

TO: Katie Carleo, Principal Planner, Planning and Development

FROM: Ian Peterson, Analyst II, Budget Office

DATE: January 7, 2021

SUBJECT: Greenbriar/Powerwood Master Plan Amendment - Fiscal Impact Analysis

A copy of the fiscal impact analysis for the Greenbriar/Powerwood 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 2C2 Road Maintenance Tax revenue and expenditures attributable to the Greenbriar/Powerwood Master Plan Amendment for the period 2021-2030.

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 incremental cost of providing services to the development for 2021-2030. The Budget Office estimates the city revenue, as outlined in the Revenue Notes, stemming from the development.

Greenbriar/Powerwood amends a 10.98 acre property in the City. Based on the planned zoning uses, this Fiscal Impact Analysis evaluates the rezoning of 9.22 acres of regional commercial to multifamily residential. The planned development will contain 322 units to house workers in the nearby health care facilities. 1.76 acres will remain zoned as regional commercial.

Most City departments did not identify increases in the incremental costs of providing services to this amended development. The costs identified were in the Police Department (\$2,777-\$3,263) and Fire Department (\$177-\$231).

The result of the fiscal impact analysis is a positive cumulative cashflow for the City during the 10-year timeframe. The demographic mix projected to reside in the amended Greenbriar/Powerwood master plan will only partially defray the loss of commercial and office related sales tax collections. However, the buildout of multifamily has a larger impact to property tax and sales tax on building materials, which is enough to create the conditions for a cumulative positive outcome.

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
Greenbriar/Powerwood

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EXPENDITURES										
<u>Total Salaries, Operating, and Capital Outlay</u>										
Police	2,777	2,860	2,946	3,035	3,126	3,219	3,316	3,415	3,518	3,623
Fire	177	182	188	193	199	205	211	218	224	231
Public Works - Operations and Maintenance	0	0	0	0	0	0	0	0	0	0
Public Works - Transit	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	2,954	3,043	3,134	3,228	3,325	3,424	3,527	3,633	3,742	3,854
REVENUES										
Property Taxes	0	0	8,581	8,838	9,103	9,376	9,658	9,947	10,246	10,553
Specific Ownership Taxes	0	0	1,170	1,205	1,241	1,278	1,316	1,356	1,397	1,438
Road & Bridge Revenue	0	0	333	343	353	364	375	386	398	409
Sales Tax Revenue (Residential and Commercial)	(58,609)	(60,367)	(62,178)	(64,044)	(65,965)	(67,944)	(69,982)	(72,082)	(74,244)	(76,472)
Sales and Use Tax Revenue (Building Materials)	469,839	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue	45,463	46,827	48,232	49,679	51,170	52,705	54,286	55,914	57,592	59,319
General Fund Sub-Total	456,694	(13,540)	(3,863)	(3,979)	(4,098)	(4,221)	(4,348)	(4,478)	(4,613)	(4,751)
<u>Public Safety Sales Tax Fund</u>										
Sales Tax Revenue (Residential and Commercial)	(11,722)	(12,073)	(12,436)	(12,809)	(13,193)	(13,589)	(13,996)	(14,416)	(14,849)	(15,294)
Sales and Use Tax Revenue (Building Materials)	93,968	0	0	0	0	0	0	0	0	0
Public Safety Sales Tax Fund Sub-Total	82,246	(12,073)	(12,436)	(12,809)	(13,193)	(13,589)	(13,996)	(14,416)	(14,849)	(15,294)
<u>2C2 Road Tax Fund</u>										
Sales Tax Revenue (Residential and Commercial)	(16,704)	(17,740)	(18,807)	(19,907)	(21,039)	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials)	133,904	0	0	0	0	0	0	0	0	0
2C Road Tax Fund Sub-Total	117,201	(17,740)	(18,807)	(19,907)	(21,039)	0	0	0	0	0
TOTAL REVENUE	656,140	(43,353)	(35,106)	(36,694)	(38,330)	(17,810)	(18,344)	(18,895)	(19,461)	(20,045)
REVENUE SURPLUS/DEFICIT										
(Total Rev. less Total Exp.)										
ANNUAL	653,186	(46,396)	(38,240)	(39,922)	(41,655)	(21,235)	(21,872)	(22,528)	(23,204)	(23,900)
CUMMULATIVE	653,186	606,790	568,550	528,628	486,973	465,738	443,867	421,339	398,136	374,236

EXPENDITURE NOTES:

Greenbriar/Powerwood Master Plan Amendment

General Fund/Public Safety Sales Tax (PSST) Fund/2C2 Road Maintenance Tax Fund Fiscal Impact Analysis, 2021-2030

POLICE:

As development occurs, the Police Department is responsible for regular police patrol and first response services in the area. This amendment represents an impact to the Police Department's response area, and thus represents a \$2,777 to \$3,623 incremental cost increase to the Police Department.

FIRE:

As development occurs, the Fire Department is responsible for emergency first response in the area. This amendment increases the population planned to live within city limits of this development and thus an increase in potential calls for service in the future. Therefore, there is a potential future incremental cost increases of \$177 to \$231 within the Fire Department.

PUBLIC WORKS – OPERATIONS AND MAINTENANCE:

Streets maintenance within the public rights of way of this development are the responsibility of the City's Public Works Operations and Maintenance division, including milling, paving, crackseal, chipseal, concrete and ramps. This amendment does not add any additional street maintenance obligations, therefore, no incremental changes in the cost of providing service were incorporated into this fiscal impact analysis.

PUBLIC WORKS – TRAFFIC ENGINEERING:

Traffic Engineering is responsible for signals maintenance and school traffic safety. This amendment does not add any additional signalized intersections or school zones, therefore, no incremental changes in the cost of providing service were incorporated into this fiscal impact analysis.

PUBLIC WORKS -TRANSIT:

This annexation lies outside the current service area of City transit services. There are currently no plans to extend service at this time, therefore, no incremental changes in the cost of providing service were incorporated into this fiscal impact analysis.

PARKS:

This amendment does not add acreage to the maintenance obligations of the City's Parks, Recreation, and Cultural Services department. Therefore, no incremental changes in the cost of providing service were incorporated into this fiscal impact analysis.

REVENUE NOTES

Greenbriar/Powerwood Master Plan Amendment

General Fund/Public Safety Sales Tax (PSST) Fund/2C2 Road Maintenance Tax Fund Fiscal Impact Analysis, 2021-2030

PROPERTY TAX:

It is assumed property taxes will be collected in the year 2023 because of the time lag associated with placing assessed value onto the assessment rolls. The 2023 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 generation of property taxes by the proposed uses in this master plan amendment are netted against those potentially generated by existing uses.

SPECIFIC OWNERSHIP TAXES

The Specific Ownership Taxes are calculated at 13.63% 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 3.88% 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 this development, sales tax revenue generated by commercial development above and beyond the personal consumption identified, and the sale of building materials used in the projected construction of the households and commercial space in the development.

The generation of sales taxes by the proposed uses in this master plan amendment are netted against those potentially generated by existing uses.

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 for potential renters in the development to match the demographic mix projected to reside in the development.

The Sales Tax Revenue for Commercial Uses is calculated by determining the average amount of commercial space within the development. The Budget Office collates economic and market data to create metrics to estimate potential revenue generated by that commercial space.

In the absence of development plans for the prior zoning, the Budget Office assumed that 75% of the land use of the 9.22 acres of regional commercial was for office use, and 25% for retail. This assumption was based off of current uses directly surrounding the parcel in question.

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 this 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 multi-family units will be split between studio and single bedroom setups, and the Budget Office used an average of 1.5 persons per unit.

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