During Construction and Operation)										
Projected Assessed Valuation (Land)	\$377,044	\$384,585	\$392,277	\$400,122	\$408,125	\$416,287	\$424,613	\$433,105	\$441,767	\$450,602
Project Valuation (Geothermal)	\$392,182,800	\$783,191,400	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000
Depreciation (C-30)	0.98	1.06	1.13	1.10	1.09	1.07	1.03	1.0100	0.9800	0.9500
Assessed Valuation after Depreciation	\$384,339,144	\$830,182,884	\$1,326,846,000	\$1,291,620,000	\$1,279,878,000	\$1,256,394,000	\$1,209,426,000	\$1,185,942,000	\$1,150,716,000	\$1,115,490,000
Total Assessed Valuation of Facility for Property Tax Purposes	\$384,716,188	\$830,567,469	\$1,327,238,277	\$1,292,020,122	\$1,280,286,125	\$1,256,810,287	\$1,209,850,613	\$1,186,375,105	\$1,151,157,767	\$1,115,940,602
Base 1% Property Tax Amount	\$3,847,162	\$8,305,675	\$13,272,383	\$12,920,201	\$12,802,861	\$12,568,103	\$12,098,506	\$11,863,751	\$11,511,578	\$11,159,406
Property & Sales Taxes (During Operation)										
Projected Assessed Valuation (Land)	\$459,615	\$468,807	\$478,183	\$487,747	\$497,502	\$507,452	\$517,601	\$527,953	\$538,512	\$549,282
Project Valuation (Geothermal)	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000
Depreciation (C-30)	0.92	0.90	0.91	0.88	0.85	0.84	0.82	0.81	0.79	0.78
Assessed Valuation after Depreciation	\$1,080,264,000	\$1,056,780,000	\$1,068,522,000	\$1,033,296,000	\$998,070,000	\$986,328,000	\$962,844,000	\$951,102,000	\$927,618,000	\$915,876,000
Total Assessed Valuation of Facility for Property Tax Purposes	\$1,080,723,615	\$1,057,248,807	\$1,069,000,183	\$1,033,783,747	\$998,567,502	\$986,835,452	\$963,361,601	\$951,629,953	\$928,156,512	\$916,425,282
Base 1% Property Tax Amount	\$10,807,236	\$10,572,488	\$10,690,002	\$10,337,837	\$9,985,675	\$9,868,355	\$9,633,616	\$9,516,300	\$9,281,565	\$9,164,253
Property & Sales Taxes (During Operation)										
Projected Assessed Valuation (Land)	\$560,268	\$571,473	\$582,902	\$594,560	\$606,452	\$618,581	\$630,952	\$643,571	\$656,443	\$669,572
Project Valuation (Geothermal)	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000	\$1,174,200,000
Depreciation (C-30)	0.73	0.69	0.65	0.62	0.57	0.54	0.52	0.47	0.45	0.42
Assessed Valuation	\$857,166,000	\$810,198,000	\$763,230,000	\$728,004,000	\$669,294,000	\$634,068,000	\$610,584,000	\$551,874,000	\$528,390,000	\$493,164,000
Total Assessed Valuation of Facility for Property Tax Purposes	\$857,726,268	\$810,769,473	\$763,812,902	\$728,598,560	\$669,900,452	\$634,686,581	\$611,214,952	\$552,517,571	\$529,046,443	\$493,833,572
Base 1% Property Tax Amount	\$8,577,263	\$8,107,695	\$7,638,129	\$7,285,986	\$6,699,005	\$6,346,866	\$6,112,150	\$5,525,176	\$5,290,464	\$4,938,336
Total Projected Sales Taxes to County of Imperial	\$7,783,777									
Total Projected Gross Property Taxes to County of Imperial*	\$276,728,020									
Total Gross Income to the County of Imperial	\$284,511,797									
Notes:										
1. 140MW Net Estimated at 1,165,080MWh / Annually	5. All Parcels within TRA 58-000									
2. Land Assessed Value scheduled to increase in value 2% per year	6.* Projected Gross Property Taxes to County is NOT Net Amount to County									
3. Total Site Size: Approx 63 Acres as part of 160 acre parcel	7. Depreciation is C-30 (Table B Industrial Composit Factors) Per County Assessor (Applicant states 2% annual depreciation)									
4. Applicant states CAEATFA Exclusion of up to \$241.29mm of Equipment Purchases (Sales & Use Tax Exclusion/Credit) of \$18.7mm split, estimated split over three (3) years										

Exhibit D
County of Imperial Taxing Organization Benefit Chart
Morton Bay Geothermal LLC

Taxing Entity	Tax Percentage	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total (Years 1-10)
Total Assessed Valuation (Exhibit C)		\$384,716,188	\$830,567,469	\$1,327,238,277	\$1,292,020,122	\$1,280,286,125	\$1,256,810,287	\$1,209,850,613	\$1,186,375,105	\$1,151,157,767	\$1,115,940,602	\$11,034,962,555
Gross Base (1%) Property Tax		\$3,847,162	\$8,305,675	\$13,272,383	\$12,920,201	\$12,802,861	\$12,568,103	\$12,098,506	\$11,863,751	\$11,511,578	\$11,159,406	\$110,349,626
County of Imperial-General Fund	0.34123020	\$1,312,768	\$2,834,147	\$4,528,938	\$4,408,763	\$4,368,723	\$4,288,616	\$4,128,376	\$4,048,270	\$3,928,098	\$3,807,926	\$37,654,625
County General Fund- Net of ERAF	0.19108891	\$735,150	\$1,587,122	\$2,536,205	\$2,468,907	\$2,446,485	\$2,401,625	\$2,311,890	\$2,267,031	\$2,199,735	\$2,132,439	\$21,086,590
County Library	0.01288288	\$49,563	\$107,001	\$170,987	\$166,449	\$164,938	\$161,913	\$155,864	\$152,839	\$148,302	\$143,765	\$1,421,621
Fire Protection	0.05237960	\$201,513	\$435,048	\$695,202	\$676,755	\$670,609	\$658,312	\$633,715	\$621,419	\$602,972	\$584,525	\$5,780,069
Total County Property Tax Income (Net)		\$986,225	\$2,129,171	\$3,402,394	\$3,312,112	\$3,282,031	\$3,221,851	\$3,101,469	\$3,041,289	\$2,951,009	\$2,860,729	\$28,288,280
Taxing Entity	Tax Percentage	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total (Years 11-20)
Total Assessed Valuation (Exhibit C)		\$1,080,723,615	\$1,057,248,807	\$1,069,000,183	\$1,033,783,747	\$998,567,502	\$986,835,452	\$963,361,601	\$951,629,953	\$928,156,512	\$916,425,282	\$9,985,732,654
Gross Base (1%) Property Tax		\$10,807,236	\$10,572,488	\$10,690,002	\$10,337,837	\$9,985,675	\$9,868,355	\$9,633,616	\$9,516,300	\$9,281,565	\$9,164,253	\$99,857,327
County of Imperial-General Fund	0.34123020	\$3,687,755	\$3,607,652	\$3,647,751	\$3,527,582	\$3,407,414	\$3,367,381	\$3,287,281	\$3,247,249	\$3,167,150	\$3,127,120	\$34,074,336
County General Fund- Net of ERAF	0.19108891	\$2,065,143	\$2,020,285	\$2,042,741	\$1,975,446	\$1,908,152	\$1,885,733	\$1,840,877	\$1,818,459	\$1,773,604	\$1,751,187	\$19,081,628
County Library	0.01288288	\$139,228	\$136,204	\$137,718	\$133,181	\$128,644	\$127,133	\$124,109	\$122,597	\$119,573	\$118,062	\$1,286,450
Fire Protection	0.05237960	\$566,079	\$553,783	\$559,938	\$541,492	\$523,046	\$516,900	\$504,605	\$498,460	\$486,165	\$480,020	\$5,230,487
Total County Property Tax Income (Net)		\$2,770,450	\$2,710,272	\$2,740,397	\$2,650,119	\$2,559,842	\$2,529,766	\$2,469,591	\$2,439,517	\$2,379,342	\$2,349,269	\$25,598,565
Taxing Entity	Tax Percentage	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total (Years 21-30)
Total Assessed Valuation (Exhibit C)		\$857,726,268	\$810,769,473	\$763,812,902	\$728,598,560	\$669,900,452	\$634,686,581	\$611,214,952	\$552,517,571	\$529,046,443	\$493,833,572	\$6,652,106,774
Gross Base (1%) Property Tax		\$8,577,263	\$8,107,695	\$7,638,129	\$7,285,986	\$6,699,005	\$6,346,866	\$6,112,150	\$5,525,176	\$5,290,464	\$4,938,336	\$66,521,068
County of Imperial-General Fund	0.34123020	\$2,926,821	\$2,766,590	\$2,606,360	\$2,486,198	\$2,285,903	\$2,165,742	\$2,085,650	\$1,885,357	\$1,805,266	\$1,685,109	\$22,698,997
County General Fund- Net of ERAF	0.19108891	\$1,639,020	\$1,549,291	\$1,459,562	\$1,392,271	\$1,280,105	\$1,212,816	\$1,167,964	\$1,055,800	\$1,010,949	\$943,661	\$12,711,438
County Library	0.01288288	\$110,500	\$104,450	\$98,401	\$93,864	\$86,302	\$81,766	\$78,742	\$71,180	\$68,156	\$63,620	\$856,983
Fire Protection	0.05237960	\$449,274	\$424,678	\$400,082	\$381,637	\$350,891	\$332,446	\$320,152	\$289,406	\$277,112	\$258,668	\$3,484,347
Total County Property Tax Income (Net)		\$2,198,793	\$2,078,419	\$1,958,045	\$1,867,773	\$1,717,299	\$1,627,028	\$1,566,858	\$1,416,386	\$1,356,218	\$1,265,949	\$17,052,768
Total Property Taxes (1% Base)	\$276,728,020											
Total Net Property Tax to County	\$70,939,613											
Percentage of Gross to Net Property Taxes	25.64%											
Notes:												
1. Allocations for TRA 58-000												
2. ERAF reduces net to County (General Fund) by about 46% (County nets 54%)												
3. Gross Property Taxes to County are inclusive of all 1% Base Level Property Taxes												
4. Net to County is post ERAF plus County Library and Fire Share												

Exhibit E

County of Imperial Taxing Organization Benefit Chart

Consolidated Property Tax Revenues (by allocation) Years 1-30

Morton Bay Geothermal LLC

Taxing Entity	Est. Total Property Tax Generation	Approximate % to Taxing Entity	Total Property Taxes
County of Imperial-General Fund (Gross)	\$276,728,020	0.3412302	\$94,427,958
County of Imperial-General Fund (Net)*	\$276,728,020	0.19108891	\$52,879,656
County Library*	\$276,728,020	0.01288288	\$3,565,054
Fire Protection*	\$276,728,020	0.0523796	\$14,494,903
Total Net Property Taxes to County			<u>\$70,939,613</u>
<i>Notes:</i>			
1. County General Fund Amounts are Reduced by 46% to Account for ERAF (Education Revenue Augmentation Fund)			
2. Total Property Tax Generation taken from Exhibit B			
3. Tax Rate Area Schedules 58-000			
* Denotes those items that are part of funding available to pay for General County Services			

Exhibit F

**Local Taxing Jurisdiction Tax Allocation Estimate
Morton Bay Geothermal LLC**

	TRA 58-000	Percentage	Amount
	Allocated Base Tax Amount (Exhibit D)	100%	\$276,728,020
1	County General Fund*	0.3412302	\$94,427,958
2	County Library	0.01288288	\$3,565,054
3	Fire Protection	0.0523796	\$14,494,903
4	Pioneers Memorial Hospital	0.03518803	\$9,737,514
5	Imperial Community College	0.08445934	\$23,372,266
6	Calipatria Unified	0.45352393	\$125,502,779
7	Childrens Inst Tuition	0.00118188	\$327,059
8	Physically Handicapped	0.00625575	\$1,731,141
9	Trainable Severely Mentally Retarded	0.00230491	\$637,833
10	Juvenile Hall	0.00039031	\$108,010
11	Aurally Handicapped	0.00303873	\$840,902
12	County Superintendent of Schools	0.00454446	\$1,257,579
13	Development Center	0.00261998	\$725,022
	Add-On Allocations (Special Taxes Voter Approved)		
14	Pioneers Hospital District Bonds	0.0354	\$9,796,172
15	Imperial Community College District Bond 2004	0.0467	\$12,923,199
16	Calipatria Unified Bond	0.0897	\$24,822,503
17	Calipatria USD Bond 2013	0.0387	\$10,709,374
18	Calipatria USD Bond 2014	0.0548	\$15,164,695
19	Total "Add-On" (Voter Approved) Property Taxes	0.26530	\$73,415,944
20	Total Property Tax Rate (Base Level Plus Add-On)**	1.2653%	\$350,143,964
	Projected Total Benefit to Local Taxing Jurisdictions**		
21	County General Fund		\$94,427,958
22	County Library		\$3,565,054
23	Fire Protection		\$14,494,903
24	Pioneers Memorial Hospital		\$19,533,686
25	Imperial Community College		\$36,295,464
26	Calipatria Unified		\$176,199,352
27	Childrens Inst Tuition		\$327,059
28	Physically Handicapped		\$1,731,141
29	Trainable Severely Mentally Retarded		\$637,833
30	Juvenile Hall		\$108,010
31	Aurally Handicapped		\$840,902
32	County Superintendent of Schools		\$1,257,579
33	Development Center		\$725,022
34	Total**		\$350,143,964
	Notes:		
1	TRA 58-000		
2	*County General Fund allocation is reduced by 46% for Educational Revenue Augmentation Fund Allocation (County is Negative ERAF Jurisdiction and ERAF funds reallocated by State of California directly)		
3	Shown in full 30 years, though tax issue/bonds likely expire prior to end of 30+-year life of Morton Bay Geothermal LLC		
4	Total Base Level Tax Generation (Exhibits D & E):	\$276,728,020	
5	**Includes All-Ons		

Exhibit H

Projected Costs for County to Provide General Government Services to Population

County of Imperial, California

#	Department/Unit	Item	2023-24 Adopted Budget
General Government			
1	Administration	Entire Section	\$10,201,096
2	Legislative and Admin	Entire Section	\$7,487,561
3	Finance	Entire Section	\$7,959,788
4	County Counsel	Entire Section	\$2,804,949
5	Personnel	Entire Section	\$2,815,910
6	Equal Employment Opportunity	Entire Section	\$201,846
7	Elections	Entire Section	\$1,591,090
8	Property/Facility Management	Entire Section	\$7,767,530
9	Plant Acquisition	Entire Section	\$0
10	Other General	Entire Section	\$3,349,456
11	Other Protection	Entire Section	\$13,810,458
12	Recreational Facilities	Entire Section	\$724,742
13	Other Assistance	Entire Section	\$4,455,927
Public Protection			
14	Administration	Entire Section	\$236,919
15	Judicial	Entire Section	\$24,072,284
16	Police Protection	Entire Section w/Adjustment	\$18,142,346
17	Detention and Correction	Entire Section	\$28,514,259
18	Fire Protection	Entire Section w/Adjustment	\$7,144,150
19	Protective Inspection	Entire Section	\$7,724,816
20	Other Protection	Entire Section	\$38,966,377
21	Resource Conservation	Entire Section	\$23,175
Public Ways & Facilities			
22	Public Ways & Facilities	Entire Section	\$20,215,302
Health and Sanitation			
24	Administrative	Entire Section	\$879,446
25	Health	Entire Section	\$152,113,781
26	Sanitation	Entire Section	\$0
Public Assistance			
27	Administration-Workforce Development	Entire Section	\$11,284,961
28	Security-Sheriff	Entire Section	\$2,350,706
29	Health	Entire Section	\$250,000
30	Administration-Social Services	Entire Section	\$59,754,421
31	Categorical AIDS	Entire Section	\$71,996,537
32	General Relief	Entire Section	\$248,527
33	Veterans Services	Entire Section	\$441,161
34	Other Assistance	Entire Section	\$71,158,659
Education			
36	Health	Entire Section	\$300,500
37	Agriculture Education	Entire Section	\$525,752
38	Library Services	Entire Section	\$1,688,319
39	Other Education	Entire Section	\$102,000
Recreation			
40	Recreation Facilities	Entire Section	\$972,536
Contingency			
41	Contingency	Entire Section	\$2,200,000
Personnel			
42	Officer Wellness	Entire Section	\$63,187
Special Districts			
43	Administration	Entire Section	\$722,169
Total of Governmental Expenditures/Responsibilities			\$585,262,643
Total Number of Residents of Imperial County (2023 CA Dept. of Finance E-1)			179,476
Total Spending Per Resident of Imperial County			\$3,260.95
Notes:			
A	Item 16 Net of City of Holtville Police Contract (\$1,127,458) Pre Adjustment Figure: \$19,269,804		
B	Item 18 Net of City of Imperial Fire Contract (\$1,107,755) Pre Adjustment Figure: \$8,251,905		
C	Total County Budget (before Adjustments for Holtville and Imperial) = \$587,497,856		
D	Based on Schedule 8 of County of Imperial Government Funds Detail of Financing Uses by Function, Activity and Budget Unit		

Exhibit I

**Projected Costs for County of Imperial to Provide General Government Services as Result of:
Morton Bay Geothermal LLC**

#	Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Number of Projected Construction Jobs (FTE)	205.42	205.42	205.42							
2	Number of Projected Operational Jobs (FTE)	0	30	61	61	61	61	61	61	61	61
3	Total Jobs (construction & Operational) (FTE)	205.42	235.42	266.42	61	61	61	61	61	61	61
4	Ave. Number of Persons Per Household	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81
5	Estimated Persons Supported by Gen Govt.	782.65	896.95	1015.0602	232.41	232.41	232.41	232.41	232.41	232.41	232.41
6	Cost Per Person (General Govt.)	\$3,261	\$3,343	\$3,428	\$3,514	\$3,603	\$3,694	\$3,787	\$3,882	\$3,980	\$4,081
7	Estimated Cost to Provide General County Govt. Services	\$2,552,183	\$2,998,714	\$3,479,214	\$816,708	\$837,316	\$858,444	\$880,105	\$902,313	\$925,081	\$948,423
		Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
8	Number of Projected Operational Jobs (FTE)	61	61	61	61	61	61	61	61	61	61
9	Ave. Number of Persons Per Household	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81
10	Estimated Persons Supported by Gen Govt.	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41
11	Cost Per Person (General Govt.)	\$4,184	\$4,289	\$4,398	\$4,509	\$4,622	\$4,739	\$4,859	\$4,981	\$5,107	\$5,236
12	Estimated Cost to Provide General County Govt. Services	\$972,355	\$996,890	\$1,022,045	\$1,047,834	\$1,074,274	\$1,101,381	\$1,129,172	\$1,157,665	\$1,186,876	\$1,216,824
		Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
13	Number of Projected Operational Jobs (FTE)	61	61	61	61	61	61	61	61	61	61
14	Ave. Number of Persons Per Household	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81
15	Estimated Persons Supported by Gen Govt.	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41	232.41
16	Cost Per Person (General Govt.)	\$5,368	\$5,503	\$5,642	\$5,784	\$5,930	\$6,080	\$6,233	\$6,391	\$6,552	\$6,717
17	Estimated Cost to Provide General County Govt. Services	\$1,247,529	\$1,279,007	\$1,311,281	\$1,344,368	\$1,378,291	\$1,413,069	\$1,448,725	\$1,485,281	\$1,522,759	\$1,561,183
18	Total Cost to Provide General Government Services	\$40,095,306									
Notes:											
1. Cost Per Person for General Government is adjusted by the 30 year average Consumer Price Index of 2.5233 (1993-2022)											
2. Persons Per Household based on 2019 American Community Survey											

