

7300 Millhouse Rd Financial Impact Analysis
August 26, 2022
Prepared by Business Management Department

The proposed annexation consists of one parcel of land planned for a commercial development consisting of flex warehouse 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	Estimated Value
Commercial	116,690 sq. ft	\$22,054,410

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

Projected Revenues

Certain assumptions were made concerning future property values and sales to estimate revenues. These estimates were based on currently available information and therefore are 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.

Annual Revenues	Estimates
Governmental Revenues	
Property Taxes (General Fund & Debt)	\$101,450
Sales Taxes	n/a
Total Governmental Revenue	\$101,450
Enterprise Revenues	
Transit Tax	\$13,674
Stormwater Utility Fees	\$10,771
Total Enterprise Revenue	\$24,444
Total Annual Revenues	\$125,895

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.

Annual Costs		Estimates
Governmental Costs		
Public Works		\$5,948
Parks & Recreation		\$17,604
Library Services		\$9,395
Police Services		\$8,304
Fire Services		\$12,214
Planning/Inspections		\$8,080
General Government		\$8,001
Capital - Debt Service		\$7,385
Total Governmental Costs		\$76,930
Enterprise Costs		
Transit		\$13,674
Stormwater Utility Fees		\$10,771
Total Enterprise Costs		\$24,444
Total Annual Costs		\$101,375

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)	\$24,520
--	-----------------

Additional Comments

The Planning Department and the Building and Development Services Department employ a cost recovery model for determining fees. For this project, building permit fees are estimated at \$76,860 and planning fees at \$28,423, to recover the costs of reviewing and inspecting this project.

This project will have minimal impacts on Transit service as the Town does not currently have any service along Millhouse Rd. At this time, no additional Transit investments are needed.