

**TO:** Lonna Thelen, Principal Planner, Planning and Development  
**FROM:** Ian Peterson, Analyst II, Budget Office  
**DATE:** September 5, 2019  
**SUBJECT:** **Garden of the Gods Club Major Master Plan Amendment - Fiscal Impact Analysis**

A copy of the fiscal impact analysis for the Garden of the Gods Club Major Master Plan Amendment is attached. At the request of the Planning Department, the Budget Office prepared a fiscal impact analysis estimating the City General Fund, Public Safety Sales Tax (PSST) Fund, and 2C Road Maintenance Tax revenue and expenditures attributable to the amended Garden of the Gods Club development for the period 2020-2029.

The fiscal review criteria of the City Code states city costs related to infrastructure and service levels shall be determined for a ten-year time horizon for only the appropriate municipal funds.

The methodology used for the fiscal impact analysis is a case study approach, in which City units project the increased marginal cost of providing services to the development for 2020-2029. The Budget Office estimates the city revenue, as outlined in the Revenue Notes, stemming from the development, and nets those revenues against the potential revenue of the previously proposed land use in the Master Plan.

The Garden of the Gods Club Master Plan Amendment would rezone residential and private open space/detention pond to residential. This Fiscal Impact Analysis evaluates the rezoning of 58.99 acres of private open space/detention pond and 8 acres of residential to residential. Per the application, and the ratio of existing residential within the amendment area, there will be 135 townhomes and 279 apartment dwellings added to the City.

City departments projected several identifiable increases in the marginal costs of providing services to this amended development. The costs identified were in the Police Department (\$12,013 to \$14,356) and the Fire Department (\$1,416-\$1,692).

The result of the fiscal impact analysis is a positive cumulative cashflow for the City during the 10-year timeframe. The addition of residential onto previously and predominantly private open space/detention pond zoning represents the largest factor in the positive increase.

The Summary of Expenditures and Revenues is attached. In addition, the Expenditure and Revenue Notes are attached and provide the methodology for calculating the expenditures and revenues.

**GENERAL FUND FISCAL IMPACT ANALYSIS**  
**SUMMARY OF EXPENDITURES AND REVENUE FOR**  
**Garden of the Gods Club**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>EXPENDITURES</b>										
Total Salaries, Operating, and Capital Outlay										
Police	12,013	12,253	12,498	12,748	13,003	13,263	13,528	13,799	14,075	14,356
Fire	1,416	1,444	1,473	1,503	1,533	1,563	1,595	1,626	1,659	1,692
Public Works - Street	0	0	0	0	0	0	0	0	0	0
Public Works - Transportation Engineering	0	0	0	0	0	0	0	0	0	0
Public Works - City Engineering	0	0	0	0	0	0	0	0	0	0
Public Works - Traffic	0	0	0	0	0	0	0	0	0	0
Parks, Recreation and Cultural Services	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>13,428</b>	<b>13,697</b>	<b>13,971</b>	<b>14,250</b>	<b>14,535</b>	<b>14,826</b>	<b>15,123</b>	<b>15,425</b>	<b>15,734</b>	<b>16,048</b>
<b>REVENUES</b>										
Property Taxes	0	0	15,674	16,145	16,629	17,128	17,642	18,171	18,716	19,278
Specific Ownership Tax:	0	0	2,039	2,100	2,163	2,228	2,295	2,364	2,435	2,508
Road & Bridge Revenue	0	0	610	628	647	666	686	707	728	750
Sales Tax Revenue (Residential)	51,888	51,888	51,888	51,888	51,888	51,888	51,888	51,888	51,888	51,888
Sales and Use Tax Revenue (Building Materials)	407,013	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue	97,422	100,344	103,355	106,455	109,649	112,938	116,327	119,816	123,411	127,113
<b>General Fund Sub-Total</b>	<b>556,322</b>	<b>152,232</b>	<b>173,566</b>	<b>177,216</b>	<b>180,976</b>	<b>184,849</b>	<b>188,837</b>	<b>192,946</b>	<b>197,178</b>	<b>201,536</b>
Public Safety Sales Tax Fund										
Sales Tax Revenue (Residential)	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378	10,378
Sales and Use Tax Revenue (Building Materials)	81,403	0	0	0	0	0	0	0	0	0
<b>Public Safety Sales Tax Fund Sub-Total</b>	<b>91,780</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>	<b>10,378</b>
2C Road Tax Fund										
Sales Tax Revenue (Residential)	16,085	0	0	0	0	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials)	126,174	0	0	0	0	0	0	0	0	0
<b>2C Road Tax Fund Sub-Total</b>	<b>142,259</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>790,361</b>	<b>162,609</b>	<b>183,943</b>	<b>187,594</b>	<b>191,353</b>	<b>195,226</b>	<b>199,215</b>	<b>203,323</b>	<b>207,555</b>	<b>211,914</b>
<b>REVENUE SURPLUS/DEFICIT</b>										
(Total Rev. less Total Exp.)										
<b>ANNUAL</b>	<b>776,933</b>	<b>148,912</b>	<b>169,972</b>	<b>173,343</b>	<b>176,818</b>	<b>180,400</b>	<b>184,092</b>	<b>187,898</b>	<b>191,822</b>	<b>195,866</b>
<b>CUMMULATIVE</b>	<b>776,933</b>	<b>925,845</b>	<b>1,095,817</b>	<b>1,269,161</b>	<b>1,445,979</b>	<b>1,626,379</b>	<b>1,810,471</b>	<b>1,998,369</b>	<b>2,190,191</b>	<b>2,386,056</b>

**FIGURE 7**

**EXPENDITURE NOTES:**

**Garden of the Gods Club Master Plan Amendment  
General Fund/Public Safety Sales Tax (PSST) Fund/2C Road Maintenance Tax Fund Fiscal  
Impact Analysis, 2020-2029**

**POLICE:**

As development occurs, the Police Department is responsible for regular police patrol and first response services in the area. The change between the new and originally proposed land converts detention areas and open space to residential uses, which represents a marginal increase in the cost of service of \$12,013 to \$14,356.

**FIRE:**

As development occurs, the Fire Department is responsible for emergency first response in the area. Between the originally proposed Master Plan and this amendment, there is a marginal increases in the potential for emergency first response due to the addition of new residents beyond the original Master Plan. Therefore, the marginal increases in the cost of service for the Fire Department for first response (fuel, medical supplies, and vehicle maintenance) amounts to \$1,416 to \$1,692.

**PUBLIC WORKS - STREETS, TRAFFIC ENGINEERING, CITY ENGINEERING:**

There are no additional public infrastructure and maintenance obligations associated with this amendment in the next ten years. The roads added to the development are currently listed as private.

**PUBLIC WORKS -TRANSIT:**

The change in land use within this Master Plan Amendment will not alter transit services to this area within the next ten years, thus there are no identifiable marginal costs within the next ten years.

**PARKS:**

The Open Space within this development is still listed as private between the originally proposed Master Plan and this amendment. Therefore, no increase in the marginal cost of servicing this Master Plan Amendment is projected.

## **REVENUE NOTES**

### **Garden of the Gods Club Master Plan Amendment**

### **General Fund/Public Safety Sales Tax (PSST) Fund/2C Road Maintenance Tax Fund Fiscal Impact Analysis, 2020-2029**

#### **PROPERTY TAX:**

It is assumed property taxes will be collected in the year 2022 based upon beginning construction in 2020 because of the time lag associated with placing assessed value onto the assessment rolls. The 2022 revenue is calculated by multiplying the City mill levy of 4.279 mills by the projected increase in City assessed valuation resulting from the proposed development. This assumes there is no change in the commercial assessment ratio of 29%, and residential assessment ratio of 7.15%. The cumulative assessed valuation includes a 3% annual increase in market values.

The collection of property tax per the Master Plan amendment is netted against potential property tax revenue within the original proposed Master Plan.

#### **SPECIFIC OWNERSHIP TAXES**

The Specific Ownership Taxes are calculated at 13.01% of the property tax revenues. This is based on the average actual City Specific Ownership Taxes as a percent of property tax revenues over a period of five years.

#### **ROAD & BRIDGE REVENUE:**

The Road & Bridge Revenue is calculated at 3.89% of the property tax revenues. This is based on the average actual City Road & Bridge revenues as a percent of property tax revenue over a period of five years.

#### **SALES AND USE TAX:**

The revenue calculation assumes the existing General Fund tax rate and existing collection practices.

Projections include sales tax revenue from the personal consumption by the population projected to reside in the Garden of the Gods Club development and the sale of building materials used in the projected construction of the households in the development.

The collection of sales tax related to the Master Plan amendment is netted against potential sales tax revenue within the original proposed Master Plan.

The Sales Tax Revenue for Residential Uses is calculated by determining the average household income per unit and the percentage of income spent on taxable consumption.

The average household income per unit is calculated based upon an “affordability” calculation, which assumes 10% down, 30-year mortgage @ 4%, and a 28% income/Principal and Interest ratio. The percentage of income spent on taxable consumption is 33%, which is derived based on the estimates from the U.S. Department of Commerce Consumer Expenditure Surveys. It also assumes that 75% of consumption by the new residents will be within the City and that 60% of the consumption by these residents is new to the City. Projections include a 3% annual increase for inflation.

The Budget Office derived a market value per unit for multi-family dwellings to plug into the aforementioned calculation that serves as a proxy in the affordability calculation.

The Sales Tax Revenue for Building Materials is calculated based on sales taxable materials at 40% of the market value of the property. Sales Tax Revenue that would be received from prior potential construction plans is netted against what will be received from construction of the proposed development.

### **Miscellaneous Revenue**

The revenue calculation for Miscellaneous Revenue is population based, and is derived from City revenue categories like fines or charges for services on a per capita basis for residents of the City.

The Budget Office uses an estimate of 2.5 persons per dwelling unit for these calculations.

As with Sales Tax Revenue, Miscellaneous Revenue is projected as 60% new to the City.