

TO: Hannah Van Nimwegen-McGuire, Senior Comprehensive Planner, Planning and Development

FROM: Ian Peterson, Analyst II, Budget Office

DATE: July 1, 2021

SUBJECT: Flying Horse Master Plan Amendment - Fiscal Impact Analysis

A copy of the fiscal impact analysis for the Flying Horse Downtown Master Plan Amendment is attached. At the request of the Planning Department, in accordance with City Code, the Budget Office prepared a fiscal impact analysis estimating the City expenditure and revenues attributable to the Flying Horse Master Plan Amendment for a ten-year horizon. The Fiscal Impact model incorporates the land uses proposed by the Flying Horse Downtown Master Plan Amendment and calculates the average City expenditures and revenues created by the project.

The Flying Horse Downtown Master Plan Amendment amends a 67-acre property in the City that is currently zoned as 21-acres for multi-family and 46-acres for regional commercial. This Fiscal Impact Analysis evaluates the introduction of mixed-use zoning for multi-story residential buildings with commercial and office on the ground floor. The fiscal impact analysis evaluates the creation of 1,200 housing units and zoning uses for 300,000 square feet of retail, 800,000 square feet of office, and includes a potential hotel across the 67 total acres.

The result of the fiscal impact analysis is a positive cumulative cashflow for the City during the 10-year timeframe. The reason for this outcome is because the mix of commercial and residential create a revenue foundation to continue providing current level of City services for new residents and businesses.

A Combined Funds Summary of the cumulative fiscal impact is attached. In addition, the Fiscal Impact Model Notes at the end of this memo provide an overview of the Fiscal Impact model.

COMBINED FUNDS SUMMARY

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue										
General Fund	\$2,930,005	\$962,505	\$962,505	\$962,505	\$962,505	\$962,505	\$962,505	\$962,505	\$962,505	\$962,505
Special Revenue Funds	\$1,370,373	\$317,760	\$317,760	\$317,760	\$317,760	\$317,760	\$317,760	\$317,760	\$317,760	\$317,760
TOTAL REVENUE	\$4,300,378	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265	\$1,280,265
Expenditures										
Operating - General Fund	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608	\$885,608
Operating - Special Funds	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176	\$322,176
Capital Items - All Funds	\$2,479,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$3,686,905	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785	\$1,207,785
GRAND TOTAL NET RESULT	\$613,473	\$72,480	\$72,480	\$72,480	\$72,480	\$72,480	\$72,480	\$72,480	\$72,480	\$72,480
CUMULATIVE NET RESULT	\$613,473	\$685,953	\$758,433	\$830,914	\$903,394	\$975,874	\$1,048,355	\$1,120,835	\$1,193,315	\$1,265,795

FISCAL IMPACT MODEL NOTES

The Fiscal Impact Model which the Budget Office uses was created and customized specifically for the City's needs in 2020-21, by TischlerBise. TischlerBise is one of the nation's leading consulting firms for fiscal impact work. The model is updated regularly to reflect current City budget data, tax rates, market values for built spaces, and assumptions for business tax revenue by category of commercial use.

The model measures the impact of a proposed development on the City's operating budget. It utilizes current demographic data, budget information for the City, and the City's current infrastructure capacity to determine service levels. These service levels are used to project annual operating costs and revenues across all City departments based on proposed land use.

What the Fiscal Impact Model Tells Us?

The Fiscal Impact Model is a mechanism for City stakeholders to gauge the impact created by new or amended development on City expenditures and revenues.

The Fiscal Impact Model estimates the difference between costs of providing services and the sales and use tax, property tax, user fees and other revenues that could be collected from the new development.

The revenue and cost estimates are displayed as net annual and cumulative values for the ten-year horizon on the second page of this memo. The Fiscal Impact Model shows direct revenues and costs from new development only, and does not include revenues or costs generated from existing development.

The revenue projections and cost to serve are based on a "snapshot approach" in which it is assumed the current levels of service will continue through the ten-year horizon. This approach does not attempt to speculate about how levels of service, revenues, policies, and other factors will change over time.