

City of Falls Church FISCALS

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What is FISCALS?

Fiscals takes the current demographics, budget and capital improvement plan, and levels of service of the City of Falls Church together with the characteristics of a proposed development scenario to determine the net fiscal impact of the proposed development scenario.

FISCALS measures the impact of a proposed development on the City's annual budget.

Fiscal Impact Analysis

- Cash flow to the public sector
 - Are the revenues generated by new growth enough to cover the resulting service and facility demands?
- Reflects operating expenses and capital costs (debt service and pay-go)
- Revenues impacted by growth
- Revenue minus expenditures = net surplus/deficit

Economic Impact Analysis

- Reflects overall economy of the community
 - Residential
 - Primary factors are the construction phase and consumer spending
 - Nonresidential
 - Primary factors are job creation and real disposable income

Fiscal Impact vs. Revenue Forecasting

- Municipal budgeting is primarily “revenue driven”
 - Revenue forecast is used to establish spending target
- Fiscal impact analysis is not revenue constrained
 - Forecast expenses needed to maintain current LOS

Two Approaches

- Case study-marginal approach
 - Reflects fiscal reality
 - Dependent on local levels of service
 - Available capacity triggers the staging of facilities
 - Reflects geographic differences
- Versus the average cost approach
 - Focuses on per capita/employee
 - Doesn't consider available capacities
 - Masks timing
 - Uses average (current) costs
 - Budget in equilibrium

General Perceptions

- Residential development doesn't pay for itself
- Nonresidential development is a cash cow

Influencing Factors

- Revenue structure
 - Sources
 - Distribution formulas
- Levels of service
- Infrastructure lifecycle
 - Existing capacities
- Characteristics of new development
 - Demographic
 - Socioeconomic

Model Parameters

- Garbage in/garbage out
 - City now has experience with fiscal analysis
- Level of precision/accuracy
 - Depends on many factors

Key Variables/Assumptions

- Assessed/taxable value
- Pupil generation rates
- Trip adjustment factors
- BPOL assumptions
- Retail sales per square foot
- Assumptions regarding capacity
- Levels of service
- Variable vs. fixed costs/revenues

Fiscal Model Design for Falls Church

- Developed in Excel
 - Allows for a flexible application
 - Developed to replicate City budget organization and revenue structure
 - Transparent structure avoids “black box” concerns
 - Data, assumptions, algorithms fully shown
 - Key variables include population, housing units, jobs, vehicle trips, calls for service, nonresidential building area, etc.

Fiscal Model Design (continued)

- Land Use/Scenario Input

- Growth scenarios are represented through demographic inputs
- A number of land use categories can be reflected
- Capability to reflect multiple fiscal analysis zones or different development proposals

Falls Church Fiscal Model [Read-Only] [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Developer Add-Ins

File Edit View Insert Format Tools Data Window FISCALS Budgets Capital Modules

Custom Toolbars

M13

Input for Project One

Name of Project One:

RESIDENTIAL DEVELOPMENT COMPONENT

Type of units	Total number of units	Number of units absorbed each year	Assessed value per unit	Total square feet	Student generation rate	Persons per unit	Trip generation rate	Trip adj. factor	Utility Tax per Unit	Average Building Permit per Unit
Single Family Detached	0	0	\$654,549	0	0.62	2.77	9.57	50%	\$158	\$3,500
Townhouse - Owner Occupied	0	0	\$587,451	0	0.27	2.10	5.81	50%	\$143	\$2,800
Townhouse - Renter Occupied	0	0	\$587,451	0	0.27	1.68	5.81	50%	\$143	\$2,800
Mid-Rise Apartments	0	0	\$90,000	0	0.15	1.59	4.20	50%	\$83	\$1,000
Garden Apartments	0	0	\$87,000	0	0.18	2.58	6.59	50%	\$60	\$1,000
Condominiums	0	0	\$406,533	0	0.11	1.31	5.81	50%	\$120	\$1,000
High Rise Condominiums	0	0	\$406,533	0	0.11	1.74	4.18	50%	\$120	\$1,000
Age-Restricted Housing	0	0	\$406,533	0	0.00	1.41	3.71	50%	\$19	\$1,000
ADU Townhouse	0	0	\$194,342	0	0.00	1.68	5.81	50%	\$143	\$2,800
ADU Condo	0	0	\$140,675	0	0.00	1.31	5.81	50%	\$120	\$1,000
Custom Residential Housing Type 1	0	0	\$0	0	0.00			50%		

Splash Menu BaseYear ProjectInput ProfferInput DemandBase TaxBase GFRev CapRev SchoolRev Legis Exl

Ready 85%

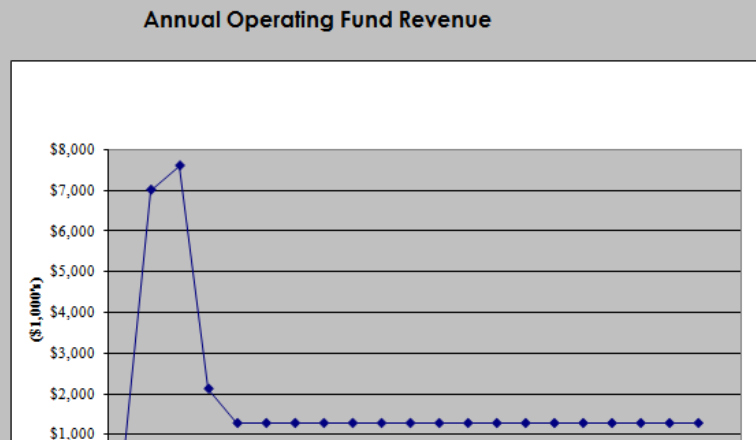
Fiscal Model Design (continued)

- Revenue

- Includes operating, school, and capital revenue

- Includes both annual and one-time revenue
- Ability to factor fixed revenue

120	Annual Operating Fund Revenue	
121	Annual Operating Fund Revenue	
122	Annual School Board Revenue	
123	Annual Capital Revenue	
123	Annual Revenue - Operating & School	
124	Annual Operating Fund Expenditures	
125	Annual School Board Expenditures	
126	Annual Capital Expenditures	
126	Annual Expenditures - Operating & School	
127	Annual Net Operating Fund Impact	
128	Annual Net School Board Impact	
128	Annual Net Capital Projects Fund Impact	
129	Annual Net Impact - Operating & School	
130	5	\$1,273
131	6	\$1,273
132	7	\$1,273
133	8	\$1,273
134	9	\$1,273
135	10	\$1,273
136	11	\$1,273
137	12	\$1,273
138	13	\$1,273
139	14	\$1,273



Fiscal Model Design (continued)

- Operating Expenses
 - Organized by department
 - Forecasts staff and related expenses
 - Ability to factor one-time costs
 - Ability to factor fixed costs

20-Year Total Operating Expenditures from New Growth - Scenario Comparisons (x\$1,000)
City of Falls Church Fiscal Impact Model

Category	SCENARIO					
	Sample Project	%		%		%
Legislative	\$61,115	0%	\$61,115	0%	\$61,115	0%
Exec. Management & Administration	\$896,566	5%	\$896,566	5%	\$896,566	5%
General Government	\$329,158	2%	\$329,158	2%	\$329,158	2%
Public Safety	\$1,800,651	9%	\$1,800,651	9%	\$1,800,651	9%
Environmental Services	\$885,946	4%	\$885,946	4%	\$885,946	4%
Community Services	\$1,885,253	10%	\$1,885,253	10%	\$1,885,253	10%
Education	\$13,704,397	69%	\$13,704,397	69%	\$13,704,397	69%
Development Services	\$224,400	1%	\$224,400	1%	\$224,400	1%

Fiscal Model Design (continued)

● Capital Facilities

- Option to have model forecast the need for capital facilities or enter facilities directly
- Recognize unused capacities
- Build new additions
- Lag/lead time of construction
- Financing mechanisms
- Repurchase after useful life

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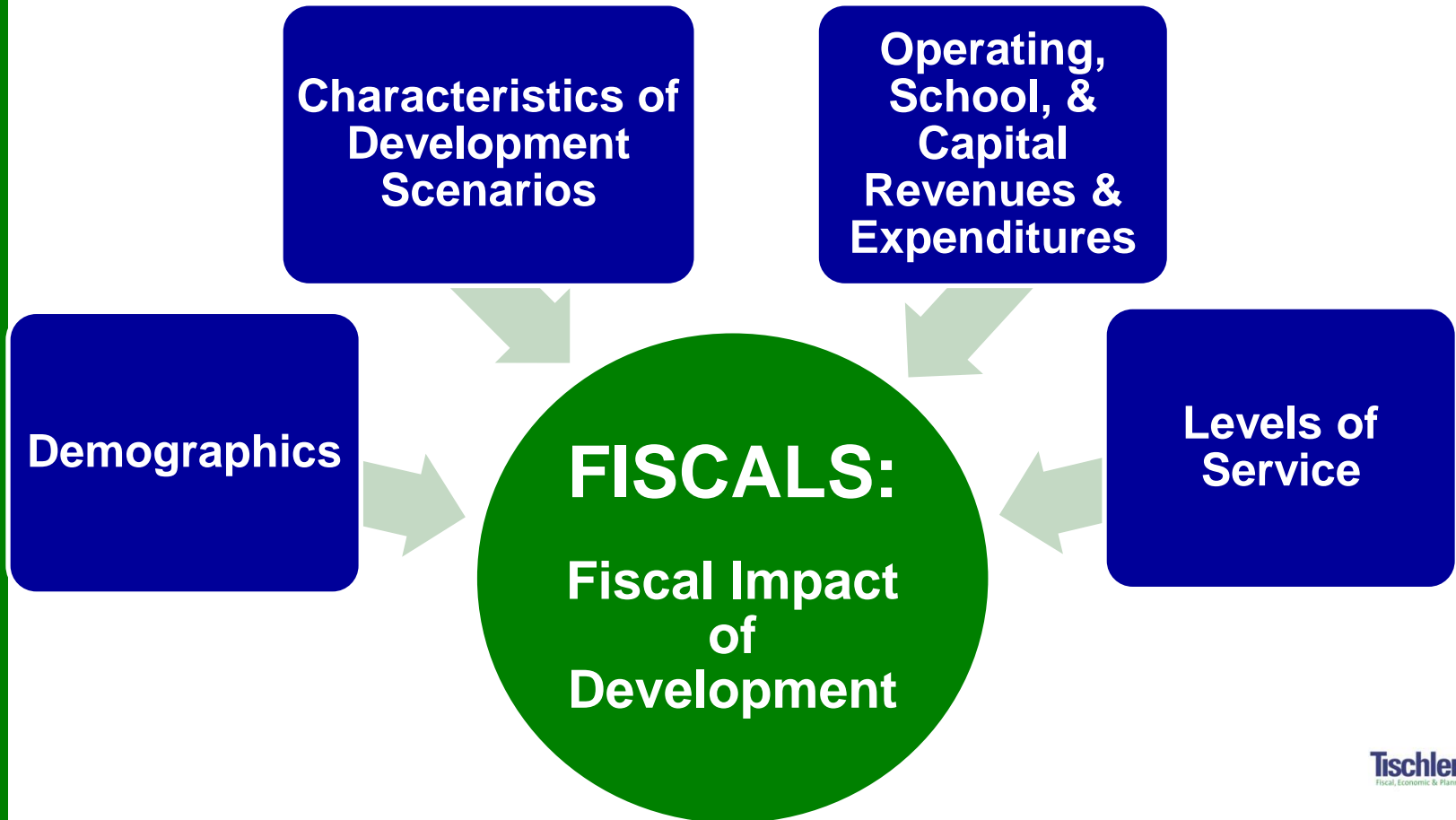
F32 0

								Debt Service Assumption	
								0%	
Capital Facilities Standards and Costs									
Facility Type	Base Year Inventory		Need For Facility Based On:	Townwide LOS by Capital Facility	Current Demand Units Served Per Facility	Current Cost/Unit (\$000's)	Inflation Adjustment (+/-)		
City Library	Square Feet	15,500	LIBRARY POPULATION	0.62	1.6	\$843.75	0%		
USEFUL FACILITY			CAPACITY FACTORS:					Remaining Capacity/	
LIFE:	New Facility (year)	30	Prototype Facility Size (sq. ft.):		1			Initial Construction	
			Estimate of Available Facility Capacity:		100%			Threshold (sq. ft.):	1
LAG/LEAD TIME:	Funding to Delivery (years):	0	FUNDING METHOD:					Amt by Scenario	
			Percent Bonded:	0%				Needed to Maintain LOS:	0
Library Collection	Units	155,000	LIBRARY POPULATION	6.20	0.2	\$0.00	0%		
USEFUL FACILITY			CAPACITY FACTORS:					Remaining Capacity/	
LIFE:	New Facility (year)	30	Prototype Facility Size (no. of units):		1			Initial Construction	
			Estimate of Available Facility Capacity:		100%			Threshold (units):	1
LAG/LEAD TIME:	Funding to Delivery (years):	0	FUNDING METHOD:					Amt by Scenario	
			Percent Bonded:	0%				Needed to Maintain LOS:	0
Facility 3	Square Feet	0	FIXED			0	0%		
USEFUL FACILITY			CAPACITY FACTORS:					Remaining Capacity/	
LIFE:	New Facility (year)	30	Prototype Facility Size (sq. ft.):		0			Initial Construction	
			Estimate of Available Facility Capacity:		100%			Threshold (sq. ft.):	0

SchoolBd GovCF PoliceCF FireCF EnvSvcsCF ParkCF LibraryCF SchoolCF BudSum ScenarioOne ScenarioTwo

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How does FISCALS work?



Outputs

- Snapshot of results
 - Summary of proposed development: number of housing units and square footage of nonresidential development with total taxable value
 - Top 5 revenue categories and top 5 expense categories
- Output Summary
 - Annual revenue and expenditures by category
- Tables
- Charts

Summary of Improvements

- Reflects the City's recent experience with new development
- Built entirely from the ground up
 - Additional land use types including ADU townhouse and ADU condo
 - Simplified inputs page
 - Updated assessed values, permit fees, tax rates, student generation rates, and other factors
- Much easier to navigate
 - Visual Basic Interface
- Custom and improved outputs/graphics



QUESTIONS?