

TO: Daniel Sexton, Senior Planner, Planning and Development
FROM: Ian Peterson, Analyst II, Budget Office
DATE: May 3, 2019
SUBJECT: **Greenbriar/Powerwood Major Master Plan Amendment - Fiscal Impact Analysis**

A copy of the fiscal impact analysis for the Greenbriar/Powerwood 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 Greenbriar/Powerwood 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, in which City units 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.

The Greenbriar/Powerwood Master Plan Amendment would rezone commercial to multi-family residential. This Fiscal Impact Analysis evaluates the rezoning of 20.5 acres of commercial zoning to multi-family residential. Per the application, the multi-family residential area will have a density of 30 dwelling units/acre, which would add 615 dwelling units to the City.

City departments indicated that there were no identifiable marginal costs of providing services to this amended development.

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
Greenbriar/Powerwood

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
EXPENDITURES										
Total Salaries, Operating, and Capital Outlay										
Police	0	0	0	0	0	0	0	0	0	0
Fire	0	0	0	0	0	0	0	0	0	0
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
TOTAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0
REVENUES										
Property Taxes	0	0	4,138	4,262	4,390	4,521	4,657	4,797	4,940	5,089
Specific Ownership Tax:	0	0	481	496	511	526	542	558	575	592
Road & Bridge Revenue	0	0	157	162	167	172	177	182	188	193
Sales Tax Revenue (Residential & Commercial	(16,668)	(19,541)	(22,501)	(25,549)	(28,689)	(31,922)	(35,253)	(38,684)	(42,218)	(45,858)
Sales and Use Tax Revenue (Building Materials	475,006	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue	144,799	149,143	153,617	158,226	162,973	167,862	172,898	178,085	183,427	188,930
General Fund Sub-Total	603,137	129,602	135,893	137,596	139,351	141,158	143,020	144,937	146,912	148,946
Public Safety Sales Tax Fund										
Sales Tax Revenue (Residential & Commercial	(3,334)	(3,908)	(4,500)	(5,110)	(5,738)	(6,384)	(7,051)	(7,737)	(8,444)	(9,172)
Sales and Use Tax Revenue (Building Materials	95,001	0	0	0	0	0	0	0	0	0
Public Safety Sales Tax Fund Sub-Total	91,668	(3,908)	(4,500)	(5,110)	(5,738)	(6,384)	(7,051)	(7,737)	(8,444)	(9,172)
2C Road Tax Fund										
Sales Tax Revenue (Residential & Commercial	(5,167)	(6,058)	0	0	0	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials	147,252	0	0	0	0	0	0	0	0	0
2C Road Tax Fund Sub-Total	142,085	(6,058)	0	0	0	0	0	0	0	0
TOTAL REVENUE	836,890	119,636	131,393	132,487	133,613	134,774	135,969	137,200	138,468	139,774
REVENUE SURPLUS/DEFICIT										
(Total Rev. less Total Exp.)										
ANNUAL	836,890	119,636	131,393	132,487	133,613	134,774	135,969	137,200	138,468	139,774
CUMMULATIVE	836,890	956,526	1,087,918	1,220,405	1,354,018	1,488,792	1,624,761	1,761,961	1,900,430	2,040,204

FIGURE 5

EXPENDITURE NOTES:

**Greenbriar/Powerwood 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 neutral impact to the Police Departments patrol area, and thus represents no marginal increase in the cost of service.

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 are no marginal increases in the potential for emergency first response, therefore no marginal increases in the cost of service for the Fire Department.

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 road bisecting the remaining commercial and new multi-family is listed in the plans 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:

No additional parks or open spaces were listed within the application, therefore there is no increase in the marginal cost of servicing this Master Plan Amendment.

REVENUE NOTES

Greenbriar/Powerwood 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%, 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 potential Market Value of the multi-family complex is much higher than that of commercial real estate, so despite the difference in assessment ratios, property tax is marginally positive for this Master Plan Amendment.

SPECIFIC OWNERSHIP TAXES

The Specific Ownership Taxes are calculated at 11.63% 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 3.85% 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 from the personal consumption by the population projected to reside in Greenbriar/Powerwood, 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 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.

Even though multi-family could house mostly renters, the same calculation was used to estimate potential disposable income. As a proxy, the Budget Office used the average market price YTD of condo/townhomes provided on the Pikes Peak Association of Realtor’s website to baseline the affordability calculation.

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. 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.