Fiscal Impact Analysis

JC RANCHES SUBDIVISION, TETON COUNTY, IDAHO

APRIL 2024

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INTRODUCTION

This report summarizes the fiscal impact on Teton County services and capital facilities of residential development in the proposed JC Ranches Subdivision. Fiscal impact analysis calculates the costs and revenues associated with new development to determine if the development is fiscally sound.

Development of the proposed JC Ranches Subdivision will have create additional demand on the following county services: general fund including general government services and law enforcement services; road and bridge fund; and other core services provided via special revenue funds. There are two types of costs local governments experience while providing services, operations and capital. Operations costs are ongoing day-to-day costs such as salaries and utilities. Capital costs are one-time costs to expand facilities and infrastructure such as buildings and vehicles.

As development occurs on county roads, there is an increased need for road maintenance and improvements. The road and bridge department accrues greater costs for development further out on county roads because longer trips mean more driving or, vehicle miles traveled (VMT), for more remote developments. General government services are centrally located services and are not sensitive to the location of development. Demand for general government services increases as new housing units are built and occupied and as non-residential development occurs.

To calculate the fiscal impact of the JC Ranches Subdivision, RPI's analyst weighed per unit costs to provide services against increases in revenue from property taxes and intergovernmental transfers that accompany new development. If revenues exceed costs, the project is fiscally sound and existing residents will not experience a decrease in service levels.

SUMMARY OF FINDINGS

On average, the county spends $655 per housing unit per year providing general government services to local residents and $285 per housing unit to provide law enforcement and other Sheriff's department services. Special revenue funds expenditures average about $3.2 million per year and the level of service is $434 per housing unit. Providing for operations and maintenance of county roads costs $34 per average daily vehicle mile traveled on county roads.

With current mill levies and other revenues, each of the estimated $1,293,000 homes in JC Ranches will generate $4,495 in annual operations revenues, totaling over $112,375 at buildout of the proposed 25 homes. The county can expect to incur annual operations costs of $1,594 per housing unit, totaling nearly $40,000 at buildout. At buildout, the county can expect an annual operations surplus of over $72,000.

The 25 lots with homes proposed at JC Ranches residential development will incur $143k in one-time capital costs for the general fund, road and bridge fund and special revenue funds. These costs will be entirely offset by the forthcoming impact fee payments made according to the recently updated county impact fee schedule.

METHODOLOGY

The methodology for determining the fiscal impacts of development on government services and facilities includes the following elements:

Level of Service – Level of service is an analytical tool central to fiscal impact analysis. Level of service (LOS) defined is, the cost of maintaining a specific standard of services and infrastructure. If proportionate increases in resources for the Sheriff's Department, Road and Bridge Department and general governance, and other core services, does not accompany population growth, we should expect to see a decrease in level of service. This would manifest in day-to-day life, and perhaps roads are rougher, response times are longer, and core county services seem strained.

Operations vs Capital Spending – Level of service analysis consists of two main components:

<u>Operations cost</u>s are the ongoing day-to-day expenses of running a county department, expressed annually (e.g. salaries, utilities, fuel…).

<u>Capital costs</u> are one-time investments associated with increasing the capacity of infrastructure and capital facilities to accommodate new or future demand (e.g., buildings, vehicles, roads, bridges, etc.).

Proportionate Share – Because county services benefit both residential development and commercial development, it is inequitable to attribute all spending to the residential sector. To account for this, a proportionate share calculation eliminates governmental activity related to the commercial sector. Proportionate share only applies to the general government and the Sherriff's Department. Road and Bridge services do not require a proportionate share calculation because vehicle miles traveled is a single demand unit used across all land use types.

Demand Units – Demand units are the physical entities of growth that drive additional demand for public facilities and services. Demand units for centrally located services typically consist of residential and non-residential sectors, and when relevant, report specific units (example: oil and gas wells). This analysis uses housing units as the base demand unit to calculate the increased demand for centrally located services associated with the JC Ranches Subdivision. Vehicle miles traveled (VMT) is the basic demand unit for the road and bridge department, which is the product of the number of trips generated and distance out a county road from a state highway or municipal boundary.

DEMAND UNITS

There are over 5,800 housing units in the county and more than 3,300 in the unincorporated areas of the county. In addition to the above housing estimates, 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise provides estimates for nonresidential floor area and average daily vehicle trip ends. Just over half of the nearly 62,000 daily vehicle trips in Teton County have a destination in the unincorporated areas of the county.

Figure 1 - Residential and Nonresidential Demand Units, Teton County, Idaho, 2024

	Entire County	Unincorporated
Housing Units	5,816	3,323
Nonresidential Floor Area (1,000 sq. ft.)	1,895	835
Average Daily Vehicle Trip Ends	61,746	33,400
Vehicle Miles Traveled	N.A.	56,780

Source: 2022 Capital Improvement Plan and Development Impact Fee Study, TischlerBise; Fiscal Impacts of New Houses on Vacant Rural Subdivisions Lots, Teton County, RPI Consulting, 2010

Only the inbound trips are attributed to any specific land use, to avoid double counting. To this end A 60% adjustment factor was applied to the driveway volume of 12.68 average daily trips estimated for each of the proposed 25 lots with homes in JC Ranches. Vehicle miles traveled (VMT) is the product of average daily trips multiplied by average trip length along W. 4000 N. to Highway 33 to and from the lots at JC Ranches.

Figure 2 – Vehicle Miles Traveled Generated by JC Ranches

Item	Quantity	Source
Up to 3,500 sq. ft. Residential Units with Option for Attached ADU	25	Y2 Consultants
Residential Trip Adjustment Factor	60%	2022 Capital Improvement Plan and Development Impact Fee Study, TischlerBise
Average Daily Trip Ends at JC Ranches (25 Lots and Homes)	190	Traffic Impact Study JC Ranches and Irish Acres Subdivisions, Y2 Consultants, 2023
Average trip length along County Rd W. 4000 N. to Highway 33 (miles)	0.85	Y2 Consultants
Average Daily Vehicle Miles Traveled (25 Lots and Homes)	162	Calculation

OPERATIONS LEVELS OF SERVICE

Operations level of service is calculated by multiplying average annual expenditures from the general fund and selected special revenue funds by the residential proportionate share and dividing by the number of housing units served. General/administrative, law enforcement, and special revenue funds serve the entire county including the municipalities, so the divisor for calculating level of service is housing units for the entire county (See Figure 1). According to the 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise, 78% of the demand for general government services and law enforcement is generated by housing units in the county and 22% of demand is generated by non-residential development where residents work, shop and get services. The most recent county audits show that general fund expenditures toward general government services and administration total about $4.9 million in annual expenditures. Law enforcement (Sheriff) totaled about $2.1 million.

Figure 3 – General Fund and Special Revenue Funds Operating Expenditures

General Fund Category	2021	2022	Two-Year Average
General/Administrative	$4,477,811	$5,285,428	$4,881,620
Law Enforcement	$2,153,522	$2,102,252	$2,127,887
Special Revenue Funds	$3,030,928	$3,441,218	$3,236,073

Source: Teton County Audits

On average, the county spends $655 per housing unit per year providing general government services to local residents and $285 per housing unit to provide law enforcement and other Sheriff's department services.

Figure 4 – Operations Cost per Housing Unit (Level of Service) General Fund and Special Revenue Funds

	Annual Cost per Housing Unit (Level of Service)
General/Administrative (General Fund)	$655
Law Enforcement (General Fund)	$285
Special Revenue Funds (Multiple Funds)	$434

Source: RPI Calculations

Special revenue funds expenditures average about $3.2 million per year and the level of service is $434 per housing unit. Special revenue funds operations costs include District Court, Elections, Indigent Charity, Revaluation, Tort, Weed, Solid Waste, Prosecuting Attorney, Building Fund, EMS Communications, Mosquito Abatement, Waterways, Parks and Recreation, 4H, Extension, Youth Program, Hospital and Fairgrounds.

The more driving that occurs in the county, the higher will be the operations and maintenance expenditures by the county road and bridge department. Level of service for the county road and bridge department is expressed as the cost per average daily vehicle miles traveled (VMT) in the unincorporated county. The cost per VMT will be used to estimate the county roads operations cost generated by the proposed lots and homes at JC Ranches.

Figure 5 – Operations Cost per Vehicle Mile Traveled in the Unincorporated County (Level of Service)

	Annual Cost per VMT
Road and Bridge	$34

Source: Teton County Audits, 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise.

REVENUES

The previous section of this report calculated the per housing unit and per VMT costs incurred by the county to provide county services to the JC Ranches Subdivision. This section calculates the revenues the development will generate.

PROPERTY TAXES

According to the developer, it is likely that homes in JC Ranches subdivision will be worth an average of $1,293,000. With current mill levies, a $1,293,000 home in JC Ranches will generate $1,168 in annual property tax revenues for the general fund, $468 for the Road and Bridge Fund and $1,159 for special revenue funds. The special revenue funds with mill levies include district court and juvenile probation fund, revaluation fund, tort fund, noxious weeds fund, and mosquito abatement fund.

Figure 6 – Property Tax Contribution Per Unit, JC Ranches

	Mill Levy	Revenue per Unit
Current Expense (General Fund)	0.000903682	$1,168
Road and Bridge (Override + 40-801A)	0.000361844	$468
Special Revenue Funds	0.000895835	$1,159

Source: Teton County Assessor, Y2 Consultants

INTERGOVERNMENTAL AND OTHER REVENUE CONTRIBUTIONS

Intergovernmental disbursements will generally increase with population and commerce but will do so according to generic state and federal disbursement formulas. Intergovernmental revenues will accrue in proportion to the increase in housing units regardless of their characteristics. On average, each home in Teton County generates $923 in annual intergovernmental and other revenues for the general fund, $388 for the road and bridge fund and $389 for the tort fund.

Figure 7 – Intergovernmental and Other Revenue Contributions per Unit, JC Ranches

	2021	2022	Revenue Per Unit
General Fund - Other Revenue (Not Property Tax)	$5,355,674	$5,382,916	$923
Road and Bridge - Other Revenue (Not Property Tax)	$1,999,722	$2,509,860	$388
Special Revenue Funds - Other Revenue (Not Property Tax)	$2,292,160	$2,236,153	$389

Source: Teton County Assessor, Y2 Consultants

OPERATIONS COST-BENEFIT OF JC RANCHES

The county can expect to incur annual operations costs of $1,594 per housing unit, totaling nearly $40,000 at buildout. Each unit built in the subdivision will generate $4,495 in annual operations revenues, totaling over $112,375 at buildout of the proposed 25 homes.

Figure 8 – Per Unit Operations Costs, Revenues and Surplus, JC Ranches Subdivision

Per Unit Costs and Revenues	General Fund	Road and Bridge	Special Revenue Funds	Total
Operations Annual Cost	$940	$220	$434	$1,594
Property Tax Annual Revenue	$1,168	$468	$1,159	$2,795
Other Annual Revenue	$923	$388	$389	$1,700
Annual Surplus	$1,151	$636	$1,114	$2,901

Source: RPI Calculations

Per unit revenues from development exceed expected per unit expenditures resulting in annual operations surpluses. At buildout, the county can expect an annual operations surplus of over $72,000.

Figure 9 – Operations Costs, Revenues and Surplus, JC Ranches Subdivision at Buildout

	General Fund	Road and Bridge	Special Revenue Funds	Total
Operations Annual Cost	$23,500	$5,500	$10,850	$39,850
Property Tax Annual Revenue	$29,200	$11,700	$28,975	$69,875
Other Annual Revenue	$23,075	$9,700	$9,725	$42,500
Annual Surplus	$28,775	$15,900	$27,850	$72,525

Source: RPI Calculations

CAPITAL FACILITIES COST-BENEFIT OF JC RANCHES

Capital costs are one-time investments associated with increasing the capacity of infrastructure and capital facilities to accommodate new or future demand (e.g., buildings, vehicles, roads improvements, facility improvements). The 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise provides the basis for estimating capital facilities needs and revenues generated by the recently updated impact fees.

Figure 10 – General Fund Capital Costs for JC Ranches

General Fund Capital Improvement Need	Cost per Person	Cost per JC Ranches Home (3.42 Persons per Unit)	Cost for Entire JC Ranch (25 Homes)
Sheriff Facilities	$311	$1,064	$26,600
Sheriff Communications System	$55	$188	$4,700
Sheriff Equipment	$5	$17	425
Emergency Management Facilities	$143	$489	$12,225
Emergency Management Vehicles and Equipment	$31	$106	$2,650
Emergency Management Communications System	$91	$311	$7,775
Impact Fee Study	$4	$14	$350
Total	$640	$2,189	$54,725

Source: 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise, Teton County Ordinance 2023-0522A

General fund capital costs total $2,189 per lot and home at JC Ranches, for a total one-time capital cost of $54,725 during buildout of the subdivision. Road and bridge fund capital costs total $3,007 per lot and home at JC Ranches, for a total one-time capital cost of $75,175 during buildout of the subdivision.

Figure 11 – Road and Bridge Fund Capital Costs for JC Ranches

Road and Bridge Capital Needs	Cost per Average Daily Trip	Cost per JC Ranches Home (3,000 to 3,500 sq. ft.)	Cost for JC Ranch (25 Units)
10 Year Capital Plan	$241	$1,868	$46,694
Facilities	$51	$395	$9,881
Vehicles/Equipment	$95	$736	$18,406
Impact Fee Study	$1	$8	$194
Total	$388	$3,007	$75,175

Source: 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise, Teton County Ordinance 2023-0522A

Special revenue fund capital costs total $527 per lot and home at JC Ranches, for a total one-time capital cost of $13,175 during buildout of the subdivision.

Figure 12 – Special Revenue Fund Capital Costs for JC Ranches

Special Revenue Funds Capital Improvement Need	Cost per Person	Cost per JC Ranches Home (3.42 Persons per Unit)	Cost for Entire JC Ranch (25 Homes)
Fairgrounds Facilities Expansion	$122	$417	$10,425
Fairgrounds Facilities Improvements	$29	$100	$2,500
Impact Fee Study Consulting Fees	$3	$10	$250
Total	$154	$527	$13,175

Source: 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise, Teton County Ordinance 2023-0522A

The Teton County impact fee schedule adopted in May of 2023 was sourced from the 2022 Capital Improvement Plan and Development Impact Fee Study by TischlerBise. The impact fee study states that "the projected capital costs from new development will be entirely offset by the development impact fees." With the impact fee program recently updated, the capital cost-benefit of 25 lots and homes in the proposed JC Ranches is null.

Figure 13 – Capital Cost-Benefit for JC Ranches at Buildout

	Cost for JC Ranches at Buildout	Projected Impact Fee Revenue	Cost-Benefit
Road and Bridge Capital Improvements Need	$75,175	$75,175	$0
General Fund Capital Improvement Need	$54,725	$54,725	$0
Special Revenue Funds Capital Improvement Need	$13,175	$13,175	$0
Total	$143,075	$143,075	$0

Source: RPI Calculations