

TO: Hannah Van Nimwegen, Planner II, Planning and Development
FROM: Ian Peterson, Analyst II, Budget Office
DATE: November 27, 2018
SUBJECT: **Banning Lewis Master Plan Amendment – Advanced Concrete Site - Fiscal Impact Analysis**

A copy of the fiscal impact analysis for the Banning Lewis Master Plan Amendment for the Advanced Concrete site 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 Banning Lewis Master Plan for the period 2019–2028.

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, where a mini-budget process is undertaken in which City units are asked to project the increased marginal cost of providing services to the development for 2019–2028. 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.

City departments indicated that there were no identifiable marginal costs of providing services to this amended development. The nature and size of this amendment precluded any changes to the level of service from the previous version of the Master Plan.

The result of the fiscal impact analysis is a positive cumulative cashflow for the City during the 10-year timeframe.

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
Banning Lewis - Advanced Concrete Site**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EXPENDITURES | | | | | | | | | | |
| <u>Total Salaries, Operating, and Capital Outlay</u> | | | | | | | | | | |
| Police | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works - Streets | 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 |
| TOTAL EXPENDITURES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUES | | | | | | | | | | |
| Property Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Specific Ownership Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Road & Bridge Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Tax Revenue (Residential) | 2,294 | 4,725 | 4,867 | 5,013 | 5,163 | 5,318 | 5,478 | 5,642 | 5,812 | 5,986 |
| Sales and Use Tax Revenue (Building Materials) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Fund Sub-Total | 2,294 | 4,725 | 4,867 | 5,013 | 5,163 | 5,318 | 5,478 | 5,642 | 5,812 | 5,986 |
| <u>Public Safety Sales Tax Fund</u> | | | | | | | | | | |
| Sales Tax Revenue (Commercial) | 459 | 945 | 973 | 1,003 | 1,033 | 1,064 | 1,096 | 1,128 | 1,162 | 1,197 |
| Sales and Use Tax Revenue (Building Materials) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Safety Sales Tax Fund Sub-Total | 459 | 945 | 973 | 1,003 | 1,033 | 1,064 | 1,096 | 1,128 | 1,162 | 1,197 |
| <u>2C Road Tax Fund</u> | | | | | | | | | | |
| Sales Tax Revenue (Commercial) | 711 | 1,465 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales and Use Tax Revenue (Building Materials) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2C Road Tax Fund Sub-Total | 711 | 1,465 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUE | 3,464 | 7,135 | 5,840 | 6,016 | 6,196 | 6,382 | 6,574 | 6,771 | 6,974 | 7,183 |
| REVENUE SURPLUS/DEFICIT | 3,464 | 7,135 | 5,840 | 6,016 | 6,196 | 6,382 | 6,574 | 6,771 | 6,974 | 7,183 |
| (Total Rev. less Total Exp.) | 3,464 | 10,599 | 16,439 | 22,455 | 28,651 | 35,033 | 41,607 | 48,378 | 55,352 | 62,535 |
| ANNUAL CUMULATIVE | | | | | | | | | | |

EXPENDITURE NOTES:

**Banning Lewis Master Plan Amendment – Advanced Concrete Site
General Fund/Public Safety Sales Tax (PSST) Fund/2C Road Maintenance Tax Fund Fiscal
Impact Analysis, 2019-2028**

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 uses represents a net neutral in cost of services for the Police Department annually within the next ten years.

FIRE:

Between the originally proposed Master Plan and this amendment, there are no additional, operational, identifiable marginal costs of providing service.

PUBLIC WORKS – STREETS, TRAFFIC ENGINEERING, CITY ENGINEERING:

There are certain minor adjustments to the infrastructure of the development, however this rearrangement represents a net neutral in terms of level of service. Therefore, this Master Plan Amendment has no additional public infrastructure and maintenance obligations within the next ten years.

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 Master Plan Amendment does not indicate any current plans to expand parks services, thus there are no identifiable marginal costs within the next ten years.

REVENUE NOTES

Banning Lewis Master Plan Amendment – Advanced Concrete Site General Fund/Public Safety Sales Tax (PSST) Fund/2C Road Maintenance Tax Fund Fiscal Impact Analysis, 2019-2028

PROPERTY TAX:

It is assumed property taxes will be collected in the year 2021 based upon beginning construction in 2019 because of the time lag associated with placing assessed value onto the assessment rolls. The 2021 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 7.2%. 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. The changes in assessed property taxes through this Amendment represent a net zero impact to revenue.

ROAD & BRIDGE REVENUE:

The Road & Bridge Revenue is calculated at 3.85% 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 generated by commercial development associated with the amendment, and the sale of building materials used in the projected construction of the commercial space 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 Commercial Uses is calculated by determining the average amount of sales and use taxable commercial activity within the development. The Budget Office collates economic and market data to create metrics to estimate potential revenue generated by that commercial activity.

The Sales Tax Revenue for Building Materials is calculated based on sales taxable materials at 40% of the market value of the property.