

TO: Dan Sexton, Senior Planner, Planning and Development
FROM: Ian Peterson, Analyst II, Budget Office
DATE: August 17, 2018
SUBJECT: **The Farm Major Master Plan Amendment - Fiscal Impact Analysis**

A copy of the fiscal impact analysis for The Farm 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 Farm development 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.

Most departments indicated that there were no identifiable marginal costs of providing services to this amended development. However, the Fire Department (\$101-\$121) and the Police Department (\$13,200-\$15,775) identified marginal increases in operation costs annually.

The result of the fiscal impact analysis is a positive cumulative cashflow for the City during the 10-year timeframe. The major positive factor within this fiscal impact analysis stems from adding significant commercial space, and the potential revenue that comes with it.

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**

	2019	2020	2021	The Farm 2022	2023	2024	2025	2026	2027	2028
EXPENDITURES										
<u>Total Salaries, Operating, and Capital Outlay</u>										
Police	13,200	13,464	13,733	14,008	14,288	14,574	14,865	15,163	15,466	15,775
Fire	101	103	105	107	109	112	114	116	118	121
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	13,301	13,567	13,838	14,115	14,397	14,685	14,979	15,279	15,584	15,896
REVENUES										
Property Taxes	0	0	7,073	7,286	7,504	7,729	7,961	8,200	8,446	8,699
Specific Ownership Taxes	0	0	823	847	873	899	926	954	982	1,012
Road & Bridge Revenue	0	0	269	277	285	294	303	312	321	331
Sales Tax Revenue (Commercial Uses)	107,046	220,515	340,696	467,889	602,407	744,575	894,731	1,053,226	1,220,426	1,396,710
Sales and Use Tax Revenue (Building Materials)	45,601	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	152,648	220,515	348,861	476,299	611,069	753,497	903,921	1,062,691	1,230,175	1,406,751
<u>Public Safety Sales Tax Fund</u>										
Sales Tax Revenue (Commercial Uses)	21,409	44,103	68,139	93,578	120,481	148,915	178,946	210,645	244,085	279,342
Sales and Use Tax Revenue (Building Materials)	9,120	0	0	0	0	0	0	0	0	0
Public Safety Sales Tax Fund Sub-Total	30,530	44,103	68,139	93,578	120,481	148,915	178,946	210,645	244,085	279,342
<u>2C Road Tax Fund</u>										
Sales Tax Revenue (Commercial Uses)	33,184	68,360	105,616	0	0	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials)	14,136	0	0	0	0	0	0	0	0	0
2C Road Tax Fund Sub-Total	47,321	68,360	105,616	0	0	0	0	0	0	0
TOTAL REVENUE	230,498	332,978	522,615	569,876	731,550	902,412	1,082,867	1,273,337	1,474,260	1,686,093
REVENUE SURPLUS/DEFICIT										
(Total Rev. less Total Exp.)										
ANNUAL	217,197	319,411	508,777	555,761	717,153	887,727	1,067,888	1,258,058	1,458,676	1,670,197
CUMMULATIVE	217,197	536,608	1,045,385	1,601,146	2,318,299	3,206,026	4,273,913	5,531,971	6,990,647	8,660,844

FIGURE 6

EXPENDITURE NOTES:

The Farm Master Plan Amendment

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 marginal increase of approximately \$13,200 to \$15,775 in cost of services for the Police Department annually within the next ten years.

FIRE:

Between the originally proposed Master Plan and this amendment, the only additional, operational, identifiable marginal costs of providing service are fuel, medical supplies and maintenance (\$101-\$121 annually).

PUBLIC WORKS – STREETS, TRAFFIC ENGINEERING, CITY ENGINEERING:

There are no additional public infrastructure and maintenance above and beyond current obligations associated with this Master Plan Amendment. Therefore, there are no identifiable marginal costs to Public Works.

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 beyond what was originally proposed, thus there are no identifiable marginal costs within the next ten years.

REVENUE NOTES

The Farm Master Plan Amendment

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%. 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.

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.

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.

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