

~~Chapter Seven:~~ FISCAL ANALYSIS HEALTH

~~I.~~ Existing Conditions

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~~I.~~ Existing Conditions

The City of ~~Dublin is in excellent~~ Dublin's financial condition remains strong, having consistently achieved the highest bond ratings available from both Fitch Ratings and Moody's Investors Service. The City has maintained a AAA rating from Fitch Ratings ~~for six consecutive years~~ since 2001 and a Aaa rating from Moody's since 2004. These high ratings recognize Dublin as a low risk community and allow the City to secure the lowest interest rates available when issuing bonds, ultimately resulting in significant savings. Both agencies have cited the City's diverse and expanding tax base, local demographics, sound management practices, and ability to maintain significant cash balances while accommodating growing needs, as credit factors that resulted in the high credit ratings.

Dublin is typical of Ohio municipalities in that income tax is the City's most significant revenue source. ~~Most municipalities in Ohio rely heavily on income tax. However, the amount of income tax generated for a City the size of Dublin is atypical. Although the fiscal reality is currently that of a laggard national economy, the City has enjoyed a slow but consistent growth in its tax base.~~ In light of the City's reliance upon income tax revenues as its most significant funding source, non-residential development has been and will continue to be critical to Dublin's financial stability. The City has maintained a stable mix of residential and non-residential development over the years, ~~and recent building activity continues to improve which contributes to~~ Dublin's ~~already~~ strong, diversified tax base. ~~In 2006~~ In 2012, the total dollar volume of all construction was ~~\$217~~ nearly \$122.8 million. ~~Commercial was \$107 million, which is approximately 49,~~ with commercial activity comprising nearly 52 percent of the total.

~~A.~~ Revenues

~~Table 7.1 shows~~ The City of Dublin Annual Report provides a current summary of the major revenue sources for the ~~City~~ city. These revenues are used to fund primary government functions, debt service obligations and capital improvements. The City levies a two percent income tax on income earned within the City. For ~~2006~~ 2012, income tax revenue totaled ~~\$64.2~~ 75.4 million or ~~66.7~~ 67.6 percent of the City's ~~governmental revenues.~~ revenue. The City's per capita income tax for ~~2006~~ 2012 was approximately

\$1,598,794. Other smaller, yet significant revenue sources include charges for services (109.6 percent of total revenues), service payments (4.6.5 percent), intergovernmental revenues (3.9 percent), property taxes (3.0 percent) and ~~license, fine licenses, fines and permit fees (3.6 permits (2.8 percent).~~

Income tax revenues, the City's most significant revenue source, increased by approximately ~~10.85.4~~ percent on a cash basis ~~in 2006~~ from 2011 to 2012. General operations are funded by 75 percent of the income taxes collected, with the remaining 25 percent being used for capital improvements. Since 1990, the average annual rate of growth in income tax revenues has been approximately ~~128.5~~ percent. These ~~continued~~ consistent increases in income tax revenue are the result of continued growth and expansion of existing Dublin businesses and the relocation of new businesses to the City.

Charges for services reflect the fees levied for various services and activities provided by the City. Most of these fees are generated from recreational programming (such as user fees from the Dublin Community Recreation Center) and capacity charges from the public water and sewer systems. Fees for these services are based on the actual cost to provide the service and are updated annually.

Service payments are payments in lieu of property taxes received from Tax Increment Financing (TIF) Districts. Dublin has successfully used this financing technique to generate funding for public infrastructure improvements necessary to provide access to undeveloped sites or to improve existing infrastructure to accommodate new development. ~~Service payments are generated~~ A TIF works by locking in the taxable worth of real property at the value it holds at the time the authorizing legislation was approved. Payments derived from the new private improvements increased assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance the construction of public infrastructure defined within a TIF district and are calculated the same as property taxes. ~~the TIF legislation.~~ To date, ~~2833~~ TIF districts have been established, resulting in approximately \$558,593 million in commercial building activity and \$70,101 million in public infrastructure improvements. In ~~2006~~ 2012, Dublin received ~~approximately \$4.5~~ nearly \$7.3 million in service payments to reimburse the City for public infrastructure improvements. ~~Map 7.1 illustrates Dublin's TIF districts.~~ Intergovernmental revenue includes the City's share of local government funds, estate tax, motor vehicle license tax and grants for capital projects.

~~Intergovernmental revenue includes the City's share of state sales tax, income tax, corporate franchise tax, public utility tax, estate tax, motor vehicle license tax and grants for capital projects.~~

B. Expenditures

~~Table 7.3 shows~~ The City of Dublin Annual Report provides a current summary of the major expenditures for the City. Total expenditures in ~~2006~~ 2012 totaled \$99,107.7 million. ~~The excess of expenditures over revenues was the result of spending for planned capital infrastructure improvements. Capital outlays represented 33.2 percent of total City expenditures from governmental funds in 2006.~~ General operations accounted for ~~32.7~~ 36.9 percent of total ~~governmental fund~~ expenditures. General operations include administration, finance, legal services, legislative activities, maintenance of facilities and maintenance of

vehicles and equipment. Capital outlay represented 28.0 percent of total city expenditures in 2012. Debt service was the next highest government expenditure ~~in 2006~~ at ~~9.6~~11.0 percent, followed by ~~police~~public safety and recreation programs at ~~nine percent~~9.6 and ~~7.46.8~~ percent, respectively.

~~C. Financial Report~~

~~Over the past decade,~~ Capital Improvements Program

Dublin's capital infrastructure expenditures ~~have been~~ continue to remain one of the most significant ~~use~~uses of its resources. ~~Dublin is~~ As a ~~continually developing community, and that is a primary reason for the significant outlay of capital expenditures. Also, because~~ result of its strong financial position, Dublin has ~~available financial resources, it has~~ had the ability to make ~~the~~ expenditures necessary to keep pace with the ~~City's~~city's growth and development. ~~Dublin spends more on~~ While development opportunities remain within the city, resources have been allocated for not only new development but also for maintenance of the infrastructure which was put in place over the past few decades. In 2012, the capital expenditures per ~~capita than most Ohio municipalities of similar size. In 2006, the governmental capital expenditures per capita~~ household were approximately \$~~1,127.~~2,000.

Dublin's investment in its capital infrastructure is planned and programmed through the ~~City's~~city's Five-Year Capital Improvements Program (CIP). The CIP also defines the financial guidelines that provide assurance ~~that the~~ City can meet, in a full and timely manner, both the capital and operating obligations competing for the available resources. The ~~City~~city revises and Council adopts the five-year program annually. The ~~2007-2011~~2013-2017 CIP reflects programming for \$147.~~34~~ million in public improvements, including transportation, facilities, parks, recreation and utilities projects.

A key financial guideline in the CIP is the use of annual excess revenue ~~growth~~, specifically income tax revenue, to fund capital infrastructure. Since adopting the first CIP in 1991, Dublin has invested the excess (or unprogrammed) revenue in capital infrastructure to the extent that ~~revenue growth, and specifically~~ income tax revenue, growth exceeds projections in any given year. Even with excess revenues being invested in capital infrastructure, the General Fund balance ~~since 2000, which is a critical component to the financial stability of the City,~~ has exceeded 50 percent of the General Fund expenditures each year since 1999. This level of reserves can be used to offset short-term deficits that may occur and to provide the necessary funding for unanticipated needs or opportunities.

~~H.~~

Projections and Fiscal Impact Analysis

For the 2007 Plan update, TischlerBise, Inc. was contracted by the City of Dublin to conduct a fiscal impact analysis evaluating the overall aggregate impacts of land use scenarios projected to the year 2030, as described in ~~Chapter 3—Land Use~~. The analysis summarized the fiscal impacts of future population

and employment growth within the City of Dublin and in potential annexation areas, primarily to the northwest. All results are those accruing from new growth only, and do not include costs and revenues from the existing population and employment base of the ~~City~~[city](#). This fiscal impact analysis was used to determine whether revenues generated by new growth would be sufficient to cover the costs to the ~~City generated by that growth. The scenarios were developed by McBride Dale Clarion (MDC), ACP Visioning + Planning, Ltd. (ACP), and the City of Dublin Land Use and Long Range Planning Department along with the transportation plan developed by Burgess & Niple (B&N) and the City of Dublin Engineering Department.~~[city generated by that growth.](#)

~~It should be noted that while~~[It should be noted that a separate fiscal impact analysis is being conducted as part of the Bridge Street District planning initiative, the completion of which is anticipated in mid-2013. Also performed by TischlerBise, the methodology used in this analysis is consistent with the 2007 study.](#)

[While](#) a fiscal impact analysis is an important consideration in planning decisions, it is only one of several issues which should be considered. Non-fiscal issues such as the environment, housing affordability, jobs/housing balance, traffic and quality of life must also be considered. The above notwithstanding, ~~this analysis will~~[these analyses](#) enable interested parties to understand the fiscal implications of future development.

~~A.~~ Input Data

The fiscal impact analysis ~~utilized~~[uses](#) three types of input data. The first category of demographic and economic projections is called Demand Base data inputs. These numerical projections ~~included~~[include](#) data such as population, housing units, employment, and commercial and industrial space.

The second category of input data focuses on property taxes. Market values of residential and non-residential property in the City of Dublin, expressed in constant current dollars, ~~were~~[are](#) multiplied by the current tax rate and ~~assessment rate~~[assessed value](#) to calculate property tax revenues for new development (for both operating and capital facility purposes). The market values ~~were provided by the City~~[are](#) based on new residential and non-residential development [data](#).

The third type of input data relates to government service levels, costs and revenues. ~~The government service level cost and revenue data used in the fiscal analysis were determined and agreed upon by TischlerBise and the City. This data was~~[is](#) used to calculate the annual costs, revenues and capital facilities by [city](#) department or function, where appropriate.

~~B.~~ Methods and Assumptions

A fiscal impact analysis determines whether revenues generated by new growth are sufficient to cover the resulting costs for service and facility demands placed on the ~~City~~[city](#) as a result of that growth. The fiscal impact analysis conducted by TischlerBise ~~incorporated~~[incorporate](#) the case study-marginal cost approach wherever possible. The case study-marginal methodology is the most realistic method for evaluating fiscal impacts as it takes site or geographic specific information into consideration. Therefore,

any unique demographic or locational characteristics of new development are accounted for, as well as the extent to which a particular infrastructure or service operates under, over or near capacity. Therefore, available facility capacity determines the need for additional capital facilities and associated operating costs. Many of the administrative/general government costs that are impacted by general growth in the City, regardless of location, are projected using a marginal/average cost hybrid methodology that attempts to determine capacity and thresholds for staffing but projects non-salary operating costs using an average cost approach.

As a first step in the analysis, ~~TischlerBise evaluated~~ levels of service ~~and determined~~ are evaluated along with cost and revenue assumptions. These assumptions ~~were~~ are based on ~~on-site~~ interviews and discussions with department heads, their representatives, and other related personnel in addition to a detailed analysis of the City's adopted ~~FY2007 Budget~~ budget. The revenue and cost projections are based on the assumption that in most cases the current level of spending, as provided in the ~~FY2007~~ budget, will continue over time.

The ~~FY2007~~ City of Dublin budget ~~was~~ is used to represent a “snapshot” of the City’s current costs ~~and~~, revenues and levels of service. ~~Population estimates in~~ In addition to population estimates, the current number of dwelling units and employment levels, ~~were~~ are used to calculate unit costs and service level thresholds. The “snapshot” approach ~~did~~ does not attempt to speculate about how services, costs, revenues and other factors will change over the ~~23-year~~ analysis period. Instead, it ~~evaluated~~ evaluates the fiscal impact ~~of~~ on the City as it is currently conducting business under the present budget. For fiscal analysis zones analyzed as part of the 2007 Community Plan update, the analysis uses the city’s FY2007 budget as the base year and projects to a horizon year of 2030. When the Bridge Street District analysis is complete, the city should conduct an updated citywide fiscal impact analysis using a consistent base fiscal year and horizon planning year. The following major assumptions regarding the fiscal methodology are described as follows:

Marginal, Growth Related Costs and Revenues

~~For this analysis, costs~~ Costs and revenues that ~~were~~ are directly attributable to new development ~~were~~ are included in the fiscal impact analysis. Some costs and revenues are not expected to be impacted by demographic changes, and ~~were~~ are considered ~~as~~ fixed costs and revenues ~~in this analysis~~. To determine fixed costs and revenues, TischlerBise reviewed the ~~FY2007~~ City of Dublin budget and all available supporting documentation. Funds evaluated as part of this analysis include the City's tax supported funds. Based on this review, preliminary assumptions were developed ~~that~~ and were reviewed and discussed with appropriate City department representatives. In some cases, a determination was made based on TischlerBise’s national experience conducting public sector fiscal impact analyses.

Level of Service

The current level of spending ~~was~~ is referred to as the current level of service and ~~was~~ is used to calculate the fiscal impact to the City for the ~~23-year~~ fiscal analysis period ~~between 2007 and 2030~~. Current demand base data ~~was~~ is used to calculate unit costs and service level thresholds. Examples of demand

base data include population, dwelling units, employment by type, vehicle trips, *etc.* Current ~~2007~~ constant dollars ~~were~~ are used throughout. ~~the analysis period (current dollars are set at 2007 dollars based on the completion during the 2007 Plan update).~~ Certain special revenue funds, such as the Cemetery Fund ~~were,~~ are not included in the analysis because revenues generated from such ~~fund~~ were ~~funds are~~ assumed to be fixed and unrelated to growth. Enterprise Funds (*i.e.* ~~utilities,~~ sewer and water, ~~etc.~~) were not modeled because the intent of the fiscal analysis was ~~is~~ to include only tax supported funds. ~~Also, infrastructure such as~~ Furthermore, improvements associated with water and sewer ~~were not included~~ are excluded because these ~~items had~~ areas have separate rate structures ~~created~~ established by the utility ~~companies, which~~ provider. These rate structures are updated annually.

Revenue Structure and Tax Rates

Revenues ~~were~~ are projected assuming ~~that the current revenue structure and tax rates,~~ as defined by used ~~in the FY2007 preparation of the City of Dublin budget,~~ would not change during the analysis period.

Inflation Rate

The rate of inflation was ~~is~~ assumed to be zero throughout the projection period, and cost and revenue projections ~~were~~ are in constant ~~2007~~ dollars. This assumption was ~~is~~ in accordance with current budget data at the time of the analysis and ~~avoided~~ avoids the difficulty of speculation about inflation rates and its effect on cost and revenue categories. It also ~~avoided~~ avoids the problem of interpreting results expressed in inflated dollars over an extended period of time. ~~It is important to note that the actual fiscal impact model being implemented for the City does have the capability of incorporating inflation in the analyses.~~

C. Land Use Scenarios and Fiscal Analysis Zones

Two of the three land use scenarios described in ~~Chapter 3—~~ *Land Use* were evaluated in the 2007 fiscal analysis. Based on policy direction, adopted land use principles, relative traffic impacts, expected employment demand and public input, the Mid-Range Scenario was chosen for analysis alongside the Trend Scenario. The results indicated that development according to the Mid-Range Scenario, which emphasizes employment growth and a balanced mix of commercial and residential uses, will provide a more fiscally viable alternative for Dublin as the City ~~city~~ approaches build-out.

While the population increase projected under both scenarios is similar, increases projected under the Mid-Range Scenario are distributed relatively evenly across the fiscal analysis zones, thus distributing the burden of supplying services for the residential base throughout new growth areas. The employment difference between the scenarios is very large, with the Mid-Range Scenario having more than twice the amount of new jobs than the Trend Scenario. The office sector is responsible for a majority of the increase in new jobs and non-residential square footage. As described in Land Use, the Mid-Range Scenario was ultimately chosen as the basis for the 2007 Land Use Plan, which is now updated to include more recent planning efforts for the Bridge Street District.

For the purpose of the fiscal analysis, ~~ten~~Ten analysis zones ~~were studied~~are analyzed as part of the [Community Plan](#). These generally correspond to the special planning areas described in ~~Chapter 3~~—*Land Use*. ~~(Refer to Map 7.2 for the location of these zones.)~~ Some of these zones are located entirely within Dublin City limits and consist of undeveloped land or areas expected to redevelop in the future. Others include unincorporated township lands located within Dublin’s exclusive water and sewer service area. The Exclusive Service Area is based on contractual agreements between Dublin and [the City of Columbus](#) for sewer and water services described in ~~Chapter 9~~—*Utilities*. Columbus provides the services to Dublin, and the contract defines the area in which the City of Dublin can expand. Upon annexation to Dublin, these properties become eligible for public services. Two of the fiscal analysis zones fall primarily within the Negotiated Service Area, located in the northwest portion of Dublin’s planning area. The agreement between Dublin and the City of Columbus states that prior to the annexation of any portion of this area by either municipality, both municipalities are to have reached a second agreement on the disposition of servicing this area. The fiscal analysis zones are defined as follows:

Dublin Infill Zone (Existing Corporate Boundaries)

This zone is defined by the ~~2007~~ Dublin corporate boundary. The fiscal modeling for this zone assesses the impacts of new growth only (including redevelopment) and does not include existing development.

Avery Road Corridor Zone

Approximately 745 acres are located along Avery Road within Dublin, stretching from the U.S. 33 interchange to Rings Road. This zone includes a mixture of existing residential, office and light industrial uses. This area was modeled with a mixture of residential, neighborhood-level retail and office uses at the intersection of Avery Road and Woerner Temple Road, as well as a mixture of office, research & development and light industrial uses at the Avery Road/Shier Rings Road intersection.

Coffman Park Zone

This zone includes approximately 250 acres along Post Road within Dublin, stretching from the I-270/U.S. 33 interchange to Avery-Muirfield Drive, and includes portions of Emerald Parkway and Perimeter Drive. This zone incorporates the Coffman Park expansion area between Commerce Parkway and Emerald Parkway. The area was modeled to include office development on land bounded by Emerald Parkway and the interchange.

Historic Dublin Zone

Approximately 140 acres are located in the center of Dublin at the intersection of High Street (Dublin Road) and West Bridge Street (U.S. 33/SR 161). This zone includes a wide range of residential and commercial uses as part of a key village center within the City. Historic Dublin was modeled with a focus on mixed use infill and redevelopment, including retail, office, residential and civic uses.

Northeast Zone

Approximately 1,620 acres lie within Dublin and are bounded by I-270, Sawmill Road, the Scioto River and the Dublin Corporate boundary. This area is predominantly residential and includes a variety of retail and office uses along Sawmill Road. The Bright Road portion of this area was modeled for a mixture of freeway-oriented office uses along I-270 and the future extension of Emerald Parkway, as well as a mix of residential and neighborhood-level office uses. This zone includes a potential redevelopment area at the corner of Sawmill Road and Summit View Road, also modeled as a mixture of residential uses and neighborhood-scale offices.

Northwest/Glacier Ridge Zone

Approximately 3,000 acres are located between Dublin's northwest boundary (generally along Hyland-Croy Road) and U.S. 33, south of Brock Road. Small portions of unincorporated land are within Dublin's Exclusive Service Area, although the majority of this zone is located in the Negotiated Service Area. Portions also fall within the City of Marysville service area. A large portion of this zone has been preserved as the Glacier Ridge Metro Park. This area was modeled with a focus on cluster residential (i.e. conservation design) development in the vicinity of the Metro Park, and a mixture of residential, research and development and office uses near the Post Road/U.S. 33 interchange.

Northwest/U.S. 33 Corridor Zone

This analysis area includes approximately 2,550 acres to the northwest of Dublin, bounded by U.S. 33/SR 161 (Post Road), Mitchell-Dewitt Road and Kile-Warner Road. This zone is located entirely within the Negotiated Service Area, and also falls within the City of Marysville utility service area. The zone includes existing light industrial uses and other types of commercial uses, but is largely undeveloped. The area is accessed from U.S. 33 via an existing interchange at SR 161 (Post Road), which is planned for major improvements in ~~2008 and 2009~~ [the future](#). A new interchange at McKittrick Road is included in the City's Thoroughfare Plan, and the future extension of Houchard Road will provide additional access to this area. The area was modeled for a mixture of office, light industrial and research uses, along with a series of mixed use retail/commercial centers with residential support.

Sawmill/SR 161 Zone

Approximately 635 acres are within Dublin, bounded by I-270, Sawmill Road, Martin Road and the Scioto River. This zone includes existing and planned residential, retail and office development. Modeling included a substantial mixed use town center in the eastern portion of this zone, accessible via the I-270/Sawmill Road interchange, and supported by office and high density residential uses.

Southwest Zone

Approximately 1,700 acres to the southwest of Dublin includes a mixture of incorporated and unincorporated land. The majority of this area has been annexed into the City. Unincorporated portions are within the Dublin Exclusive Service Area. This zone includes the Village of Amlin, located along the CSX railroad line and at the intersection of Cosgray Road and Rings Road. The future extension of Tuttle

Crossing Boulevard to Houchard Road will provide additional access to this area, which is planned primarily for residential development. The area was modeled for office uses along Avery Road and mixed use commercial/residential developments along Tuttle Crossing Boulevard and in Amlin.

U.S. 33/SR 161 Zone

Approximately 1,320 acres are bounded by U.S. 33/SR 161, Avery Road, Shier Rings Road and Houchard Road. Unincorporated portions of this zone are located within the Dublin Exclusive Service Area. The zone includes existing office and light industrial uses, but is largely undeveloped. This fiscal area is adjacent to the U.S. 33 Corridor Zone and was modeled for a mix of office, research and light industrial uses— [within the city's West Innovation District](#).

D. Fiscal Impact Results

Average Annual Net Fiscal Impacts from New Growth—(City-wide Comparison)

Figure 7.1 illustrates the average [Note:](#)

[As part of the 2013 Bridge Street District Fiscal Impact Analysis, it is anticipated that the Historic Dublin and Sawmill/SR 161 Zones will be replaced with a Bridge Street District Zone. This zone will be defined by approximately 1,000 acres bounded by I-270 and Sawmill Road, including land immediately to the south of SR 161. The zone includes existing office and retail uses, and a limited amount of existing residential. The combined zone includes additional land that was not previously identified for redevelopment in 2007. This fiscal area is modeled for high density, mixed use urban development, including a variety of residential, office and commercial uses.](#)

Fiscal Impact Results

Average Annual Net Fiscal Impacts from New Growth

[Average annual net fiscal impact \(revenues minus expenditures\) ~~over~~ is illustrated in the 23-year development period, tables below.](#) The fiscal results ~~are shown for three time periods (Years 1-10, Years 11-23, and Years 1-23)~~ and include both operating and capital impacts. All results are those accruing from new growth only, and do not include costs and revenues from the existing population and employment base of the ~~City.~~ [As Figure 7.1 indicates, projected city.](#)

[Projected](#) development according to the ~~Mid-Range Scenario~~ [2007 Land Use Plan](#) generates average annual net surpluses in all time periods. Average annual net surpluses are generated in Years 1-10 due to the additional income tax resulting from employment growth. Those surpluses are modest, however, because five of the ~~ten~~ fiscal analysis zones are adding park facilities to accommodate residential population growth during the period. There are large contrasts between Years 1-10 and 11-23 because more of the office sector employment is projected to develop in the latter half of the analysis period. This

~~shows~~demonstrates that the ~~City~~city will be able to offset its capital and operating costs from new growth areas by emphasizing office development, the highest income tax revenue generating employment sector.

Annual Net Fiscal Impacts

Development according to the ~~Mid-Range Scenario~~2007 Land Use Plan is projected to generate \$817.5 million in cumulative income tax. ~~Figure 7.2~~citywide. The figure below shows the annual net fiscal impacts to the ~~City~~city over the ~~23-year development~~analysis period. By showing the results annually, the magnitude, rate of change, and timeline of deficits and surpluses can be observed over time. Data points above the \$0 line represent annual surpluses, while points below the \$0 line represent annual deficits. The irregular nature of the annual results during particular years represents the opening of capital facilities and/or major operating costs being incurred.

Increasing annual net surpluses are projected for a majority of the years; primarily due to the amount of income tax revenue the ~~City~~city receives from the higher employment projected for the latter half of the analysis period. The sharp downward spikes in data are the result of new park facilities being constructed, reflecting pay-as-you-go financing for the development of each park.

Cumulative Net Fiscal Impacts

~~Figure 7.3~~The figure below illustrates the cumulative net fiscal impacts to the City of Dublin for the operating and capital budgets as well as the combined net impact. The cumulative impacts are the total amount of money lost or gained over the ~~23-year~~ analysis period. As the chart indicates, a cumulative net surplus of \$239.9 million is projected. The chart shows that the ~~City~~city will be able to handle the operating costs incurred from new population and employment growth, as a surplus will be generated for the operating budget. Net deficits are generated in the capital budget because of the costs incurred primarily from road capacity projects and additional park construction. ~~While growth-related capital projects cannot be funded without transfers from the General Fund (operating budget), the City~~However, the city will be able to cover the deficits incurred by the capital budget because of a larger surplus in the operating budget.

Cumulative Net Fiscal Impacts by Fiscal Analysis Zone

~~Figure 7.4~~The figure below illustrates the cumulative net fiscal impacts (combined net impact of the operating and capital budgets) to the City by fiscal analysis zone (FAZ). The cumulative impacts are the total amount of money lost or gained over the ~~23-year~~ analysis ~~period~~periods. In this analysis, road capital facility costs ~~were~~are allocated to the zone for which they are planned. ~~City-wide~~Citywide capital facility costs ~~were~~are also allocated according to the proportion of new growth projected in each zone. The majority of net surpluses are generated from the Northwest/U.S. 33 Corridor and Sawmill/SR 161 FAZs, which have the first and third highest employment increases, respectively. The City will be able to offset

the large costs of road infrastructure in the U.S. 33/SR 161 Zone ([associated with the planned US 33/SR 161/Post Road interchange improvement](#)) with more employment, mostly in the office ~~sector. From the study, a total of three~~ and research and development sectors. Two zones are expected to generate deficits, primarily due to an emphasis on residential development.

Fiscal Study Summary

This analysis reflects the projected cash flow to the ~~City. Its~~ city. The forecast reveals annual net surpluses ~~starting in 2010 and sustained surpluses (no deficits) from 2016 through~~ throughout the ~~end~~ majority of the analysis ~~period~~ periods. It is important to note that ~~this~~ the citywide analysis ~~was~~ is based on maintaining existing levels of service as defined by the FY2007 Budget. If the ~~City will~~ city is not be able to capture the office sector employment projected or if the residential base is greater than expected, there will be a reduced surplus or possibly net deficits.

Capital costs and employment are the major drivers of deficits and surpluses. If an area has a large residential base and a small employment base then it will most likely incur deficits due to demand for services by the residential component and a lack of income tax revenue from the employment base to cover this demand. The office sector will generate the most income tax revenue of the three sectors considered; the other two components are industrial (second highest) and retail (last). Uses can have a profound effect on creating surplus in a zone, and the cost to serve the retail sector alone with police and other services outweighs income taxes generated from this sector due to lower-wage service jobs. Target areas with a high proportion of retail jobs relative to the other two employment sectors will generate net deficits. Retail uses, however, should be viewed as a quality of life factor that surpasses defined geographies for fiscal analysis.

The fiscal study assumes that certain capital costs will be debt financed. This assumption enables policy makers and ~~City~~ city staff to discuss financing options and trade-offs regarding “pay-as-you-go” versus debt financing as it relates to operating and capital needs. For instance, the timing and location of population increases will trigger certain capital facilities (such as parks) to be built at certain times. This creates the need to pay all the development costs for the parks at the time of construction and to debt finance the acquisition costs for community parks as necessary. Net deficits are larger in the first half of the analysis period for the Trend Scenario primarily due to the development cost incurred by the Southwest Zone for park facilities, the compounding nature of debt service payments for growth-related capital improvements, and a lack of employment to cover the costs. This same effect ~~was~~ is not as drastic in the Mid-Range Scenario because the increase in income tax revenue from more employees ~~helped~~ helps to offset these capital improvement costs.

Transportation improvement projects ~~represented~~ represent the largest capital expense over the ~~23-year~~ development ~~period~~ periods for the scenarios. ~~Road construction for the Mid-Range Scenario was entered directly into the fiscal model based on projects identified by Burgess & Niple. Road projects were also identified for the Trend Scenario and entered directly into the fiscal model based on current projections and road projects identified by the City of Dublin Engineering Department. In the Mid-Range Scenario,~~ ~~the~~ The projected addition of ~~38,700~~ over 40,000 more employees will generate higher income tax revenue to help offset the major expenditures for road improvements.

Police, Street Maintenance, and Parks ~~represented~~represent the largest growth-related operating expenses for the ~~City. In the Mid-Range Scenario,~~city. Economic Development ~~was~~is the ~~third~~fourth largest growth-related operating expense; however, this category ~~was~~is projected using jobs (as opposed to residential population) because it ~~was~~is directly related to the ~~City's~~city's ability to attract new businesses.

Fiscal Study Conclusions

The following major conclusions can be drawn from the fiscal analysis:

- If the ~~City~~city is successful in its efforts to increase its presence as a regional employment center, the present revenue structure will be sufficient to provide current levels of service to new development.
- ~~Unlike the fiscal findings from most communities, new~~• New growth generates net surpluses to the operating budget in the City of Dublin. This is because the ~~City's~~city's revenue structure is heavily reliant on income tax and the ~~City~~city is fortunate to have a high employee to resident ratio. This is important in Ohio because most municipal revenue is derived from income tax rather than property tax.
- ~~Although the Trend Scenario generates a net deficit, the~~The current ~~City~~city population and employment base generates revenue that exceeds costs in the current ~~FY2007~~ budget. This surplus generated by the ~~City's~~city's existing development base is due to economies of scale that exist with current infrastructure as well as staffing capacity. Expansion into areas outside the ~~City's~~city's present built environment creates the need to expand infrastructure and potentially to hire additional staff.
- Road construction is the primary source of all expenses generated by the ~~City~~city. It amounts to 30 percent for the Mid-Range Scenario (including both operating and capital costs). Many of the same road improvements ~~were~~are identified and projected under both scenarios. ~~However, in the 2007 analysis, but have~~ different road projects that are identified to be built under each scenario have greater cost implications for the Trend Scenario when comparing projected growth. Development according to the ~~Mid-Range Scenario~~Land Use Plan will generate more employment, population, and housing units in addition to more vehicle trips per year due to increased employment. , resulting in increased economies of scale to fund the improvements.
- The ~~City~~city will benefit by encouraging higher density residential and mixed use development in targeted planning areas. ~~The Mid-Range Scenario~~Land Use Plan places greater emphasis on alternative housing units, as well as mixed use and clustered residential development patterns that will enable the ~~City~~city to lower residential road frontages required for new development. The lower road frontage means the ~~City~~city will have less street surface to maintain despite having a higher population and more housing units.

III. Land Use Analysis

A *Cost of Land Use Study* was also completed by TischlerBise for new residential and nonresidential development. A Cost of Land Use Study examines the fiscal impact of prototypical land uses currently being developed in the [Citycity](#) and as anticipated in the future. In this type of analysis, the costs and revenues for various land use prototypes are evaluated in order to understand the fiscal impact of each land use on the [City'scity's](#) budget. In other words, it seeks to answer the question, "What type of growth pays for itself?"

The [Citycity](#) and TischlerBise developed five residential and four nonresidential land use prototypes for examination. The five residential prototypes included Single-family Detached, Townhome, Duplex, Multi-family Rental, and Multi-family Condominium (owner-occupied). The four nonresidential uses were Retail, Office, Industrial, and Research & Development (R&D). This analysis focused on the fiscal impact of selected land use prototypes without regard to geographic location. For this reason, the analysis used an average costing method, particularly for one-time capital costs. In some cases, the costs may be fixed. In other cases, costs are offset in whole or part by revenues from a particular service.

A. Cost and Revenue Assumptions

The net fiscal impacts for the nine land use prototypes were determined by subtracting the costs necessary to serve these land uses from the revenues generated by each. The cost and revenue factors were determined based on the [City'scity's](#) FY2007 budget and current levels of service provided by the municipality. Capital cost factors were determined based on Dublin's ~~2007-2011~~ Capital Improvement [PlanProgram](#) (CIP). The analysis ~~included~~[includes](#) the [City'scity's](#) tax supported funds affected by new development. To derive the costs, revenues, and service levels, TischlerBise interviewed department staff and reviewed the current budget, along with other financial and demographic data.

B. Fiscal Impact Results

Residential Land Use Prototypes

The fiscal impact results for the residential land use prototypes are summarized ~~in Figure 7.5.~~ [below](#):

- None of the residential land use prototypes studied produced a net surplus to the [Citycity](#). Income taxes and property taxes comprise ~~50 to 60~~[approximately 70](#) percent of all revenue collected by the [Citycity](#) for residential development. However, the revenue collected by these two taxes, as well as other tax supported funds, were not sufficient to cover the costs of providing services for any residential prototype.
- The number of persons per household and vehicle trips per household were the main reasons for differences in the expenditures. The higher the number of persons per household and vehicle trips, the greater the costs.

- The single-family detached prototype produced the greatest revenues, averaging \$991 per unit. It also generated the greatest expenditures, averaging \$2,703 per unit. The annual net deficits for the single-family prototype were 71 percent higher than multi-family condominiums, the residential prototype that had the second highest annual deficit. The higher costs are due to the number of persons per household, as well as a higher trip generation rate.
- The primary difference in revenue between remaining residential prototypes (excluding single-family detached) was the market value of the home. For example, there was a \$68 difference in total average revenue between townhome and duplex units. Of this difference, \$48 could be explained by the variation between the market value of the homes.

Nonresidential Land Use Prototypes

The fiscal impact results for the nonresidential land use prototypes are summarized [in Figure 7.6 below](#). It is important to note that the assumptions reflect current [\(2007\)](#) levels of service.

- Three of the four nonresidential land use prototypes produced annual net surpluses, with only the retail prototype producing an annual net deficit.
- The retail prototype produced a net deficit because the income taxes generated were the lowest of the four prototypes and police costs were the highest (about 2.5 times more than the next highest prototype, which was office). Lower income tax was generated due to the lower wages of service employment.
- The office and R&D prototypes had net surpluses primarily due to the income taxes paid, which was an average of \$1,328 per employee. The retail prototype had net deficits because this was the lowest income tax paying prototype, averaging \$123 per employee or \$324 per 1,000 square feet. The income tax generated from this prototype was not sufficient to cover the major operating expense of police services and road capital improvements, totaling \$1,606 per 1,000 square feet.
- Another reason the retail prototype had such a large deficit was that the capital expenditures for roads are \$900 per 1,000 square feet compared to \$370 per 1,000 square feet for office, the next highest prototype. The costs were larger due to higher trip rates. The vehicle trips for the retail prototype were 67 per 1,000 square feet compared to 18 per 1,000 square feet for office, a difference of 370 percent.
- The research and development (R&D) prototype generated the highest net surplus of all nonresidential prototypes. This was due to the second lowest costs for police and capital improvement costs for roads, as well as higher income taxes.

C. Major Conclusions

The following major conclusions could be made from the analysis:

- Ohio's local government revenue structure is unique in that the primary revenue source is income tax. [Because](#) [Since](#) income tax is collected [primarily by place](#) [first in the City](#) of employment, residential

development generally does not pay for itself. Therefore, it will be necessary for the [Citycity](#) to attract new jobs, especially office and R&D, to cover the costs of residential growth.

- ~~• The City is heavily reliant on income taxes paid by employees who work in the City. Residential development only pays income taxes if the person works at home inside the City limits; in a location where there is no income tax; or where the tax is less than the City's current rate. Otherwise the tax is assessed only to nonresidential development. The City's heavy reliance on income taxes is illustrated by the annual net deficits on all the residential prototypes and by the annual net surpluses for the three highest wage paying nonresidential prototypes (office, R&D, and industrial).~~
- The single-family detached prototype generates the worst fiscal results for the [Citycity](#). This land use consumes a large amount of the [City'scity's](#) services because of the high number of persons per household and vehicle trips.
- It is likely that actual costs to serve the residential and nonresidential land uses are greater than the costs determined in this analysis. As discussed above, there is a limitation of the average cost approach utilized in this type of evaluation. For example, as is the case in most cities across the country, the capital improvement plan and general operating budgets are fiscally constrained. That is, they do not fund the actual demand for services. Rather, they fund a level of service that can be afforded by the community. In addition, the cost to serve new development in the future is likely to be greater than the average cost of service today, even in constant dollars.
- As stated above, it is important to acknowledge that fiscal issues are only one concern when evaluating land use policies and decisions. Non-fiscal issues such as the environment, housing affordability, jobs/housing balance and quality of life must be considered. The emphasis should be on achieving an appropriate mix of land uses.

IV. Objectives and Strategies [\(FISCAL ANALYSIS\)](#)

Objective 1: Seek alternative sources of revenue [and cooperative financing solutions](#) to offset costs of future ~~roadway and other~~ capital improvements:

~~Based on the Mid-Range Scenario, and to ensure new development pays its fair share of 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. impacts.~~

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 ~~Scenario. New development within annexation areas will help to offset these costs.~~ [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 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 Public-Private ~~Public~~ 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.

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: 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.