

**TO:** Gabe Sevigny, Planning Supervisor, Planning and Neighborhood Services

**FROM:** Chris Fiandaca, Budget Manager, Budget Office

**DATE:** November 13, 2023

**SUBJECT: Rock Creek Mesa Annexation - Fiscal Impact Analysis**

A copy of the Fiscal Impact Analysis for the Rock Creek Mesa Annexation is attached. At the request of the Planning Department, in accordance with City Code, the Budget Office prepared a Fiscal Impact Analysis estimating City expenditures and revenues attributable to the Rock Creek Mesa Annexation for a ten-year horizon. The Fiscal Impact model incorporates the land uses proposed by the annexation and calculates the average City expenditures and revenue generated by the project.

The Rock Creek Mesa project annexes a 109.6 acre property in the City. Based on the planned zoning uses, this analysis evaluates the fiscal impact to the City of 53.82 acres of attached and detached single family housing with an overall density of 16 DU/AC. The analysis assumes a 6-year buildout timeframe. The remaining acres will be rezoned to open space parkland adjacent to Cheyenne Mountain State Park. City will have ownership and be responsible for maintenance of that area, which will be minimal.

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 use tax revenue collected as a result of residential 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.

## COMBINED FUNDS SUMMARY

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Revenue</b>										
General Fund	\$540,469	\$621,673	\$702,878	\$784,083	\$865,287	\$946,492	\$487,228	\$487,228	\$487,228	\$487,228
Special Revenue Funds	\$599,539	\$617,534	\$635,530	\$653,526	\$671,521	\$689,517	\$107,974	\$107,974	\$107,974	\$107,974
<b>TOTAL REVENUE</b>	<b>\$1,140,007</b>	<b>\$1,239,208</b>	<b>\$1,338,408</b>	<b>\$1,437,609</b>	<b>\$1,536,809</b>	<b>\$1,636,009</b>	<b>\$595,202</b>	<b>\$595,202</b>	<b>\$595,202</b>	<b>\$595,202</b>
<b>Expenditures</b>										
Operating	\$93,187	\$186,375	\$300,920	\$394,109	\$487,297	\$597,821	\$597,821	\$597,821	\$597,821	\$597,821
Special Revenue Fund Expenditu	\$70,018	\$140,036	\$210,064	\$280,082	\$350,100	\$420,128	\$420,128	\$420,128	\$420,128	\$420,128
Capital Expenditures	\$783,605	\$63,605	\$1,418,090	\$64,085	\$63,660	\$337,535	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$946,810</b>	<b>\$390,015</b>	<b>\$1,929,074</b>	<b>\$738,276</b>	<b>\$901,056</b>	<b>\$1,355,484</b>	<b>\$1,017,949</b>	<b>\$1,017,949</b>	<b>\$1,017,949</b>	<b>\$1,017,949</b>
<b>GRAND TOTAL NET RESULT</b>	<b>\$193,197</b>	<b>\$849,192</b>	<b>(\$590,666)</b>	<b>\$699,333</b>	<b>\$635,753</b>	<b>\$280,525</b>	<b>(\$422,747)</b>	<b>(\$422,747)</b>	<b>(\$422,747)</b>	<b>(\$422,747)</b>
<b>CUMULATIVE NET RESULT</b>	<b>\$193,197</b>	<b>\$1,042,390</b>	<b>\$451,724</b>	<b>\$1,151,057</b>	<b>\$1,786,809</b>	<b>\$2,067,334</b>	<b>\$1,644,587</b>	<b>\$1,221,840</b>	<b>\$799,093</b>	<b>\$376,346</b>

## **FISCAL IMPACT MODEL NOTES**

The Fiscal Impact Model used by the Budget Office was created and customized specifically for the City's needs by TischlerBise, 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 property tax, user fees and other revenues that could be generated 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 make comparisons to existing planned zoning and 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.

The model assumes that future Park and Public Safety infrastructure will be City-owned and maintained. If, for instance, a special district will build and maintain a park located in the analysis area, it will be noted on page 1 of this memo.