Chapter Seven: FISCAL ANALYSIS

Objectives and Strategies

Objective 1: Seek alternative sources of revenue and cooperative financing solutions to offset costs of future ~~roadway and other~~ capital improvements and to ensure new development pays its fair share of growth impacts.

~~Based on the Mid-Range Scenario, new growth within Dublin's planning area is projected to have average annual net revenues of $10.4 million per year over the 23-year analysis period between 2007 and 2030. Increasing annual net surpluses are projected for a majority of the analysis period, primarily due to the amount of income tax revenue the City receives from higher levels of employment in the later half of the period. Including the phased annexation of all areas, the first ten years of the analysis period (2007-2017) show modest average annual net revenues of $2.6 million per year, while years 2018-2030 show substantial average annual net revenues of $18.2 million per year.~~ Road construction is the primary source of all expenses generated by the City, accounting for 30 percent of all expenses (operating and capital costs combined) in the Mid-Range Land Use Scenario. Strategic investments in transportation infrastructure and other capital improvements will be necessary to support the City's development goals in the Bridge Street District and West Innovation District. New commercial development within these and other business districts ~~annexation areas~~ will help to offset these costs. The City has successfully used tools such as Tax Increment Financing (TIF) and strategic economic development agreements to support growth; Public-Private Partnerships (P3) and other cooperative financing solutions will become increasingly important as growth and redevelopment continue.

A. *Secure Greater Percentages of Funding…* for new roads from federal, state, county and developer contributions.

B. *Continue to Use Tax Increment Financing (TIF)…* and other types of financing districts to fund new growth, where appropriate.

C. *Use ~~Private-Public~~Public-Private Partnerships…* for the development and operation of future capital facilities and City services.

D. *Use Economic Development Agreements…* and shared service agreements with neighboring jurisdictions as a tool to support business growth, infrastructure improvements and service provision.

E. *Support the Creation of Special/Business Improvement Districts…* allowing property owners and business owners to cooperatively fund infrastructure improvements and additional services in specific areas of the City.

~~D~~F. *Continue to Review and Establish City Fees…* based on the costs to provide City services and on City Council's established level of cost recovery (Cost of Services Study).

G. *Establish a Bridge Street District Open Space Fund…* to manage fees-in-lieu of open space dedication as described in the Bridge Street District zoning regulations. Monitor associated fee-in-lieu criteria to ensure the effectiveness of this program and consider the appropriateness of this approach as a model for other capital improvements.

H. *Consider the Use of Impact Fees…* or excise taxes to ensure new development pays its "fair share" of necessary infrastructure costs, where appropriate. Care should be taken to ensure that fees are proportional to the impacts of new development and improvements will directly benefit new homes and businesses. This strategy should be considered secondarily to the cooperative financing solutions described above.

Objective 2: Maintain an acceptable balance of residential and commercial growth as development and redevelopment occurs.

Based on the Mid-Range Scenario, the City is able to offset its capital and operating costs using income tax revenue generated by new employment, primarily from the office sector. The office sector generates more income tax revenue than the industrial and retail sectors, while the cost to serve retail uses with police and other services typically outweighs the income tax generated from this sector. Likewise, residential uses typically incur net deficits to the City, but they are an essential element to providing a balance between population and employment.

If the City is not able to capture the office sector employment projected in the Mid-Range Scenario, or the residential base is larger than expected, there will likely be a reduced surplus or possibly net deficits in the future. However, higher than recommended employment intensities will generate greater traffic volumes and will increase congestion.

A. *Comply with the Future Land Use Map…* and its accepted development densities to manage the fiscal impacts of new development.

B. *Continue Monitoring and Fiscal Evaluation…* as completed with the annual review of the Capital Improvements Program and operating budget.

C. *Create and Maintain a Database…* of developable land and available commercial space in order to facilitate economic development efforts.

D. *Monitor Employment Growth over Time…* to observe significant percentage increases or reductions.

~~Objective 3: Require new development to pay its fair share of growth impacts.~~

~~Some communities have successfully adopted impact fee ordinances that require developers to pay for the costs of new growth. Development impact fees are one-time charges on new development used to cover necessary capital expenditures related to the project. Although impact fees cannot be used to offset repair and replacement costs for existing infrastructure or to offset operating expenses, they serve to ensure continued levels of service by funding new infrastructure and facilities. Impact fees are different from the City's existing subdivision and site plan ordinances that require a developer to provide certain facilities within a project (e.g. streets, sidewalks and utilities). Instead, they are typically used to fund capital facilities necessitated by the development, but located off the premises of the project (e.g. roads, bridges, sewer extensions, water towers, parks and recreation facilities). When multiple development projects create new facility needs, each can be assessed a fee to cover the appropriate share of the cost.~~

~~A. *Consider the Implementation of Impact Fees…* or excise taxes to fund new infrastructure, particularly new roads. This will allow for new development to pay for its "fair share" of necessary infrastructure.~~

~~B. *Conduct and Periodically Update an Impact Fee Study…* to document the relationship between certain types of development and capital facility impacts and to establish appropriate fees per-dwelling-unit or per-square-foot of non-residential space.~~

Objective ~~4~~3: Maintain a quality Level of Service (LOS) standard for Dublin's services.

The City currently enjoys high levels of quality services funded substantially by a significant income tax base. Operating expenditures are highest for Police and Public Safety services, which comprise 24 percent of total expenditures under the Mid-Range Scenario. Public Service is the second largest category of operating expense providing services such as waste management, fleet management, engineering and building standards. These services are driven by factors such as housing units, lane miles, population and jobs, which are projected to increase considerably over the analysis period. Street maintenance operating expenses are minimized in the Land Use Plan. This is due to a greater focus on alternative housing types and mixed use neighborhood developments which require less road frontage than single family detached housing units.

A. *Incorporate a Level of Service Monitoring Program…* into the annual fiscal evaluation and monitoring process stated above. This should be a collaborative effort among all City Divisions.

B. *Maintain a Comprehensive Database…* of population and development factors affecting operating expenditures and service provision, utilizing building permit data, the City's work order system and Geographic Information System (GIS) and other available sources.

C. *Conduct an Analysis...* of immediate and long term fiscal consequences before levels of service are changed.