



Fiscal & Economic

NEWSLETTER

Greeley, Colorado Impact Fees Support Smart Growth Principles

Smart growth principles provide a framework for communities to make informed decisions about how and where they grow. These principles typically address how new development serves the economy, community and the environment. As this article demonstrates, the impact fees TA prepared for the City of Greeley, Colorado, reflected marginal costs that benefit infill development and will assist in achieving smart growth principles.

Impact fees can be an effective tool for implementing smart growth

The City of Greeley has an expansive, largely undeveloped corridor along US 34 that is poised for considerable development over the next 20 years. Many parts of this corridor are located a considerable distance away from infrastructure and services. In addition to the many planning considerations germane to this corridor, the City desired a financing strategy for necessary infrastructure before allowing extensive development. To address these issues, the

City hired a multidiscipline team of consultants that included TA to prepare the Highway 34 Corridor Development Study. The primary objectives of this study were to identify the infrastructure needed to support development likely to occur in the corridor over the next 10-20 years, estimate the cost of constructing this

(See **GREELEY**, p. 2)

Fiscal Sustainability of Various Land Uses Evaluated in Marysville, Ohio

To gain a better understanding of the fiscal sustainability of various land uses, Marysville, Ohio, experiencing suburban growth from Columbus, contracted with TA to conduct a prototype land use fiscal analysis. Seven residential and three nonresidential prototype land uses were analyzed.

(See **MARYSVILLE**, p. 2)

Growth-Related Capital Needs Analyzed for Polk County, Florida Public Schools

TA analyzed the ten-year growth-related capital needs for public schools in Polk County, Florida, a County being affected by growth in both Tampa and Orlando. This study analyzed the student increase by geographic subarea of the County and evaluated space needs and costs under various school capacity measures. Two reports were prepared as part of the process: Student Generation Rates & Demographic Data and Future Pupil Enrollments in Polk County Public Schools. The average annual student increase in nine subareas was projected and represented in the map shown on page 4, using proportionately sized circles.

School Capacity Definitions

School capacity can be evaluated using different measures (see Chart 2 on page 4). One

way is using permanent building student stations as established by the State of Florida Department of Education (DOE). This is based on square footage standards. However, the number of student stations in permanent buildings does not accurately indicate the amount of

School space needs were evaluated under various school capacity measures

available capacity due to various space limitations and scheduling conflicts. Therefore, the actual "capacity" of a school is less than the number of student stations.

The two other capacity definitions relate to functional and operational capacity. As shown (See **POLK COUNTY**, p. 4)

IN THIS ISSUE

Capital Facility and Revenue Needs

Understanding the impact various land uses have on capital facilities is an important variable in determining whether a community can fiscally sustain new development. Two of the three articles in this newsletter focus on this topic.

In Greeley, Colorado, TA calculated the differences on a marginal cost basis to provide capital facilities to infill versus undeveloped areas. The cost savings to serve infill development are reflected in the tiered impact fee approach for Greeley, in which infill development will pay a lower impact fee.

In Polk County, Florida, student projections from new growth by subarea of the County were prepared. The cost to provide growth-related school facilities was then calculated. The article indicates that the costs of growth-related capital facilities are about the same as the cost to address the rehabilitation and retrofit needs for existing school facilities. Alternative revenue sources are discussed.

The third article discusses TA's fiscal analysis of seven residential and three non-residential land uses for Marysville, Ohio. This analysis included not only capital costs, but also operating expenses and revenue attributable to each land use prototype. The

Growth-related capital costs are integral to revenue needs

analysis indicates that providing current levels of service to new development is fiscally unsustainable, as only one of the ten land use prototypes generate a net surplus. A primary reason is the cost to serve the capital facility demands of new development. The fiscal results indicate a revenue structure problem, which can be addressed by raising existing rates or finding new sources of revenue.

Paul S. Tischler

MARYSVILLE, OHIO

(continued from p. 1)

Income taxes are the City’s largest revenue totaling 55% of total General Fund revenues. The City levies an income tax of 1% on all income earned within the City as well as on incomes of residents earned outside the City. However, in the latter case, the City allows a credit of 50% of the tax paid to another municipality, not to exceed the amount owed. As a result of this system, TA evaluated two scenarios for residential prototypes: 1) Lives in Marysville, works in Marysville; 2) Lives in Marysville, works elsewhere. The funds analyzed were the General Fund; street construction, maintenance and repair; state highway fund; capital needs; police pension fund; and the fire pension fund.

Two scenarios for residential prototypes evaluated

The analysis showed that under both scenarios all of the seven residential prototypes and two of the three nonresidential prototypes generated annual net deficits. However, the magnitude of the deficits for residential prototypes varied considerably under the two scenarios. The deficits under the second scenario, lives in Marysville, works elsewhere, for the residential prototypes were significantly lower than the deficits under the first scenario. This is because under Ohio statutes, cities will maximize their income tax revenues if those who live in the City work elsewhere since the City would then collect 100% of all income tax from all jobs and 50% of income tax from all residents who work elsewhere.

Current levels of service cannot be supported by the current revenue structure

The results illustrate the reliance on income taxes to fund City operations and the impact of

CHART 1: Net Fiscal Results – Scenario 1
Lives in Marysville; Works in Marysville

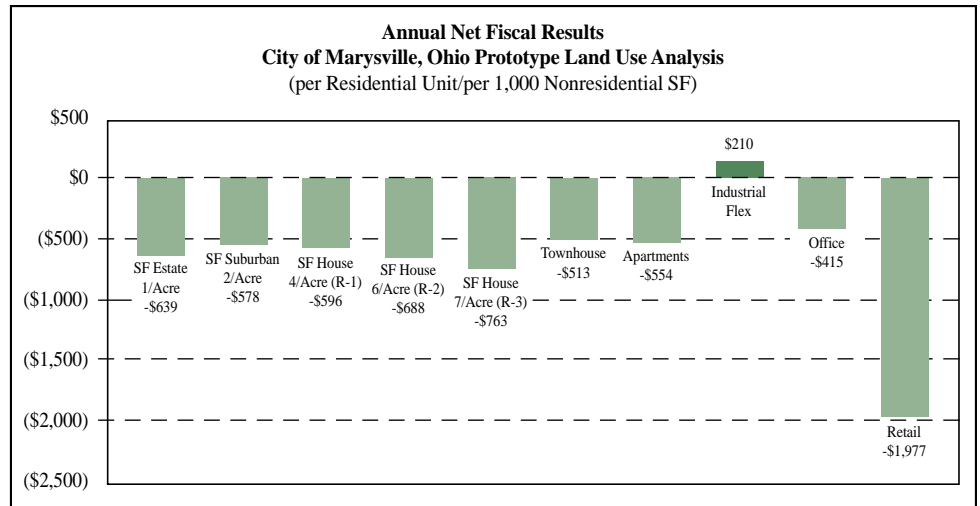
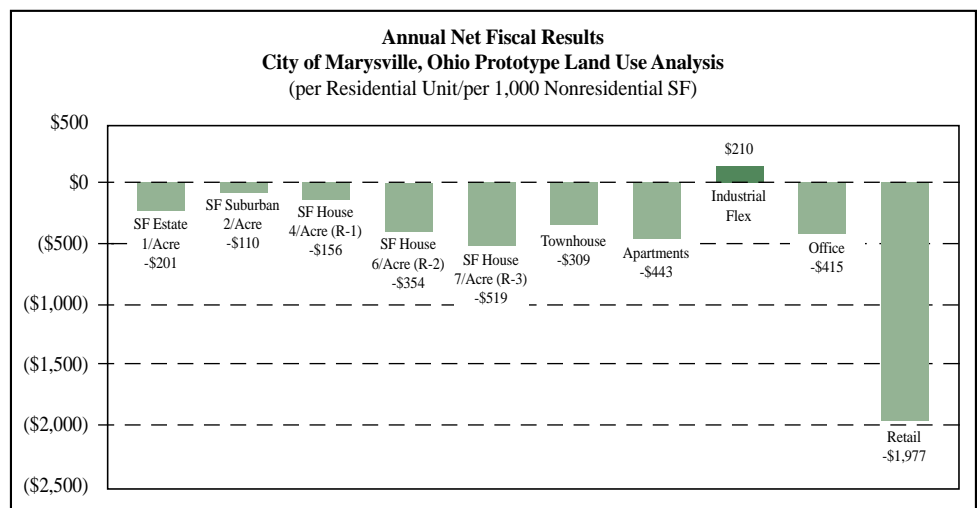


CHART 2: Net Fiscal Results – Scenario 2
Lives in Marysville; Works Elsewhere



development vis-à-vis the income tax structure. The negative fiscal results showed that the City’s current level of service could not be supported by the present revenue structure. This

indicates the need to raise revenue rates (such as the income tax), identify new sources of revenues (such as impact fees), or decrease the current levels of service.

GREELEY, COLORADO

(continued from p. 1)

infrastructure and develop a financing strategy.

One of the concepts of smart growth is directing development to areas already served by infrastructure and discouraging development in fringe areas, such as the Highway 34 corridor, until such development is served by infrastructure. Based on this, the City delineated a growth area known as the Mid-Range Expected Service Area (MRESA), an area that currently has or will have infrastructure capable of

accommodating development for the next five years.

With this in mind, TA prepared a tiered impact fee structure for the City reflective of the infrastructure needs of the Highway 34 corridor, specific service areas, as well as those of the older areas of the City. The impact fee

Impact fee approach in Greeley encourages infill development

structure included fees for the following categories: transportation, fire/rescue, parks, trails,

police and storm drainage. In almost all cases, marginal cost information was used, based on infrastructure cost estimates provided by the consultant team, facility master plans and the City. The resulting fee structure reflects the true cost to serve new growth in specific areas, rather than the average cost of infrastructure. This type of fee approach results in lower fees in areas served by existing infrastructure. This graduated, or tiered, approach can be helpful in creating incentives for new development to locate in areas with infrastructure in place and/or encourage infill development.

Impact Fees

TA has prepared over 500 impact fees, more than any other firm in the country. Highlighted below are two TA fee assignments.

Selected Examples

Summerville, SC – Summerville, located in the Charleston area, became the first jurisdiction to initiate and adopt impact fees under the new South Carolina Development Impact Fee Act. TA first prepared an impact fee feasibility analysis. The Town selected the categories of parks and recreation facilities, fire facilities and municipal facilities for implementation.

Queen Creek, AZ – Queen Creek is one of TA's ten Phoenix area impact (development) fee clients. TA recently completed an update of five fees and

prepared two new fees – transportation and fire. Listed below is the Schedule of Maximum Supportable Development Fees for Queen Creek. This schedule excludes the wastewater fee TA developed.

New Assignments

Listed alphabetically by state are some additional jurisdictions for which TA is conducting impact fee assignments. The fee categories include utilities and most other municipal infrastructure categories.

- Surprise, AZ
- Nixa, MO
- Evans, CO
- Middletown, RI
- Miami, FL
- Draper, UT
- Effingham Co., GA
- Woods Cross, UT
- Kellogg, ID
- Jefferson Co., WV
- Wicomico Co., MD
- Casper, WY

Fiscal Impact Analysis

Hillsborough County, FL – The Hillsborough County City-County Planning Commission has retained TA to conduct a two-phase fiscal impact assignment. The first phase involves a macro-level fiscal evaluation of the current growth trend on a countywide basis. In the second phase, TA will develop a micro-level fiscal impact model for use in evaluating individual development proposals.

Miami-Dade County, FL – TA, as a subconsultant to Duany Plater-Zyberk & Co., is conducting a fiscal impact analysis as part of the County's Agricultural and Rural Areas Study. TA's analysis includes comparing the fiscal impacts of the current predominately rural development pattern to that of a predominately suburban development pattern.

Stafford County, VA – This suburban county in the Washington D.C. area hired TA to conduct a fiscal impact analysis of a proposed rezoning from office space to an age-restricted residential community. While both projects had positive fiscal impacts, the age-restricted housing generated higher annual net surpluses. Contrary to many other housing types, age-restricted housing generates positive results due to a relatively high assessed value and low costs resulting from a small household size and the fact this type of housing generates no additional public school students.

Guilford County, NC – TA is a subcontractor recently selected to assist Guilford County with the preparation of its Comprehensive Plan. TA will conduct fiscal evaluations of different plan alternatives. In addition, TA will assist with the preparation of economic development strategies and plan implementation recommendations.

Schedule of Maximum Supportable Development Fees, Queen Creek, AZ

	Parks, Open Space, & Recreation	Library	Town Buildings & Vehicles	Transportation*	Public Safety	Fire*	TOTAL
Residential							
<u>Per Housing Unit</u>							
Single Family Detached	\$5,002	\$1,002	\$1,759	\$104	\$279	\$647	\$8,854
All Other Housing	\$5,417	\$1,151	\$1,905	\$63	\$302	\$701	\$9,539
Nonresidential							
<u>Per 1,000 Square Feet of Floor Area</u>							
Com / Shop Ctr 25,000 SF or less			\$1,634	\$1,027	\$111	\$539	\$3,311
Com / Shop Ctr 25,001 - 50,000 SF			\$1,674	\$812	\$88	\$426	\$2,980
Com / Shop Ctr 50,001 - 100,000 SF			\$1,403	\$641	\$69	\$336	\$2,450
Com / Shop Ctr 100,001 - 200,000 SF			\$1,227	\$507	\$55	\$266	\$2,054
Com / Shop Ctr over 200,000 SF			\$981	\$400	\$43	\$210	\$1,635
Office/Inst 10,000 SF or less			\$2,154	\$924	\$100	\$483	\$3,663
Office/Inst 10,001 - 25,000 SF			\$1,982	\$438	\$47	\$230	\$2,698
Office/Inst 25,001-50,000 SF			\$1,860	\$277	\$30	\$145	\$2,312
Office/Inst 50,001 - 100,000 SF			\$1,752	\$195	\$21	\$102	\$2,070
Office/Inst over 100,000 SF			\$1,644	\$155	\$17	\$81	\$1,897
Business Park			\$1,551	\$132	\$14	\$69	\$1,766
Light Industrial			\$1,170	\$110	\$12	\$58	\$1,349
Warehousing			\$628	\$62	\$7	\$33	\$730
Manufacturing			\$893	\$186	\$20	\$97	\$1,197

* Transportation and Fire Development Fees are new.



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Please send the following:

- Reprint "20 Points to Know About Impact Fees"
- Reprint "Impact Fees – Understand Them or Be Sorry"
- Excerpts from: ICMA IQ Report "Introduction to Infrastructure Financing"
- Excerpts from: ICMA Smart Growth Network "Smart Growth & Fiscal Realities"
- Recent TA *Fiscal & Economic Newsletters*

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POLK COUNTY, FLORIDA

(continued from p. 1)

on Chart 2, the DOE and Polk County School Board have determined adjustment factors by school level to better indicate the functional capacity of a school. To provide flexibility for special programs, diverse populations, rotation of classes and teaching methods, the School Board’s “operational capacity” approach was used.

Capital improvement plans identify a range of projects that span from “capacity” projects at one end of the continuum to “replacement” projects at the other end. Capacity projects are needed solely to accommodate the projected increase in public school students. Replacement projects basically renew or maintain existing infrastructure. In between these two ends of the continuum are “enhancement” projects that benefit current students but also provide some capacity to accommodate additional students. Both capacity and enhancement projects can be labeled “growth-related” but enhancement projects are a hybrid that frequently includes major remodeling and renovation work.

School Needs

TA’s planning-level analysis indicated a need for approximately 10-12 elementary schools over the next decade. The need for middle schools was significantly less, with only one to two middle schools needed over the next ten years. Two high schools were needed during the next ten years.

Revenue Needs

As part of its assignment, TA prepared a cash flow analysis. The growth-related cost of new school sites and buildings was estimated to be \$255 million over ten years.

Because growth-related capital costs exceeded current revenue sources, TA recommended additional sources of revenue. Polk County may

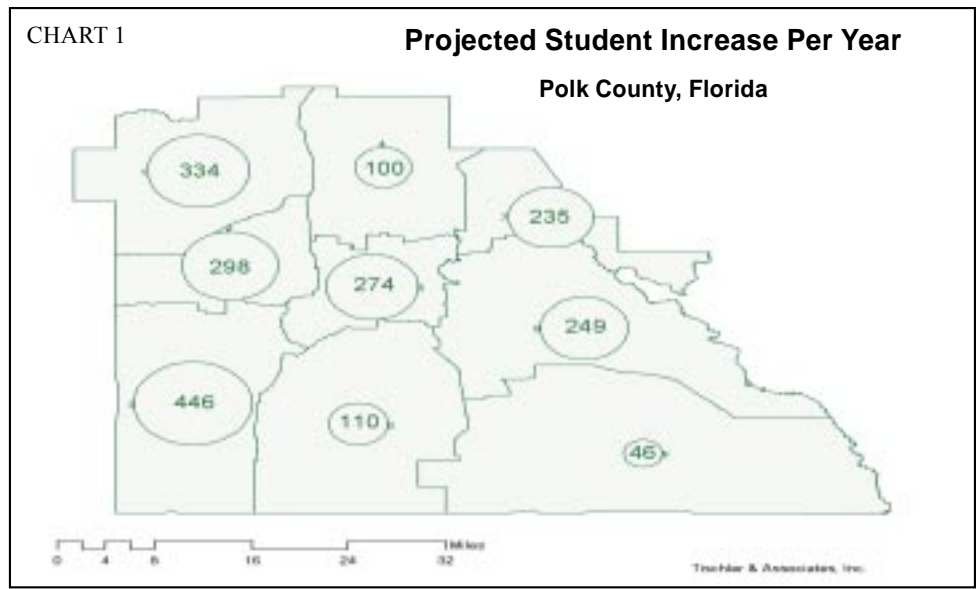


CHART 2 **School Capacity Measures**

School Level	Permanent Student Stations		DOE Capacity		Operational Capacity	
	Stations	Pct	Stations	Pct	Stations	Pct
Elementary	46,341	100%	46,341	90%	41,707	
Middle	24,375	90%	23,406	80%	17,916	
High	24,322	95%	23,106	80%	19,458	
Special Programs*	2,540	100%	2,540	95%	2,413	
TOTAL	98,098		94,392		83,494	

* Operational capacity is only 80% for vo-tech programs.

obtain additional funding for growth-related school needs from a combination of impact fees

A cash flow and revenue analysis was conducted

and a sales tax dedicated to this school construc-

tion. The potential revenue for school construction is approximately \$50.7 million per year, which roughly matches the average annual capital cost of \$51.5 million per year. The total construction need includes \$25.5 million per year for growth-related projects plus \$25.9 million per year for construction at existing schools.

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