

City of Beaufort
Annexation Analysis
DRAFT Fiscal Impact Summary
Clarendon Farms/McLeod Farm Tracts
11-21-2006

The following is a summary of assumptions used for revenue and expenditure projections on the proposed annexations of Clarendon and McLeod Farm tracts. The combined analysis projects the first construction completion by the close of Fiscal Year 2008. In this analysis, all construction in the first ten years takes place on McLeod Farm, with construction at Clarendon beginning in 2018. Stand alone analyses do not contemplate actual dates, but simply are forecast in "Development Years," which can be construed as annual construction periods (365 days).

Pace of Development

In each of the scenarios (combined and stand alone), it was assumed that both developments would construct 200 homes in the first year of development and 250 homes in each subsequent year, through build out.

Revenues

Real Property Tax

Real property tax forecasts contemplate valuation and millage rates as they are today, and do not account for any increase in value, nor any increase/decrease in millage rates. The current City millage rate of 52.8 was used for the entire analysis period in all three scenarios. The following property values were used:

- *Combined:* An average home value of \$395,495 was used throughout the combined analysis. This was garnered from a cursory review of property values on similar tracts throughout northern Beaufort County.
- *McLeod Stand Alone:* An average home value of \$275,000 was used throughout this analysis. A lower average value was extrapolated from the combined average value due to a significantly reduced amount of waterfront sites on McLeod tracts.
- *Clarendon Stand Alone:* An average home value of \$444,630 was used throughout this analysis. A higher average value was extrapolated from the combined average value due to a significantly higher amount of waterfront sites on Clarendon tracts.

Vehicle Taxes

An average annual vehicle assessed value of \$2,400 per household was used, with the City's current millage rate of 52.8 applied.

Commercial Property Tax

An average market value of \$100,000 per acre of commercial property was used, with the City's current millage rate of 52.8 applied. Clarendon contains 300 acres, and McLeod 130 acres of potential commercial property.

This value was garnered from a cursory review of similar commercial properties in northern Beaufort County, and only applies to raw land. In order to account for gradual build-out, a 5% annual increase was applied to the annual collected tax revenue.

Franchise Fees

Annual collections of \$75/home were forecast. This number is significantly lower than current average collection in the City. A conservative estimate was used due to the uncertain nature of franchise legislation at the State level.

Development Fees

The development agreement sets out single family development fees ranging from \$500 to \$1,000 per home. Staff estimates an average fee of \$663/home. This number is likely conservative as it does not contemplate any commercial fees (.75/square foot), nor proposed increases (CPI every five years).

Transfer Fee

The development agreement sets out a property transfer fee of \$220/development unit. This number was used in forecasting revenues.

State Aid to Subdivisions

Staff estimated state aid to subdivisions at \$24/person. The current Beaufort average of 2.4 persons/home was used in forecasting revenues.

Stormwater Utility Fee

An average fee of \$40/home was used.

Expenditures

The combined analysis features expenditures (and revenues) for McLeod Farm development only in years 2008-2017. Expenditures related to Clarendon Farms service provision begin in 2018. In single site analyses, construction was estimated to begin in 2008 for both properties.

Police Services

Level of service for police activity was determined utilizing a cursory review of current level of service within the City. Current starting salary and benefits for entry level police officers was used (\$40,363). Additionally, each officer was assigned a take home patrol car utilizing current expenditure information under the City's lease-purchase program (\$7,240/car/year).

McLeod

Level of service was computed as follows:

Year 1:	3 officers/cars dedicated to the McLeod service district
Year 2:	6 officers/cars dedicated to the McLeod service district
Year 3:	9 officers/cars dedicated to the McLeod service district
Year 4:	9 officers/cars dedicated to the McLeod service district as well as 50% of debt service for a police/fire substation
Year 5:	9 officers/cars dedicated to the McLeod service district as well as 50% of debt service for a police/fire substation
Year 6-30:	10 officers/cars dedicated to the McLeod service district as well as 50% of debt service for a police/fire substation

Clarendon

Level of service was computed as follows:

Year 1:	3 officers/cars dedicated to the Clarendon service district
Year 2:	6 officers/cars dedicated to the Clarendon service district
Year 3:	9 officers/cars dedicated to the Clarendon service district
Year 4:	9 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation
Year 5:	12 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation
Year 6:	15 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation
Year 7:	18 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation
Year 8:	21 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation

Year 9-30: 24 officers/cars dedicated to the Clarendon service district as well as 50% of debt service for a police/fire substation

It should be noted that, although current projections illustrate sufficient on-site revenues to provide an adequate level of police service on both sites, should this not be the case, the development agreement requires the owner/developer to pay the difference between revenues generated and expenditures required.

Fire Service

Level of service for fire protection was determined utilizing a cursory review of current level of service within the City. Current starting salary and benefits for firefighter/EMTs was used (\$48,028).

For all three scenarios, in the first three years of development, it is contemplated that the Burton Fire District will provide fire services to this area. A revenue formula set out in the current service agreement was used to determine fire expenditures in these years.

McLeod

Level of service was computed as follows:

Year 4: 6 firefighters dedicated to the McLeod service district as well as lease payments for a temporary station
Year 5: 6 firefighters dedicated to the McLeod service district as well as 50% debt service for a police/fire substation
Year 6: 9 firefighters dedicated to the McLeod service district as well as 50% debt service for a police/fire substation and financing for a new fire apparatus
Year 7-30: 12 firefighters dedicated to the McLeod service district as well as 50% debt service for a police/fire substation and financing for a fire apparatus

Clarendon

Level of service was computed as follows:

Year 4: 6 firefighters dedicated to the Clarendon service district as well as lease payments for a temporary station
Year 5: 6 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation
Year 6: 9 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for a new fire apparatus

Year 7:	12 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for a fire apparatus
Year 8:	15 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for two fire apparatus
Year 9:	18 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for two fire apparatus
Year 10:	21 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for two fire apparatus
Year 11:	24 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for three fire apparatus
Year 12:	27 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for three fire apparatus
Year 13-30:	30 firefighters dedicated to the Clarendon service district as well as 50% debt service for a police/fire substation and financing for three fire apparatus

It should be noted that, although current projections illustrate sufficient on-site revenues to provide an adequate level of fire protection service on both sites, should this not be the case, the development agreement requires the owner/developer to pay the difference between revenues generated and expenditures required.

Development Services Staff

Additional development services staff will be required to keep pace with increased development. For the purposes of this analysis, one plans reviewer, two codes inspectors, and one administrative assistant were included at current salaries. For the combined analysis, the full cost of these staff members was applied through build-out (Year 28), at which point this figure was reduced to 60% of current salaries due to a drop in construction activity in the area.

For the stand alone, the full cost of these staff members was applied through build-out at which point this figure was reduced to 60% of current salaries due to a drop in construction activity in the area.

Other Information

Cash to County—Residential

The same formula was used as for City real property tax revenue for all analyses, except that current County millage rates (49.6), as advertised on the Beaufort County website were used. This includes all millage collected by the County which is not distributed to the fire districts, school district, or municipalities.

Cash to County—Commercial

The same formula was used as for City commercial property tax revenue for all analyses, except that current County millage rates (49.6), as advertised on the Beaufort County website were used. This includes all millage collected by the County which is not distributed to the fire districts, school district, or municipalities.

Transportation Impact Fees

These fees were calculated at \$1,775/s.f. home, as set out in the development agreement. This is likely conservative, as it does not contemplate revenues generated by commercial development.

Park Impact Fee

These fees were calculated at \$81/s.f. home, as set out in the development agreement.

School Development Fee

These fees were calculated at \$1,000/s.f. home, as set out in the development agreement.