

TO: Katelynn Wintz, Senior Planner, Planning and Development

FROM: Ian Peterson, Analyst II, Budget Office

DATE: August 27, 2021

SUBJECT: Percheron Master Plan Amendment - Fiscal Impact Analysis

A copy of the fiscal impact analysis for the Percheron 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 Percheron Master Plan Amendment for a ten-year horizon. The Fiscal Impact model incorporates the land uses proposed by the Percheron Master Plan Amendment and calculates the average City expenditures and revenues created by the project.

Percheron amends a 237-acre property in the City. The 237 acres is part of the Banning Lewis Ranch North development that was annexed, and master planned in January 2021. Prior zoning included a broad mix of low density to very high density residential, a school transit maintenance zone, a community park, and commercial and office zoning.

Based on the planned zoning uses, this Fiscal Impact Analysis evaluates the proposed zoning of 16.8 acres of medium density residential, 41.4 acres of high density residential, 40.6 acres zoned for multi-use commercial/office/multifamily, and 5.4 acres zoned for commercial and office. The estimate for residential units is 113 medium density units and 660 high density multi-family units. In addition, a 126.5-acre regional sports complex is designated within Percheron. The remaining 6.3 acres is zoned for right of way and drainage.

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 the increase in density for the residential zoning paired with an expansion of commercial zoning creates an adequate revenue base to defray the cost of providing City services to this development.

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	\$3,096,174	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684	\$1,498,684
Special Revenue Funds	\$1,482,243	\$627,586	\$627,586	\$627,586	\$627,586	\$627,586	\$627,586	\$627,586	\$627,586	\$627,586
TOTAL REVENUE	\$4,578,417	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270	\$2,126,270
Expenditures										
Operating - General Fund	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531	\$743,531
Operating - Special Funds	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682	\$323,682
Capital Items - All Funds	\$1,823,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$2,890,713	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213	\$1,067,213
GRAND TOTAL NET RESULT	\$1,687,704	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058	\$1,059,058
CUMULATIVE NET RESULT	\$1,687,704	\$2,746,762	\$3,805,820	\$4,864,877	\$5,923,935	\$6,982,993	\$8,042,051	\$9,101,109	\$10,160,166	\$11,219,224

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.