

**TO:** Chelsea Stromberg, Senior Planner, Planning and Community Development

**FROM:** Kent McDowell, Analyst II, Budget Office

**DATE:** April 6, 2022

**SUBJECT: Powerwood 2 Master Plan Amendment – Village at Cottonwood Creek - Fiscal Impact Analysis**

A copy of the Fiscal Impact Analysis for the Powerwood 2 Master Plan Amendment – Village at Cottonwood Creek 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 expenditures and revenues attributable to the Powerwood 2 Master Plan Amendment – Village at Cottonwood Creek for a ten-year horizon. The Fiscal Impact model incorporates the land uses proposed by the Powerwood 2 Master Plan Amendment – Village at Cottonwood Creek and calculates the average City expenditures and revenues created by the project.

Powerwood 2 Master Plan Amendment – Village at Cottonwood Creek amends a 25.7-acre property in the City. The Fiscal Impact Analysis evaluates the proposed zoning of PUD residential one-bedroom, two-bedroom, and three-bedroom residences. The analysis assumes a 1-year buildout for this project.

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 Sales and Use Tax revenue collected as a result of construction.

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.

Powerwood 2 Master Plan Amendment - Village at Cottonwood Creek

**COMBINED FUNDS SUMMARY**

Year	1	2	3	4	5	6	7	8	9	10
<b>Revenue</b>										
General Fund	\$800,264	\$125,264	\$125,264	\$125,264	\$125,264	\$125,264	\$125,264	\$125,264	\$125,264	\$125,264
Special Revenue Funds	\$385,226	\$24,101	\$24,101	\$24,101	\$24,101	\$24,101	\$24,101	\$24,101	\$24,101	\$24,101
<b>TOTAL REVENUE</b>	<b>\$1,185,491</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>	<b>\$149,366</b>
<b>Expenditures</b>										
Operating	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725	\$138,725
Special Revenue Fund Expenditures	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626	\$94,626
Capital Expenditures	\$99,305	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$332,656</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>	<b>\$233,351</b>
<b>GRAND TOTAL NET RESULT</b>	<b>\$852,835</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>	<b>(\$83,985)</b>
<b>CUMULATIVE NET RESULT</b>	<b>\$852,835</b>	<b>\$768,850</b>	<b>\$684,865</b>	<b>\$600,880</b>	<b>\$516,895</b>	<b>\$432,910</b>	<b>\$348,925</b>	<b>\$264,940</b>	<b>\$180,955</b>	<b>\$96,970</b>

## **FISCAL IMPACT MODEL NOTES**

The Fiscal Impact Model used by the Budget Office 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.