

Carolina Donor Financial Impact Analysis
May 6, 2020
Prepared by Business Management Department

The proposed annexation consists of one parcel of land planned for a commercial development consisting of Office and Clinic space. The actual size of the development and its composition is shown below. This analysis is a statement showing how the proposed annexation will affect the Town's finances and services, including revenue change estimates.

Property Type	Total Square Feet
Commercial	51,281 sq. ft

All of the revenue and cost estimates shown below are based on current dollars.

Projected Revenues

In order to estimate revenues certain assumptions need to be made concerning future property values and vehicles per residential unit. These estimates are made based on information currently available and therefore subject to change as conditions change over time. All estimates shown below are based on full build-out. Efforts have been made to err on the side of caution, that is, to be conservative in projecting these revenues.

Revenues are divided by how the Town will use them, differentiating between general government revenues and enterprise revenues (Transit & Stormwater). General government revenues are available to support the core services of the Town while enterprise revenues can only be used to support the operations of the functions for which they are collected.

Revenues	Residential Property Use
Governmental Revenues	
Property Taxes (General Fund & Debt Fund)	\$ 43,435
Vehicle Taxes & Fees	-
Total Governmental Revenue	43,435
Enterprise Revenues	
Transit Tax	5,385
Stormwater Utility Fees	4,694
Total Enterprise Revenue	10,078
Total Annual Revenues	\$ 53,513

Projected Costs

In order to estimate the cost of extending services to a future development certain assumptions need to be made concerning the factors that drive the cost of Town services. In some cases, such as Parks and Recreation and Library services, costs are highly correlated with the size of the population being served and these costs can be estimated on a per-capita basis. For other functions a less direct

method of projecting cost is used. For instance, Police protection services are based on estimated calls for service, which can be highly variable depending on a number of factors. While we have attempted to capture the cost of extending services, ultimately what the Town spends on providing services and what services levels are provided are decisions made by the Town Council.

The following estimates are for annual recurring costs of extending services. Enterprise fund costs are shown as an off-set to revenues. That is, it is assumed that due to the self-funding nature of Enterprise functions that the incremental cost of providing services to this development will be offset by enterprise revenue paid by the development. Actual costs will depend on future decisions regarding the method and level of service delivery.

Costs	Residential Property Use
Governmental Costs	
Public Works	\$ 6,700
Parks & Recreation	-
Library Services	-
Police Services	-
Fire Services	12,487
Planning/Inspections	696
General Government	3,285
Capital - Debt Service	3,032
Total Governmental Costs	26,200
Enterprise Costs	
Transit Tax	5,385
Stormwater Utility Fees	4,694
Total Enterprise Costs	10,078
Total Annual Costs	\$ 36,278

The following table shows the estimated net annual impact of the proposed development on Town finances. Because enterprise fund costs are offset by enterprise revenues the projected amounts shown below represent impact on the Town's General Fund.

Annual Financial Impact (Revenue/Costs)	\$ 17,235
--	------------------