

City Council Special Meeting

Agenda
Tuesday, June 23, 2020
Electronic Meeting
6:00 PM

This meeting will be held electronically. Residents interested in listening to the meeting or making public comments can join in one of two ways:

- 1) You can call in to +1 312 626 6799 or 877 853 5247 (Toll Free) Webinar ID # 875 5924 8022.***
- 2) You can log in via your computer. Please visit the City's website here to link to the meeting: louisvilleco.gov/government/city-council***

The Council will accommodate public comments during the meeting. Anyone may also email comments to the Council prior to the meeting at Council@LouisvilleCO.gov.

1. CALL TO ORDER & ROLL CALL

2. CONSENT AGENDA

The following items on the City Council Agenda are considered routine by the City Manager and shall be approved, adopted, accepted, etc., by motion of the City Council and roll call vote unless the Mayor or a City Council person specifically requests that such item be considered under "Regular Business." In such an event the item shall be removed from the "Consent Agenda" and Council action taken separately on said item in the order appearing on the Agenda. Those items so approved under the heading "Consent Agenda" will appear in the Council Minutes in their proper order.

- A.** Approval of Minutes: June 9, 2020
- B.** Approval of Engagement Letter with Berg Hill Greenleaf Ruscitti LLP for Contract Claim
- C.** Approval of Resolution No. 46, Series 2020 – A Resolution Authorizing the Mayor to Enter into a Collaborative Agreement Regarding Distribution of Federal CARES Act Funds to the City

3. SPECIAL MEETING BUSINESS

A. DISCUSSION – KEY PERFORMANCE INDICATOR REFINEMENT REPORT

- Consultant Presentation
- Public Comments (Please limit to three minutes each)
- Council Questions & Comments

Citizen Information

If you wish to speak at the City Council meeting, please fill out a sign-up card and present it to the City Clerk.

Persons with disabilities planning to attend the meeting who need sign language interpretation, assisted listening systems, Braille, taped material, or special transportation, should contact the City Manager's Office at 303 335-4533. A forty-eight-hour notice is requested.

B. DISCUSSION – FISCAL IMPACT MODEL REVIEW

- Staff Presentation
- Public Comments (Please limit to three minutes each)
- Council Questions & Comments

C. ORDINANCE NO. 1795, SERIES 2020 – AN EMERGENCY ORDINANCE EXTENDING TO AUGUST 30, 2020 THE REQUIREMENT TO WEAR FACE COVERINGS WITHIN THE CITY – 1ST AND FINAL READING – PUBLIC HEARING – Adoption as Emergency Ordinance

- Mayor Opens Public Hearing
- Staff Presentation
- Public Comments (Please limit to three minutes each)
- Council Questions & Comments
- Additional Public Comments
- Mayor Closes Public Hearing
- Action

4. ADJOURN

City Council Meeting Minutes

**June 9, 2020
Electronic Meeting
6:00 PM**

Call to Order – Mayor Stolzmann called the meeting to order at 6:00 p.m. **Roll Call** was taken and the following members were present:

City Council: **Mayor Ashley Stolzmann**
 Mayor Pro Tem Dennis Maloney
 Councilmember Kyle Brown
 Councilmember J. Caleb Dickinson
 Councilmember Deborah Fahey
 Councilmember Chris Leh
 Councilmember Jeff Lipton

Staff Present: **Heather Balsler, City Manager**
 Megan Davis, Deputy City Manager
 Kevin Watson, Finance Director
 Penney Bolte, Sales Tax Administrator
 Nathan Mosely, Parks, Recreation, & Open Space Director
 Kurt Kowar, Public Works Director
 Rob Zuccaro, Planning & Building Safety Director
 Chris Neves, Information Technology Director
 Sharon Nemechek, Library Director
 Dave Hayes, Police Chief
 Megan Pierce, Economic Vitality Director
 Kathleen Hix, Human Resources Director
 **Emily Hogan, Assistant City Manager for Communications
& Special Projects**
 Meredyth Muth, City Clerk

Others Present: **Kathleen Kelly, City Attorney**

Mayor Stolzmann noted that because of the COVID-19 emergency the meeting is being held electronically. She gave information on how the meeting process will work and directions for those dialing in on how to participate when it is time for public comments.

SALES TAX REPORTS FOR THE MONTH ENDED APRIL 30, 2020

Sales Tax Administrator Penney Bolte reviewed the current revenue numbers. Year to date numbers are up slightly for sales tax but down for most other revenue areas. April numbers show decreases across the board compared to April 2019. She reviewed the various reports for tax revenue by area and by industry.

The Monthly Revenue by Industry report for April 2020 indicates gains for Grocery, Building Materials, Finance/Leasing, Furniture and Automotive and declines across other sectors. There were steep declines in food/beverage and services (particularly lodging) due to COVID 19 closures. She noted increases in outside city sales and telecommunications also due to COVID 19.

Councilmember Lipton asked why the building use tax numbers are so high. Director Zuccaro stated that increase is largely due to two large projects in CTC that have pulled permits.

Public Comments – None.

DISCUSSION/DIRECTION – UPDATED 2020 REVENUE PROJECTIONS

Director Watson stated the last time we discussed revenue projections was March 31 at the beginning of the COVID shut down. Since then staff has reviewed all revenue accounts citywide. Those reviews confirmed there will need to be cuts for the remainder of 2020.

Director Watson noted that previously sales tax projections were at a 23% reduction but that has been upgraded to a 15% reduction. The projections for some of the other revenue sources have been increased however. Director Watson noted these projections show full recovery in the fourth or fifth year. The projections also don't assume any changes in property tax.

He noted the General Fund gives annual payments to the Open Space & Parks Fund and the Recreation Fund, so all the funds are intertwined. The projection for the General Fund shows a reduction of \$2.5M for 2020. Staff is already working on cuts to expenditures and operations for 2020.

Director Watson stated staff is asking Council to consider spending approximately \$1.7M from the reserves in these funds to cover costs to keep from deeper cuts to services. He showed how much each fund has in reserve noting each is well above minimum requirements and also well above the Council's target balances.

Public Comments – None

Mayor Pro Tem Maloney stated he is not comfortable reducing the funds to their minimum levels as we don't know what the future holds; there may be more waves of the virus or other issues we need to be prepared for.

Councilmember Lipton asked City Manager Balsler what her strategy has been in deciding on cuts. City Manager Balsler stated it is a combination of cuts to programs that are not bringing in revenue or have reduced levels of service based on COVID restrictions and also operational cuts that are more discretionary such as training and travel. She added there have been furloughs and there are a number of positions that are currently vacant that are not being filled.

Councilmember Lipton noted he would be willing to spend some reserves but wants to be conservative given we don't know what is ahead.

Councilmember Brown agreed but noted that having a large reserve in and of itself is not the goal. He stated he would be comfortable spending more of the reserves than is proposed by staff if it will maintain services.

Mayor Stolzmann stated that she too would spend more of the reserves than proposed to maintain services. There would still be a high fund balance to fall back on if there is another wave of COVID restrictions that affects the budget.

Councilmember Dickinson also supported spending additional funds from the reserves.

Mayor Pro Tem Maloney suggested spending \$2-2.5M of the reserves from the General Fund. Councilmember Leh agreed.

Members discussed various options on how much to the reserves they would be comfortable spending.

The consensus was to spend up to \$2.5M of the reserves to offset cuts in the General Fund and also fully fund the transfers to the Open Space & Parks Fund and Recreation Fund.

ADJOURN

Members adjourned at 8:05 pm.

Ashley Stolzmann, Mayor

Meredyth Muth, City Clerk

**SUBJECT: APPROVAL OF ENGAGEMENT LETTER WITH BERG HILL
GREENLEAF RUSCITTI LLP FOR FOR CONTRACT CLAIM**

DATE: JUNE 23, 2020

**PRESENTED BY: HEATHER BALSER, CITY MANAGER
KATHLEEN KELLY, CITY ATTORNEY**

SUMMARY:

Attached is a proposed engagement letter with Berg Gill Greenleaf Ruscitti to serve as special counsel to represent the City in a contract claim. The engagement letter sets the fees for services and other contract considerations.

FISCAL IMPACT:

This is an unbudgeted cost for the City but staff recommends legal representation for this litigation.

RECOMMENDATION:

Approve the attached engagement letter and authorize the Mayor to sign on behalf of the City of Louisville.

ATTACHMENT(S):

1. Berg Hill Greenberg Ruscitti Engagement Letter



Thomas E. Merrigan
Partner

Email: tem@bhgrlaw.com

June 16, 2020

Via Email: kathleen@kellypc.com
Hon. Mayor Ashley Stolzmann
City of Louisville
c/o Kelly, PC
ATTN: Kathleen M. Kelly, Esq.

Re: Engagement Letter

Dear Hon. Mayor Ashley Stolzmann:

On behalf of Berg Hill Greenleaf Ruscitti LLP, may I express our appreciation for the City of Louisville's (the "City") selection of our firm to represent it in connection with the Top That Commercial Roofing Inc. litigation (*Top That Commercial Roofing Inc. v. City of Louisville*, Boulder County District Court Case No. 2020CV030479). We look forward to working with the City.

We shall assume such representation, understanding that we will charge for our services at the then current hourly rates per employee (current rates are set forth on **Exhibit A**, attached hereto). Charges are calculated in six or fifteen minute increments. My hourly rate for this matter will be \$350, Heidi Potter's is \$325 and of course, associates and paralegals will be utilized as appropriate to ensure that the work is done efficiently and economically. We will give the City at least 30 days advance notice of any change in our firm's billing rates, as they are periodically increased to accommodate increases in the cost of operations. The City will be required to pay all costs and expenses incurred by our firm on the City's behalf. Costs, expenses and fees are payable regardless of the outcome of the case or matter. In the event we are required to travel on the City's behalf, we will charge at our regular rates for travel time.

Our firm agrees to perform legal services on the City's behalf faithfully and with due diligence. We are authorized to pay on the City's behalf any bills associated with this matter, whether incurred by the City or us, but we have no obligation to pay the same. Whether said bills are paid by us or not, the City will remain liable for the same until discharged in full. We will not incur expenses in excess of \$250.00 in the aggregate without further authorization by the City.

We will customarily be incurring photocopying, postage, long distance calls, and other "out of pocket" expenses. All out of pocket expenses that we reasonably deem necessary in the rendition of legal services on the City's behalf would be at the City's expense (e.g. duplication of

Attorneys At Law

documents, litigation support document hosting services, etc.), except, however, any unusual expenses (e.g., use of an independent expert or professional or securing a survey) would only be incurred after the City would have approved the same. Any out of pocket costs or expenses over \$300.00 will be forwarded to the City for direct payment.

We send invoices at least monthly, but we may bill more frequently depending upon the nature and magnitude of the services. Invoices are due upon receipt. Unpaid charges more than thirty days past due may accrue interest at 1.5% per month.

We will send invoices via e-mail unless the City specifically requests in writing that we mail them, or you fail to provide us with an e-mail address.

This firm has a client trust account in which retainers and other funds belonging to the client which are either nominal in amount or expected to be held for a short time are deposited. Our client trust account is an interest-bearing account, and the interest is payable to the Colorado Lawyer Trust Account Foundation (COLTAF) a non-profit foundation. In the event that the City does not wish the interest on its trust account funds to go to COLTAF, and the City expects the funds to be held in trust for the City's benefit will be substantial and not held for a short period of time, so that the establishment of a separate account is justified, please advise us in writing of the City's desires, and we will make reasonable and appropriate banking arrangements. Otherwise, any funds held for the City or on the City's behalf will be deposited into the firm's COLTAF account. In any event we will review at reasonable intervals whether changed circumstances require further actions affecting the deposit of such funds.

The City agrees that we may withdraw from its representation upon written notice being sent to the City if any bill is not paid within 30 days after mailing, if the City has refused to follow our advice to an extent that we deem prejudicial to our continued relationship, or if the City has refused to cooperate with us in our representation of the case. We will retain all documents, files, and other information, pertaining to the City's matter until full payment is made.

It is agreed that the City will bear all costs of collection, including reasonable attorneys' fees, if payments are not made as agreed. The City warrants and acknowledges that it has the financial ability to discharge all fees, costs, and expenses contemplated by this agreement.

I will be the attorney in charge of the City's account, and therefore, will be the appropriate contact person for services to be rendered on the City's behalf by our firm. Notwithstanding that, please do not hesitate to call any other attorney who is working on the City's matter.

Many clients use cordless telephones, cell phones, fax machines, voice messaging, hand-held devices, e-mail or similar devices or communication systems and wish to communicate with our Firm via these media because they may promote more timely responses and efficiency. However, modern communication systems such as these may not be as secure as the mailing of hard copies of documents, face-to-face meetings, or phone calls through land lines and may be more easily subject to interception than more traditional forms of communication. By signing this fee agreement below, the City consents to the use of modern means of communication, including but not limited to, cordless telephones, cell phones, fax machines, voice messaging, hand-held devices, e-mail or similar devices or communication systems. If the City wishes to

communicate using password protected or encrypted e-mail, please notify us of this fact in writing and we will accommodate the City's request. Similarly, if the City wishes to communicate only with us via traditional media (letters sent via U.S. Mail or telephone land lines), please advise us of this fact in writing and we will accommodate the City's request.

Regardless of the mode of communication used, please keep in mind that communications between our office and the City are generally confidential. Furthermore, such communications may be subject to the attorney/client privilege which means that neither the City nor anyone from the Firm may be called to testify about the nature and subject matter of our communications with the City. However, that privilege can be lost and the communications required to be disclosed at trial if the communications are shared with a third party. In order to protect the confidential nature of our communications with the City, we ask that the City refrain from sharing or relating our communications to a third party. In the event the City believes that communications with our office should be shared with a third party, we ask that the City consult with the attorney in charge of the City's case before doing so. In that way, the City and the attorney can determine what information should be provided to the third party, when the information should be provided, how the information should be provided and whether that information should come from the City or from the attorney. Given the ease of forwarding emails and voicemails, it is extremely important to the success of the City's matter that the City keeps this policy in mind and resists the urge to "forward" to or "copy" third parties our communications with the City.

The City agrees to follow our firm's policies to comply with rules requiring preservation of electronic data. Essentially, all electronic data is potentially discoverable in litigation. This includes e-mail sent or received by any employee, other "active" information stored on servers, or information stored on backup tapes or other media that are capable of restoration, even if the information was deleted at some prior time. Once the City reasonably anticipates litigation, the City agrees to suspend routine document retention/destruction policy and put in place a "litigation hold" to ensure the preservation of relevant documents. The City agrees to work with us so we can oversee compliance with the litigation hold, and monitor the City's efforts to identify, retain, and produce relevant documents. This will invariably involve speaking with information technology personnel who can explain system-wide backup procedures and the actual implementation of recycling policy. It will also involve communicating with "key players" in the litigation in order to understand how they stored information. The City understands that it is not sufficient to notify all employees of the litigation hold and expect that the party will then retain and produce all relevant information. As the City's legal counsel, we must take affirmative steps to monitor compliance so that all sources of discoverable information are identified and searched. The City understands that failure to comply with these preservation obligations could result in severe sanctions being imposed by the court including monetary penalties, the giving of an adverse inference instruction to the jury at trial, or even dismissal of certain legal claims or defenses. The City agrees to pay all costs and fees associated with complying with electronic data requirements.

The Firms' Document/Data Management Policy is attached for the City's review and information as **Exhibit B**. By signing below, you consent to this policy and to the management of your file accordingly.

In addition, by signing below, the City acknowledges that we have made no guarantee regarding the successful determination of this matter and all expressions relative thereto are matters of our preliminary opinions based on our current knowledge of the subject matters.

Notwithstanding anything in this fee agreement to the contrary, in the event we are unable to withdraw as counsel for you in any pending action, whether through order of the Court or otherwise, we will continue to represent you until such time as we are legally able to withdraw. In the interim, you will remain responsible for all attorneys' fees and costs incurred in connection with our continued representation of you, and you hereby agree to pay all such fees and costs in accordance with the terms of this fee agreement until such time as we are legally able to withdraw as counsel for you.

If allof the foregoing is agreeable with you, and your City Council approves, please indicate that approval on the lines provided below, and return a PDF copy of the signed acknowledgment to me via e-mail, fax, or regular mail. Electronic signatures, DocuSign or other similar means of acceptance are valid as original signatures. Please retain the fully signed copy of this letter for your information and records. The receipt by you of a fully executed copy of this agreement is acknowledged by your signature hereto.

We look forward to representing the City.

Very truly yours,



Thomas E. Merrigan

READ AND APPROVED this _____ day of June, 2020.

CITY OF LOUISVILLE

By: _____

Its: _____

EXHIBIT A

<u>Timekeeper</u>	<u>Rate</u>
Partners / Special Counsel	\$300.00 - \$655.00 / hour
Of Counsel	\$385.00 - \$430.00 / hour
Associates	\$195.00 - \$300.00 / hour
Paralegals / Legal Assistants	\$ 60.00 - \$200.00 / hour
Law Clerks	\$ 75.00 - \$150.00 / hour

EXHIBIT B

DOCUMENT/DATA MANAGEMENT POLICY BERG HILL GREENLEAF RUSCITTI LLP JANUARY 2019

DOCUMENT RETENTION POLICY

The Firm recognizes that records and information management is the systematic control of all records, regardless of media, from their creation or receipt, through their processing, distribution, organization, storage, and retrieval to their destruction. Information flows through the organization in the form of paper and electronic records such as word processing documents, spreadsheets, e-mail, graphical images, and voice or data transmissions. In addition, the Firm acknowledges that information can be stored on a variety of storage media; therefore, the Firm's retention policies apply however the records and information are stored.

Active client records will generally be stored onsite and on the Firm's cloud-based document management service, Netdocuments. The Firm utilizes a third-party cloud-based document management system to increase security, efficiency, productivity, and ease of access to records by the Firm and the client. The Firm has chosen Netdocuments because it provides security and privacy certifications and compliance consistent with the Firm's legal and ethical duties regarding client information and records. By retaining the Firm, the client consents to the Firm utilizing Netdocuments for file and record retention and management purposes.

From time to time active client hard files may be sent offsite during periods of inactivity and to create more storage room onsite. The Firm utilizes an offsite storage facility that provides security and privacy consistent with the Firm's legal and ethical duties regarding client information and records. By retaining the Firm, the client consents to the Firm utilizing offsite storage for file and record retention and management purposes.

Once a matter concludes, any original client documents may be returned to the client, any duplicate or extra documents will be removed from the file and destroyed, and the remaining hard file may be shipped offsite for storage as needed. Any part of the matter that has been stored in Netdocuments will continue to be stored there consistent with the Firm's document retention policy.

Provided that there are no pending and/or threatened legal proceedings known by the Firm that related to the matter and the firm has not agreed to the contrary, the following retention periods are established for records according to departmental, fiscal, and legal requirements. Retention periods shall run from the termination of the representation or the termination of the matter if the firm represents the client in multiple matters. Retention periods are as follows:

Criminal Files:	5 years to life of client depending upon type of crime and/or outcome of case per Colorado Rules of Professional conduct 1.16A, unless there is an appeal of a felony conviction or sentence, and in that instance, the file will be retained for 8 years.
Litigation Files:	7 years with notice to client; 10 years without notice to client
Environmental Files:	15 years
Estates & Trusts Files:	Indefinitely until the minor child reaches maturity
Stock certificates, corporate tax returns, Secretary of State filings, and retirement account documentation:	Permanently
Server:	Backed up nightly. Electronic data may be stored up to 12 months.
NetDocuments:	Document management online storage. Maintained remotely, encrypted, and backed up with redundant data centers.
PCs:	Upon an employee's termination or a computer upgrade for an active employee, the PC used by that individual is wiped clean and either put back into use by another Firm employee, donated or destroyed.

DOCUMENT DESTRUCTION POLICY

Once records have reached their designated time for destruction, they should be destroyed or eliminated from all storage media; that is, file cabinets, inactive storage, magnetic media, “cloud” storage,” and any other means of electronic storage or backup.

The Firm’s record manager will be responsible for monitoring and determining when records are ready to be purged. Traditional paper records to be destroyed will be sent to a shredding facility and the destruction date will be recorded in the Firm’s document management system. Electronic records will be physically destroyed and/or scrubbed by use of a scrubbing software.

If the partner in charge of a file determines that it is necessary to deviate from these retention and destruction policies, the partner shall inform the Firm’s record manager who shall record the partner’s instructions in the Firm’s document management system.

**SUBJECT: RESOLUTION NO. 46, SERIES 2020 – A RESOLUTION
AUTHORIZING THE MAYOR TO ENTER INTO A
COLLABORATIVE AGREEMENT REGARDING DISTRIBUTION
OF FEDERAL CARES ACT FUNDS TO THE CITY**

DATE: JUNE 23, 2020

PRESENTED BY: MEGAN DAVIS, DEPUTY CITY MANAGER

SUMMARY:

On May 18, 2020, Governor Polis signed an Executive Order establishing the Coronavirus Relief fund to provide for the distribution of federal CARES Act funding to local governments. Through the Department of Local Affairs (DOLA) this fund will reimburse costs to Counties, Municipalities, and Special Districts for eligible expenses related to the COVID-19 pandemic. These include:

- Expenses that are necessary expenditures incurred due to the COVID-19 public health emergency (COVID-19 emergency);
- Expenses that were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State; and
- Expenses that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

The total amount of funds distributed to counties and municipalities will be \$219,120,000, with funding distributed to each county for allocation of share to the municipalities. All Colorado counties, municipalities, and special districts are eligible, with the exception of Denver, Adams, Arapahoe, El Paso and Jefferson Counties and the municipalities within those counties. These constitute the large counties which received a direct allocation from the federal government.

In order to access the funds, each county must work with their local municipalities to determine an agreed upon distribution approach. The City of Louisville has been working with Boulder County and all of the municipalities within to come to agreement on the distribution of local funds. Boulder County will receive approximately \$27 million of CARES Act funding.

The cities and county must sign a collaborative agreement – in the form of a letter or resolution – to demonstrate agreement for the use of the funds and their distribution. The collaborative agreement must be signed and submitted to DOLA before July 7, 2020. City staff is seeking Council approval for Resolution No. 46, Series 2020 allowing the Mayor to sign the collaborative agreement, given that the City Council will be on break during the time the agreement is complete.

The countywide partners are still working on the specifics of the collaborative agreement, including the detailed allocation formula for the funding. The City is also working to identify all non-budgeted qualifying expenses for the CARES act funding.

At this time, there has been some discussion about utilizing the funds to pay for county-wide expenses that supported the coronavirus response. Boulder County and some other municipalities in the county incurred COVID related expenses that served residents across the county as a whole and these expenses should be reimbursed prior to any distribution of funds to individual entities. Some examples include Emergency Operations Center (EOC) costs for purchasing PPE for all first responders in the county, the establishment of an extended care unit for COVID-impacted homeless individuals, and costs for PPE for inmates in the County jail.

After such an off the top funding, there would be some formula to split the funds between the county and cities, using a population based formula. The discussions thus far have been for a 55/45% split between county/municipalities, as this is the formula used by the counties who received the direct federal distributions and several other counties for CARES act funds. This formula may be modified as discussions progress, and there may also be some desire to spend a portion of the CARES dollars on a county-wide initiative that helps all county residents with basic needs assistance and helps local businesses throughout the county recover from the impacts from COVID.

The details of the distribution will continue to be worked out through the end of the week, and once an agreement is reached each municipality will sign on to the agreement. Staff will share the signed agreement with Council once it's complete.

FISCAL IMPACT:

The City's share of the CARES act funding is unknown at this time, but with a direct 55/45% split and no off the top funding provided for regional expenses, the maximum share would be approximately \$900,000. Conversations are continuing on final formula and allocations.

PROGRAM/SUB-PROGRAM IMPACT:

This effort impacts all City programs and subprograms, and supports our strategic plan goal of regional collaboration.

RECOMMENDATION:

Staff recommends approval of Resolution No. 46, Series 2020.

ATTACHMENT(S):

1. Resolution No. 46, Series 2020
2. CARES Act Funding FAQ

STRATEGIC PLAN IMPACT:

<input checked="" type="checkbox"/>	 Financial Stewardship & Asset Management	<input checked="" type="checkbox"/>	 Reliable Core Services
<input type="checkbox"/>	 Vibrant Economic Climate	<input type="checkbox"/>	 Quality Programs & Amenities
<input type="checkbox"/>	 Engaged Community	<input type="checkbox"/>	 Healthy Workforce
<input type="checkbox"/>	 Supportive Technology	<input type="checkbox"/>	 Collaborative Regional Partner

**RESOLUTION NO. 46
SERIES 2020**

**A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO A
COLLABORATIVE AGREEMENT REGARDING DISTRIBUTION OF FEDERAL
CARES ACT FUNDS TO THE CITY**

WHEREAS, on March 15, 2020, the Mayor of the City of Louisville, pursuant to Chapter 2.32 of the Louisville Municipal Code and C.R.S. § 24-33.5-709, executed a Declaration of Local Disaster Emergency in and for the City of Louisville (the “Mayor’s Declaration”) in response to the widespread pandemic Novel Coronavirus (COVID-19); and

WHEREAS, by Resolution No. 27, Series 2020, adopted on March 16, 2020, the City Council continued in effect the Mayor’s Declaration until terminated by resolution of the City Council; and

WHEREAS, on May 18, 2020, Colorado Governor Jared Polis issued Executive Order D2020-70 Directing the Expenditure of Federal Funds pursuant to the Coronavirus Aid, Relief, and Economic Security Act of 2020 (“CARES Act”); and

WHEREAS, CARES Act funds will be distributed to Boulder County and allocated to the City and other municipalities located within Boulder County pursuant to a collaborative agreement to be negotiated between the County and the municipalities; and

WHEREAS, the City Council by this resolution desires to authorize the Mayor and the City Manager, and each of their designees, to negotiate with Boulder County for the distribution of funds to the City, and further authorize the Mayor to sign an agreement and execute other documents necessary in order for the City to receive the funds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

Section 1. The Mayor and the City Manager, and each of their designees, are hereby authorized to negotiate a collaborative agreement regarding the distribution and use of CARES Act funds with Boulder County and other recipient municipalities in Boulder County.

Section 2. The Mayor is hereby authorized to sign such collaborative agreement on behalf of the City, and to execute such other documents as may be necessary for the City to receive its allocation of CARES Act funds.

PASSED AND ADOPTED this 23rd day of June, 2020.

Ashley Stolzmann, Mayor

ATTEST:

Meredyth Muth, City Clerk

**SUBJECT: DISCUSSION – KEY PERFORMANCE INDICATOR
REFINEMENT REPORT**

DATE: JUNE 23, 2020

**PRESENTED BY: EMILY HOGAN, ASSISTANT CITY MANAGER FOR
COMMUNICATIONS & SPECIAL PROJECTS
MEGAN DAVIS, DEPUTY CITY MANAGER
HEATHER BALSER, CITY MANAGER**

SUMMARY:

In February 2020, the City hired the Novak Consulting Group to refine the City's performance measures. The existing Key Performance Indicators (KPIs) were first adopted in 2016 with a program-based budget and have been used for two biennial budget cycles (2017/2018 and 2019/2020).

The City hired Novak to review and refine the KPIs for the 2021/2022 budget based on best practices for performance measures, metrics from similar communities and input from City staff to provide meaningful information when measuring performance, making budgetary decisions and identifying operational efficiencies.

BACKGROUND:

The City adopted its first program-based budget in 2016. The budget was organized into 10 program areas and 38 sub-programs. To measure the City's progress in achieving the goals and objectives of the programs and sub-programs, the City adopted Key Performance Indicators (KPIs) for each sub-program.

The KPIs include workload measures that show the quantity or volume of products, services or efforts involved; efficiency measures that demonstrate the resources used to accomplish an outcome, level of productivity or cost per unit; and effectiveness measures that indicate how well a sub-program is accomplishing the goals and objectives of each program and sub-program.

Refining the performance measures creates an opportunity to review the vision for the program, identify current challenges with the KPIs, educate staff on the purpose of KPIs and solicit input on what information is used to make decisions, consider best practices for performance measures and metrics from similar communities, ensure that the KPIs support the City's Strategic Plan and improve the final product used by staff for decision making and City Council during the budget process.

REFINEMENT PROCESS:

The refinement process was informed by interviews with City Council and City staff from all departments, representing all 38 sub-programs. These interviews were essential to

understand the data that is currently collected by staff and how it is used to inform decision-making.

To further inform the process, the consultant conducted a review of performance measures in six peer communities. Additionally, best practices from local government professional associations regarding performance management were examined to inform the recommendations. The consultant reviewed and analyzed this information along with other documents like the City budget.

CONSULTANT FINDINGS:

The consultant has provided recommended KPIs for each program/sub-program and Community Indicators based on their analysis. Please see the consultant's report for these recommendations. Additionally, the following principles/guidelines are proposed:

- Measures should be meaningful, accurate, reliable and relevant
- Measures should create an overview of program performance for the City's core services and strategic priorities
- Measures should reflect key data that demonstrates the performance of the programs/sub-programs and progress meeting goals/objectives.
- There should be a well-rounded family of measures for each program (i.e. workload, efficiency, effectiveness/outcome)
- Measures should provide timely data to make decisions and make real-time course corrections and service delivery adjustments
- Measures should evaluate performance by examining the organization and its program/services from different perspectives (i.e. financial, customer, internal process, employee)
- Measures should be integrated with the City's strategic planning framework to demonstrate the organization's progress toward achieving its strategic goals and objectives
- Measures should be integrated with the City's budget to allocate financial and staff resources to activities, programs and services in a manner that is most likely to achieve the organization's desired results
- KPIs can and should change with new goals and objectives set by City Council
- The City should provide ongoing training to employees to ensure that there is a firm understanding of the basic principles of performance measurement and plans for implementation
- Establish standardized data collection procedures
- Maintain KPIs for a minimum of three years to demonstrate trends for each measure
- Establish a process by which reported performance results may be assessed for data accuracy and reliability

DISCUSSION/DIRECTION:

Staff recommends approval of the proposed KPIs and Community Indicators as identified in the consultant’s report. These measures would be used starting in 2021.

FISCAL IMPACT:

Funding for this item (\$10,000) was included in the 2019 budget (101141-540910), which carried forward into 2020. An additional \$24,800 was included in the 2020 budget to cover the total cost of the project.

PROGRAM/SUB-PROGRAM IMPACT:

The goal for the Governance and Administration Sub-Program focuses on ensuring inclusive, responsive, transparent, friendly, fiscally responsible, effective, and efficient governance, administration, and support. Establishing measures that evaluate the performance of the organization furthers the City’s ability to meet this goal.

ATTACHMENT(S):

- 1. 2020 Performance Measures Refinement Report
- 2. Consultant Presentation

STRATEGIC PLAN IMPACT:

<input type="checkbox"/>	 Financial Stewardship & Asset Management	<input checked="" type="checkbox"/>	 Reliable Core Services
<input type="checkbox"/>	 Vibrant Economic Climate	<input checked="" type="checkbox"/>	 Quality Programs & Amenities
<input type="checkbox"/>	 Engaged Community	<input type="checkbox"/>	 Healthy Workforce
<input type="checkbox"/>	 Supportive Technology	<input type="checkbox"/>	 Collaborative Regional Partner

City of Louisville, Colorado

2020 Key Performance Indicator Refinement

Report / June 2020



A PART OF



This page intentionally left blank



June 23, 2020

Heather Balsler
City Manager
City of Louisville
749 Main Street
Louisville, CO 80027

Dear Ms. Balsler:

We are pleased to provide this report regarding the City's 2020 Key Performance Indicators (KPI) Refinement. This report describes the recommended KPIs regarding the City's 10 programs and 38 sub-programs as well as best practices research for performance management. The recommended KPIs were informed by interviews with the Mayor, members of the City Council, and City staff as well as performance measures from six peer communities that were identified for their strong performance measurement programs.

The City's efforts to establish a culture of data-driven decision-making and a focus on performance are commendable. However, there is a need to refine the indicators to ensure they are aligned with the goals and objectives of the organization's programs. By improving the KPI program, City staff and elected officials will be able to focus on the indicators that most closely impact outcomes.

The recommended KPIs in this report are intended to complement the goals and objectives identified by City Council and create opportunities for City staff to incorporate data into the day-to-day management of their departments and work plans.

Thank you for the opportunity to work with the City of Louisville.

Sincerely,

Julia Novak
Executive Vice President

This page intentionally left blank

Table of Contents

EXECUTIVE SUMMARY	1
BACKGROUND AND METHODOLOGY	3
About the City of Louisville.....	3
Structure	3
Budget.....	4
PERFORMANCE MEASUREMENT BEST PRACTICES	5
Family of Measures	5
Balanced Scorecard.....	8
Strategic Plan Integration.....	9
Budget Integration	10
Benchmark Communities.....	11
City of Clayton, Missouri.....	12
City of Decatur, Georgia.....	14
City of Greer, South Carolina	15
City of Maplewood, Minnesota	16
Town of Queen Creek, Arizona	18
City of Winter Park, Florida	19
ANALYSIS AND RECOMMENDATIONS	21
Recommended Key Performance Indicators	22
Administration and Support Services Program.....	22
Community Design Program	25
Cultural Services Program	27
Economic Prosperity Program.....	28
Open Space and Trails Program.....	28
Parks Program	30
Public Safety Program.....	31
Recreation Program	32
Transportation Program	33
Utilities Program.....	35
Recommended Community Indicators	36
Implementing Key Performance Indicators.....	39
APPENDIX A: FULL LIST OF RECOMMENDED KEY PERFORMANCE INDICATORS.....	43

This page intentionally left blank

Executive Summary

Performance management is an ongoing, systematic approach to improving results through data-based decision-making, continuous organizational learning, and a focus on accountability for performance. When implemented successfully, performance management becomes embedded in all aspects of an organization's management and policy-making processes, so the organization is focused on achieving improved results in all services for the public.

Data-based decision-making should drive an organization's planning, funding, and operations. Better information enables elected officials and managers to recognize success, identify problem areas, and respond with appropriate actions – to learn from experience and apply that knowledge to better serve the public.

Historically, many local governments have measured outputs and inputs; however, a focus on outcomes has been less common. Quite simply, outcomes are harder to measure, especially when dealing with issues of quality of life. As a result, performance measures alone rarely lead to organizational change and improved outcomes. Therefore, it is critical for an organization to focus not solely on “counting” what it does, but also employing other tools, such as data analysis and targeted outcome measures, to truly strengthen its focus on achieving results for its programs.

Performance management in the City of Louisville flows from the budgeting process. The City adopts a biennial budget every two years and a supplemental budget in the second year of the two-year cycle. The budget is organized around 10 programs and 38 sub-programs; specific goals have been developed for each program, and objectives have been developed for each sub-program. The City's Key Performance Indicators (KPIs) are aligned with these programs and sub-programs and measure the effectiveness and relative efficiency of service delivery. KPIs are updated annually as part of the biennial and supplemental budget processes. For data that is collected less frequently than annually, such as the results of the Community Survey, the most recent data is reported. Currently, staff report on 547 KPIs annually. This extensive set of KPIs is intended to inform the budget process. However, the City has recognized the need to refine its KPIs to improve their usefulness in decision-making.

The project team examined the City's KPIs as well as performance measures from six peer communities of similar size to Louisville. These peer communities included the Cities of Clayton, Missouri; Decatur, Georgia; Greer, South Carolina; Maplewood, Minnesota; Winter Park, Florida; and the Town of Queen Creek, Arizona. Best practice research for performance measurement programs also informed this report.

A successful performance management program is composed of performance measures that are meaningful, accurate, reliable, and relevant. It should include measures that provide program managers and department leadership with the timely data they need to make decisions. Data for performance measures should be collected regularly and routinely reviewed by program managers and leaders as part of their program management approach. KPIs should allow for continuous refinement of measures over time to ensure their continued relevance.

Based on best practices, it is recommended that the City reframe its KPI program to focus on a select number of key measures directly tied to each sub-program's stated objectives. This approach results in fewer measures being reported as part of the budget process but would focus the conversation on the most important measures that show progress toward program goals. These KPIs will need to be supported by a robust performance management program that encourages a culture of data-driven decision-making.

This page intentionally left blank

Background and Methodology

In February 2020, the City of Louisville, Colorado, engaged The Novak Consulting Group, a part of Raftelis, to complete an assessment of their current KPI program and develop best practice guidelines for the program. The purpose of the KPIs is to measure the effectiveness and relative efficiency of the City's programs and sub-programs. The City has an extensive set of KPIs in place, but it is interested in refining and updating them to ensure that the City is collecting meaningful data that is useful to help program managers and policymakers make informed decisions about resource allocation and service delivery options.

This process was informed by interviews with the Mayor and members of the City Council; 36 City staff from all departments were interviewed, representing all 38 sub-programs in the City. These interviews were essential to understanding the data that is currently collected by departments and how staff are using the data to inform decision-making.

To further inform this process, the project team conducted a review of performance measures in six peer communities across the country. In addition, best practices from local government professional associations regarding performance management were examined to inform the recommendations included in this report. The project team reviewed and analyzed this information along with publicly available documents, such as City budgets.

About the City of Louisville

The City of Louisville is located in Boulder County, Colorado, and has a population of about 20,816 as of 2019.¹ The City covers approximately eight square miles and is located 25 miles northwest of downtown Denver.² According to the City's FY2019-2020 Biennial Budget, Louisville residents are highly educated, with 69% holding a Bachelor's degree or higher. The City is a home rule city and operates with a Council-Manager form of government; the Mayor serves along with six Council Members, each holding staggered four-year terms.³

Structure

The following figure shows the organizational structure of the City of Louisville. Departments and programs report to either the City Manager or the Deputy City Manager. Various programs are managed by each department.

¹ US Census Bureau, 2019 Population Estimates Program (PEP).

² City of Louisville, FY2019-2020 Biennial Budget.

³ City of Louisville, FY2019-2020 Biennial Budget.

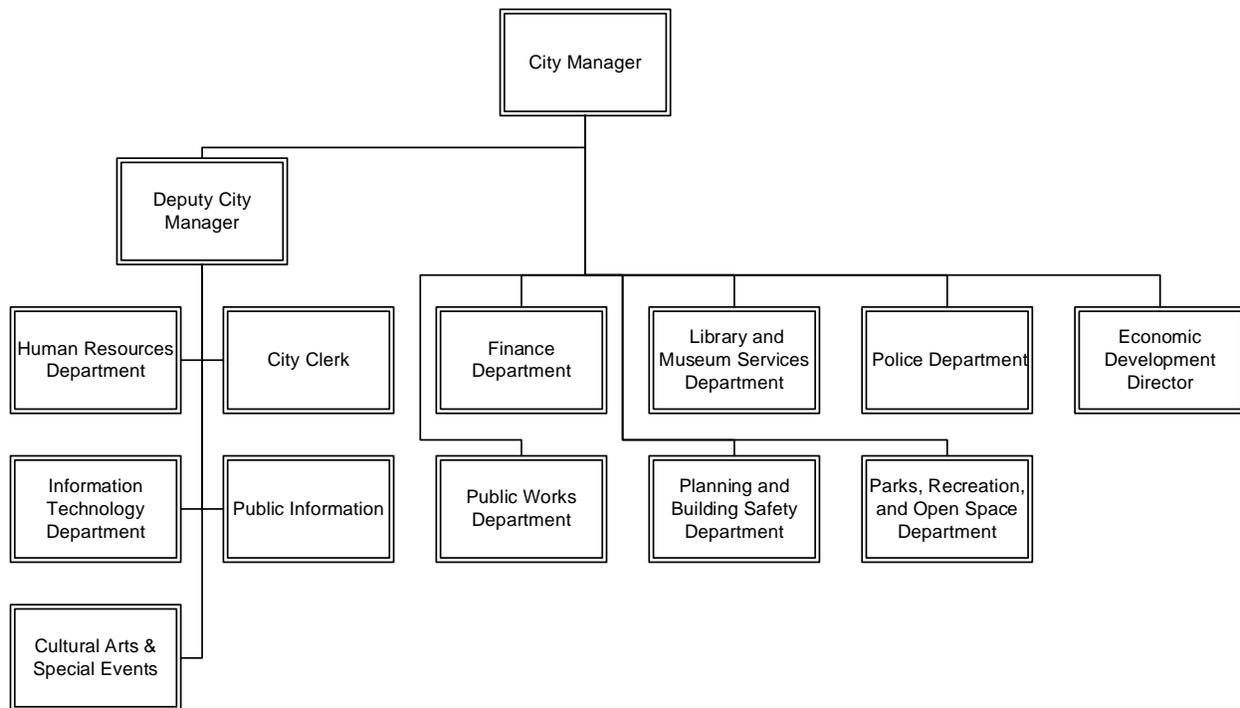


Figure 1: Citywide Organizational Structure, 2019

Budget

The following table shows the City of Louisville budget by program for the last five fiscal years. Overall, the budget has decreased since FY2016 by about 22.6%, primarily driven by capital spending in Utilities.

Table 1: Expenditures by Program, FY2016 through FY2020

Expense Category	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Budget	FY2020 Budget	Percentage Change FY2016 to FY2020
Administration & Support Services	\$4,349,022	\$4,592,240	\$4,521,154	\$5,977,210	\$5,696,000	31.0%
Community Design	\$1,701,342	\$1,843,248	\$2,638,316	\$2,172,300	\$2,192,340	28.9%
Cultural Services	\$1,808,238	\$2,308,256	\$2,369,713	\$2,557,860	\$2,769,880	53.2%
Economic Prosperity	\$985,068	\$219,781	\$322,191	\$263,770	\$297,100	-69.8%
Open Space & Trails	\$1,611,246	\$3,648,110	\$1,103,081	\$2,094,300	\$1,059,990	-34.2%
Parks	\$2,213,218	\$1,883,798	\$1,841,746	\$2,499,260	\$2,801,490	26.6%
Public Safety & Justice	\$5,003,505	\$5,156,485	\$5,530,382	\$7,031,100	\$6,379,050	27.5%
Recreation	\$4,527,492	\$4,414,938	\$4,955,430	\$6,402,240	\$6,718,860	48.4%
Transportation	\$10,614,230	\$6,706,188	\$6,947,379	\$10,136,570	\$11,536,570	8.7%
Utilities	\$36,492,371	\$18,709,643	\$15,989,849	\$14,080,190	\$14,216,920	-61.0%
Total	\$69,305,732	\$49,482,687	\$46,219,241	\$53,214,800	\$53,668,200	-22.6%

Performance Measurement Best Practices

Performance measurement is the process of systematically collecting data about an organization's efficiency and effectiveness in delivering programs or services, and then using that information to improve performance. As part of an overall performance measurement framework, data collected from thoughtfully developed performance measures influences day-to-day program management, budgetary decision-making, and program planning and analysis. This performance data can be used to evaluate service delivery options and priorities and to provide enhanced transparency for policymakers and stakeholders about how the organization is utilizing its resources to serve the public.

A successful performance measurement framework is composed of performance measures that are meaningful, accurate, reliable, and relevant. It should include measures that provide program managers and department leadership with the timely data they need to make decisions. Performance measures should allow organizations to make real-time course corrections and service delivery adjustments. It should also include measures that provide an organization's executive team and policymakers with an overview of program performance for the organization's core services and strategic priorities. Data for these performance measures should be collected regularly and routinely reviewed by program managers and department directors as part of their program management approach. Further, the performance measurement system should allow for continuous refinement of measures over time to ensure their continued relevance.

The following sections identify four fundamental performance measurement best practices that relate to the development of meaningful performance measures and their integration in organizational management and decision-making. These include developing a well-rounded family of measures for each program, the Balanced Scorecard approach for evaluating organizational performance, integration of performance measurement in strategic planning, and integration of performance measurement in the budget process.

Family of Measures

To understand the full picture of a program's performance, it is a best practice to develop a "family of measures" that include performance measures that measure the workload, efficiency, and effectiveness of each program. Identifying measures in these three areas helps an organization understand the amount of work completed, the cost-effectiveness of that work, and the impact that work has on operations and the community. The City of Louisville has adopted this best practice and currently reports a wide range of workload, efficiency, and effectiveness measures for each of its programs within the City's annual budget document.

Workload Measures

Workload measures represent the completed activity or effort of a program. They answer the question, "How much of a service was actually delivered?" They indicate the amount of work undertaken and are expressed in units of service provided. Workload metrics are the most frequently tracked type of metric, as data is typically readily available to collect and report. Workload measures are sometimes referred to as output measures since they indicate the amount of output produced by a program or service.

Workload metrics are expressed as numbers or counts, as in the following examples:

- Number of new low-moderate income housing units constructed
- Number of preventive maintenance work orders completed by fleet maintenance

- Number of police calls for service received

However, taken alone, workload measures do not provide a full or meaningful understanding of how well a program or service is being delivered and at what cost to the organization. This is because workload measures lack context; they simply count the amount of service provided without explaining the demand for the service or the ability of staff to provide that service.

Efficiency Measures

Efficiency measures reveal how well an organization is using its financial or staff resources to deliver a particular program or service. To accurately collect and report data for efficiency measures, financial or staff resource data must be captured at the program or service level.

Efficiency measures are expressed as a ratio between the amount of input and the amount of output and can be calculated based on cost or number of FTEs. Examples of efficiency measures include the following:

- Cost per purchasing transaction completed
- Number of purchasing transactions completed per FTE assigned
- Cost per dispatched police call
- Street sweeping cost per curb-mile swept
- Cost per code violation case closed
- Number of rehabilitated low-moderate income housing units completed per FTE assigned
- Cost per square foot for custodial services performed by staff versus cost of service performed by contractors

The information provided by efficiency measures is particularly useful when comparing with other organizations or within the same organization over time. The measures provide specific, objective information that describes the cost to an organization of providing a program or service.

Effectiveness/Outcome Measures

Effectiveness or outcome measures demonstrate how well a program or service is accomplishing its objectives and fulfilling the purpose for which it exists. These measures are fundamental to the practice of performance measurement in that they describe quality, impact, and outcome – how important the service is to the people it is intended to serve and how well it is delivered. They are generally the most difficult measures to design to successfully obtain the desired data.

In the case of Louisville, outcome measures are really the most critical area upon which the organization should focus its KPI program. Workload and efficiency measures are often required to calculate effectiveness/outcome measures. Therefore, workload and efficiency measures are typically tracked internally at the program or department level, and effectiveness/outcome measures are reported to stakeholders, such as elected officials, boards and commissions, and the public.

The effectiveness of a program or service is most often the result of many contributing factors, not just the efforts of the organization. So organizations need to be aware of the risk of mistaking correlation for causation. For example, employee turnover is an effectiveness measure that is often reported by Human Resources programs as a way to demonstrate the effectiveness of market-based compensation or professional development programs. However, the rate of employee turnover is influenced by numerous factors beyond what the organization can control. Similarly, workplace safety programs frequently report effectiveness measures related to the reduction of workplace injury rates or the workers' compensation claims experience. In both examples, the organization influences the reported outcomes but should be conscious of the array of outside factors that also impact performance. However, these outside factors are not justification to stop collection and reporting on these important outcome measures.

There are several types of effectiveness measures, depending on the type of program being reported on and the nature of the desired outcome.

Program Quality Metrics

Program quality measures are used to gauge program success and are frequently tied to external benchmarks. Examples include the following:

- In the fire service, the incidence of flame spread is a measure of the quality of fire suppression activities.
 - Example: Percentage of fires that did not spread beyond the area of origin after the arrival of the Fire Department
- For reporting on the quality of roads, standardized pavement condition ratings or the American Public Works Association PAVER system ratings.
 - Example: Percentage of roads at Grade B or better
- For reporting on financial management, the Government Finance Officers Association (GFOA) provides standardized criteria for defining the quality of annual budget documents and financial reports. Clean audit opinions and bond ratings are also meaningful program quality metrics for financial management activities.
 - Example: City bond rating

Customer Satisfaction Metrics

Customer satisfaction measures provide useful feedback from residents or specific groups of customers to understand how well programs and services are meeting their needs. Methods used to measure customer satisfaction include the following:

- Point of use response tools that capture immediate feedback at the point at which the customer interacts with the service provider. These can include physical postcards and digital kiosks for in-person feedback, as well as phone and web-based surveys.
 - Example: Percentage of program participants rating the program as "good" or "excellent" or the percentage of participants responding that they would recommend a program to a friend
- Community-wide surveys and polling, in which all actual and potential customers of a program or service are asked about their level of satisfaction with the organization.
 - Example: Percentage of residents rating the quality of City parks as "good" or "excellent" or the percentage of residents reporting that they have visited a downtown business or restaurant within the last two months

Cycle Time Metrics

Cycle time measures address a basic element of customer service: How long did the customer have to wait to be served? While cycle time can be considered an indicator of workforce efficiency, its importance to customer satisfaction in a service organization requires that it be considered a primary measure of program effectiveness. The amount of time it takes to receive a service is a fundamental element of customer service. Internal and external customers will judge the quality of a program or service based on how long they must wait before their request or need is fulfilled. Examples of cycle time metrics include the following:

- Number of days for human resources to reclassify a position
- Number of days from the report of a nuisance code violation until the inspection visit and number of days from the inspection visit until the violation is corrected
- Number of days from application to issuance of a business license

- Length of wait time at the development services customer counter

Progress Metrics

Progress measures are used when a goal has been developed for a program that requires a change to the level of workload, efficiency, or effectiveness for that program. Progress measures are reported as a percentage change over time. Examples of progress metrics include the following:

- For a goal related to increasing workload: percentage increase in new low-moderate income housing units constructed
- For a goal related to improving efficiency: percentage reduction in the cost per purchasing transaction
- For a goal related to improving program quality: percentage reduction in flame spread
- For a goal related to improving customer satisfaction: percentage increase in the number of respondents reporting "satisfied" or "very satisfied"
- For a goal related to improving cycle time: percentage reduction in the number of days to reclassify a position

Community Outcome Metrics

A final type of effectiveness measure describes community outcomes that are outside of the direct control of the organization but which the organization can influence based upon its policies and programs. These community outcomes are indicators of the quality of life in a community and the environment in which the organization operates. Community outcome metrics are frequently reported in outward-facing performance measurement dashboards, annual reports, and community marketing materials. Due to the high-level nature of these metrics, it can be difficult for organizations to identify departments or staff to "own" them; often, multiple services or programs have a role in influencing these metrics over a long period. Examples of community outcome metrics include the following:

- Average air quality index rating
- Percentage of residents commuting by public transportation
- Average commute time
- City vacancy rate
- Unemployment rate
- Number of internet connections per 100,000 population
- Percentage of households that can afford a median-priced home
- Water usage, per capita

Balanced Scorecard

An organization's executive team and policymakers require high-quality performance data to make strategic planning and resource allocation decisions. They require high-level data that describes overall organizational performance and how well the organization is doing at achieving its strategic goals. The "Balanced Scorecard" is a holistic approach to evaluating performance by examining the organization as well as its programs and services from several different perspectives to ensure a full understanding of its impact and performance.

This approach was initially developed by Robert Kaplan and David Norton to provide top managers in private business with a fast but comprehensive view of their organization's past and anticipated future performance. In addition to providing traditional financial measures, the Balanced Scorecard approach includes operational measures related to customer satisfaction, internal processes, and the organization's

innovation and improvement activities to gain a more holistic understanding of organizational performance and potential.⁴

The value of the Balanced Scorecard approach was quickly recognized in the public and non-profit sectors as a way to allow managers and policymakers to evaluate their organizations from multiple points-of-view. Using the Balanced Scorecard approach, effectiveness and efficiency measures are chosen that address each of these perspectives:

- **Financial Focus** – A program's financial performance and the use of financial resources. Related measures should help answer the question, "How effectively is the organization managing its financial resources?"
- **Customer/Stakeholder Focus** – Program performance from the perspective of the customer or key stakeholders. Related measures should help answer the question, "How do customers and stakeholders perceive the performance of the organization?"
- **Internal Process Focus** – The quality and efficiency of a program's performance related to key processes. Related measures should help answer the question, "How effectively and efficiently do the organization's processes produce the desired results?"
- **Employee (Organizational Capacity) Focus** – Performance from the perspective of the employee. Related measures should help answer the question, "Are the organization's employees satisfied, pursuing continuous improvement, and adding value to the organization?"

Strategic Plan Integration

In the strategic planning process, an organization develops its vision, mission, and desired goals and objectives for the future. When appropriately integrated within the strategic planning framework, performance measures can help demonstrate an organization's progress toward achieving its strategic goals and objectives. In this way, performance measurement data creates a feedback loop for an organization's executive team and policymakers to track progress and identify challenges and opportunities for service delivery. This integration can be key to activating a strategic plan and making it actionable. Identifying performance measures that align with strategic plan goals can take a plan from the theoretical to the achievable.

To integrate performance measures with an organization's strategic planning framework, each strategic goal and objective should be analyzed to identify the programs and initiatives that are associated with their achievement. Effectiveness measures for each associated program should describe how well the program is doing at contributing to the identified strategic goal or objective.

Aligning performance measures with strategic goals and objectives allows staff at all levels to see how their work contributes to the larger goals of the organization. Over time, the organization's executive team and policymakers can use performance data to track progress on strategic initiatives and shift resources based on performance and effectiveness as priorities evolve.

Organizations that integrate their performance measurement and strategic planning processes frequently develop regular quarterly or annual progress reports that provide a summary of the strategic goals and objectives and their associated performance measures and data. Some communities also develop online performance dashboards that provide timely visual information about performance toward the organization's strategic initiatives.

⁴ Kaplan, R. S., & Norton, D. P. (1992). The Balanced Scorecard – Measures that Drive Performance. *Harvard Business Review*, 92(1), 71-79.

On a larger scale, the City of Durham, North Carolina, has a public dashboard documenting progress toward the City's Strategic Plan. In addition to the specific initiatives outlined in the plan, underneath each goal and objective, there are also several performance measures that align with the Strategic Plan. The City shows in a clear dashboard whether the measures are "On Target," "Close to Target," or "Needs Improvement."⁵ The City of Kansas City, Missouri, holds public "KCStat" meetings on the progress toward the goals, objectives, and strategies in the Citywide Business Plan. Rather than just an internal-focused meeting, the KCStat program provides transparency to both elected officials and the public with monthly meetings on different topics.⁶ Other organizations use dashboards and performance meetings internally, using the same approach as Durham and Kansas City. These organizations are larger than Louisville, but these tools represent best practices in use of dashboards.

Budget Integration

An effective performance measurement framework includes routine reporting for operational measures and their related performance data, as well as the integration of KPIs or key performance measures in the budget process. While many organizations include performance measurement data in their budget document to fulfill GFOA criteria or demonstrate transparency, the data is infrequently used to make resource allocation decisions. Integrating performance measures into the budget process allows organizations to clearly communicate the relationship between financial investments and organization performance. This is important in communicating both ongoing efforts as well as justifying additional funding.

The best practice of performance budgeting requires an organization to use performance data to make informed program management and resource allocation decisions. This entails a more nuanced understanding of the organization's performance information and the relationships between performance and financial resources. The purpose of performance budgeting is to allocate financial and staff resources to activities, programs, and services in a manner that is most likely to achieve the organization's desired results. This approach is a change from the traditional line-item or incremental budgeting process, which tends to focus more on inputs. With performance budgeting, policymakers are better able to justify expenditures and demonstrate results, set operational targets, and understand the true cost of providing services.

While there are many ways that an organization can use performance data to inform its resource allocation decisions, the National Performance Management Advisory Commission identifies three essential steps for performance budgeting that ensure that funding is directly linked to achieving high-priority results:

- The desired results must be articulated.
- Strategies for achieving results must be developed.
- The budget must explain how a program or activity will help accomplish the organization's desired results.⁷

This approach can be used for both evaluating new programs or initiatives as well as ongoing or long-standing programs. In organizations that have integrated performance data in their budget processes, budgetary decision-making shifts from being incremental, short-term, and line-item focused to viewing operations in a more results-focused, long-term, and strategic manner.

The City of Santa Monica, California, has recently adopted a robust performance measurement program called SaMoStat in which performance data related to key organizational priorities identified from the City's strategic plan are reported on routinely. This data is then used during the City's performance

⁵ <https://durhamnc.gov/183/Strategic-Plan>

⁶ <https://www.kcmo.gov/city-hall/departments/city-manager-s-office/datakc/kcstat>

⁷ The National Performance Management Advisory Commission. *A Performance Management Framework*. 2010.

budgeting process to make data-driven funding and resource allocation decisions. At the beginning of their budget development process, City staff create an inventory of all City activities and services along with their estimated associated costs. These are prioritized according to criteria established in the City's strategic planning framework. Using the performance data associated with each activity and service, City leadership can identify areas where funding, staff, and equipment should be reallocated to meet the highest priority needs. This approach ensures that funding decisions are made holistically, that priority outcomes are funded appropriately, and those programs and services that no longer meet a pressing community need are discontinued or reorganized to improve their efficiency and effectiveness.⁸

Benchmark Communities

While some of the best practice examples are drawn from much larger organizations, the strategies they employ are scalable to organizations of different sizes. In the case of Louisville, the City has already implemented several best practices with its KPI program, namely the use of a family of performance measures and integration of KPIs in its budget development process.

In order to better understand how these practices can be implemented in organizations similar to Louisville, benchmark communities were identified. The following section provides an overview of performance measurement best practices in communities that share similar characteristics with the City of Louisville. Each community was chosen because of its robust performance management program and because it has a population of less than 45,000. The six communities are listed below, along with their populations, median household income, Fiscal Year (FY) 2020 General Fund budgets, and FY2020 staffing levels. Staffing is reported as full-time equivalent positions (FTEs) unless otherwise stated.

Table 2: Benchmark Communities Comparison

Community	Population ⁹	Median Household Income ¹⁰	FY2020 General Fund Budget	FY2020 Total Staff
<i>City of Louisville, Colorado</i>	21,163	\$100,188	\$19.9 M	232.0 ¹¹
City of Clayton, Missouri	16,826	\$97,145	\$29.0 M	177.5
City of Decatur, Georgia	25,732	\$93,039	\$28.7 M	230 full-time positions 301 part-time positions
City of Greer, South Carolina	32,202	\$57,630	\$28.4 M	239 positions ¹²
City of Maplewood, Minnesota	41,004	\$66,758	\$23.3 M	168.8
Town of Queen Creek, Arizona	42,503	\$98,214	\$28.1 M	306.47
City of Winter Park, Florida	31,059	\$71,749	\$60.8 M	576.0

⁸ <https://beta.smgov.net/samostat>

⁹ Source: United States Census 2018 Population Estimates Program.

¹⁰ Source: 2018 American Community Survey.

¹¹ FY2018 data; FY2020 data not available.

¹² FY2019 data; FY2020 data not available.

Each benchmark community reports between 44 and 81 metrics, as summarized below.

Table 3: Metrics Reported in Benchmark Communities

Community	Number of Metrics Reported	Level at Which Measures are Reported	Where Metrics are Reported
<i>City of Louisville, Colorado</i>	547	Allocated across 10 programs and 38 sub-programs	Biennial and Supplemental Budget Book
City of Clayton, Missouri	51	Allocated across six different Functions	Annual Budget Book
City of Decatur, Georgia	44	Allocated across six different Departments	Annual Budget Book
City of Greer, South Carolina	76	Allocated across four different Objectives	Online Strategic Plan Performance Report
City of Maplewood, Minnesota	63	Allocated across six Strategic Priorities and 23 Key Outcome Indicators	Annual Budget Book
Town of Queen Creek, Arizona	81	Allocated across five Strategic Priorities and 10 Key Results Areas	Annual Budget Book
City of Winter Park, Florida	80	Allocated across five Core Objectives and 24 Strategies	Annual Performance Measurement Report
Benchmark Communities Average	66		

The following table identifies the performance measurement best practices that each of the benchmark communities has adopted. The narrative that follows this table describes each community's performance measurement programs in greater detail and provides a set of sample measures collected and reported by each community.

Table 4: Best Practices Utilized in Benchmark Communities

Community	Family of Measures	Balanced Scorecard	Strategic Plan Integration	Budget Integration
<i>City of Louisville, Colorado</i>	✓			✓
City of Clayton, Missouri	✓	✓	✓	✓
City of Decatur, Georgia	✓			✓
City of Greer, South Carolina	✓		✓	
City of Maplewood, Minnesota	✓		✓	✓
Town of Queen Creek, Arizona	✓		✓	✓
City of Winter Park, Florida	✓		✓	✓

City of Clayton, Missouri

The City of Clayton, Missouri, has adopted an ongoing, systematic approach to improving results through evidence-based decision-making. Since 2008, the City of Clayton has had performance data in its annual budget, using an "Exceptional City Services Scorecard" adapted from the Balanced Scorecard approach. The City has aligned its performance measurement system with its strategic plan, "C The Future," and includes performance data in its Popular Annual Financial Report (PAFR) and Annual Report.¹³ The City of Clayton received ICMA's Certificate of Excellence in performance management for 2019.

¹³ <https://www.claytonmo.gov/government/performance-reporting>

Family of Measures

The City of Clayton reports Efficiency and Effectiveness measures for each of its programs. While Workload measures are infrequently directly reported in the budget or Exceptional City Services Scorecard, they are clearly collected by the City as many of the efficiency measures reported are calculated based upon workload data.

Balanced Scorecard

The City's Exceptional Cities Scorecard reports City performance across numerous metrics over time. Metrics are reported by function: Public Safety, Economic Development, Planning and Development, Recreation and Culture, Transportation, and Organizational Excellence. Metrics are also categorized by four perspectives: the Customer perspective, the Financial perspective, the Process perspective, and the People (i.e., City staff) perspective. Considering these four perspectives helps ensure that the City is evaluating the full impact of its priorities and initiatives.

Strategic Plan Integration

The City's strategic plan identifies four key performance areas, including Exceptional City Services, Livable Community, Strategic Relationships, and Economic Development and Vibrant Downtowns. Within each of these key performance areas, several strategic initiatives have been identified. Performance measures have been developed to measure progress against those goals and initiatives.

Budget Integration

Measures are reported annually in the City Budget, the City's Annual Report, and the City's Popular Annual Financial Report. Performance on Scorecard metrics is considered as part of the budget development process and used to inform the investment of resources.

The City also uses performance metrics to guide capital investment. For example, one of the City's goals is to have a high-quality road system, which it tracks through pavement quality indexes. Its 2020 Capital Investment plan includes a micro-surfacing project, and the project justification included in the budget report notes, "This project will improve the pavement condition of these [target] areas, which is a performance measurement attribute."¹⁴

In Clayton, City leadership uses performance data to prioritize funding requests during the budget process. The City's Finance Director reports that their performance metrics were especially useful in making budgetary decisions during the last economic recession. City leadership used its performance data to understand the relative efficiency of each City service, as well as which services could be temporarily reduced while still providing effective support for the community. The Director also reports that the City uses its metrics to compare its service levels with those of peer communities to help determine if the City is investing the appropriate resources into an initiative.

Sample Performance Measures

The following chart provides examples of performance measures reported by the City, along with the related Functions and Perspectives.

Table 5: City of Clayton Sample Performance Measures

Function	Perspective	Measure
Public Safety	Customer	Percentage of residents who feel safe, per results of a community survey
Public Safety	Financial	Police cost per capita
Public Safety	Process	Percentage of fires contained in the room of origin
Public Safety	People	Average annual training hours per Public Safety employee

¹⁴ <https://www.claytonmo.gov/home/showdocument?id=5031>

Function	Perspective	Measure
Recreation and Culture	Customer	Percentage of residents rating their overall satisfaction with Recreation and Culture services as good or better
Recreation and Culture	Financial	Cost of park maintenance per acre maintained
Recreation and Culture	Process	Percentage of registrants per total capacity of recreation programs
Recreation and Culture	People	Level of engagement among Recreation and Culture employees

Number of Measures

Measures are categorized into six different Functions, which are listed below, along with the number of measures reported for each Function. A full list of performance measures can be found in the City's FY2020 Budget, available at <https://www.claytonmo.gov/home/showdocument?id=5031>.

Table 6: Number of City of Clayton Performance Measures by Function

Function	Number of Measures
Public Safety	13
Economic Development	6
Planning and Development	5
Recreation and Culture	8
Transportation	7
Organizational Excellence	12
Total	51

City of Decatur, Georgia

The City of Decatur, Georgia, has adopted a robust performance measurement program focused on benchmarking performance data with peer communities collecting frequent feedback from residents. An interdepartmental committee reviews performance measures and data every month to highlight successful processes and identify areas that require improvement. Measures are included throughout the budget narrative to illustrate City performance.

Family of Measures

The City of Decatur reports Workload and Effectiveness measures for each of its programs. The primary Effectiveness measures reported by the City are derived from the City's biennial resident satisfaction survey.

Balanced Scorecard

The City does not utilize the Balanced Scorecard approach to performance measurement.

Strategic Planning Integration

The City is currently in the process of updating its Strategic Plan. There is no current integration between the City's Plan and its Performance Measures.

Budget Integration

The City reports performance measures as part of its annual budget and uses these performance measures to gauge the effectiveness of City services and to determine the most appropriate areas for investment. Also included in the annual budget document is a Municipal Benchmark Report, which includes a comparative analysis of Decatur's performance data with that of eight benchmark communities.

City staff review performance metrics as part of the process of developing the recommended annual budget. The FY2020 Budget reads, in part, "Selective benchmarking is undertaken during the development of departmental budget requests. Performance measures are reviewed by an interdepartmental committee on a monthly basis to identify successful processes and work on areas that need improvement. Measures are

included throughout the budget narrative to illustrate how the City is performing."¹⁵ Performance measures are used as a guide to help the City understand the relative effectiveness of City programs as well as to understand the most appropriate investment of resources.

Sample Performance Measures

The following chart provides examples of the City's performance measures, along with the related functions.

Table 7: City of Decatur Sample Performance Measures

Department	Measure
General Government	Community survey response rate
Community and Economic Development	Percentage of city pool attendees that are residents
Administrative Services	Number of settled property tax appeals
Fire and Rescue	Percentage of responses to the community survey rating Fire services as excellent/good
Public Works	Number of tons of leaves collected during street sweeping

Number of Measures

Measures are categorized by department, which are listed below, along with the number of performance measures reported for each area. A full list of performance measures can be found in the City's FY2020 Budget, available at

https://www.decaturga.com/sites/default/files/fileattachments/city_manager039s_office/page/4751/budget19-20_adopted_print_copy2.pdf.

Table 8: Number of City of Decatur Performance Measures by Department

Department	Number of Measures
General Government	5
Community and Economic Development	14
Administrative Services Department	5
Fire and Rescue	5
Police	5
Public Works	10
Total	44

City of Greer, South Carolina

The City of Greer, South Carolina, has adopted an ongoing performance measurement system aligned with the City's strategic plan. The City reports performance data on the City's website and through online dashboards. The City relies heavily on resident surveys for data collection and participates in the benchmark reporting program developed by Decatur, Georgia. The City of Greer received ICMA's Certificate of Excellence in performance management for 2019.

Family of Measures

The City reports Workload, Efficiency, and Effectiveness measures for programs as a part of its strategic plan performance reports. Most effectiveness measures reported by the City are derived from resident survey data.

¹⁵

https://www.decaturga.com/sites/default/files/fileattachments/city_manager039s_office/page/4751/budget19-20_adopted_print_copy2.pdf

Balanced Scorecard

The City does not utilize the Balanced Scorecard approach to performance measurement.

Strategic Planning Integration

The City's adopted Strategic Plan consists of four initiatives, each of which is supported through one or more objectives. The City has identified specific tasks and activities to be performed to achieve each objective, as well as specific metrics to evaluate the City's effectiveness at meeting each objective. The City's progress at achieving its strategic objectives and the associated performance data is reported annually in a series of Strategic Plan Performance Reports. These reports include an explanation of why each metric matters, an analysis of trends, and the action plan for improvement.

Budget Integration

While the City of Greer does include performance measurement data in its annual budget book, they do not report a process for integrating this information into their budgetary decision-making process.

Sample Performance Measures

The following chart provides examples of the City's performance measures, along with the related Objectives.

Table 9: City of Greer Sample Performance Measures

Objective	Measure
Maintain an Effective Workplace Environment	Percentage of employees rating the City's employee appreciation initiatives as "Good" or "Excellent" in an employee survey
Provide Reliable Public Safety Services	Police response time to top priority calls from dispatch to arrival
Community Enrichment through Outreach Programs and Services	Percentage of residents who report attending City-sponsored events at least monthly in a community survey
Financial Condition	Total net position (assets over liabilities)

Number of Measures

Performance measures are reported by Strategic Plan Objective. Objectives are listed below, along with the number of measures for each Objective. A full list of performance measures can be found in the City's Strategic Plan Performance Report, available here: <http://www.cityofgreer.org/458/Strategic-Plan-Performance-Report>.

Table 10: Number of City of Greer Performance Measures by Objective

Function	Number of Measures
Efficient and Effective City Services	23
Safe and Sustainable Communities	23
Enhanced Quality of Life	23
Strong and Healthy Economy	7
Total	76

City of Maplewood, Minnesota

The City of Maplewood, Minnesota, has developed a performance measurement program that focuses on the alignment of performance data with the City's strategic priorities and public transparency of performance data. It utilizes an online dashboard system for collecting and reporting performance data. The City utilizes performance targets for each of its measures and maintains up-to-date information on the progress each program has made toward meeting its annual performance targets.

Family of Measures

The City reports Workload, Efficiency, and Effectiveness measures for each of its programs. In many cases, these measures are reported as performance targets. For example, rather than reporting a Workload measure of "Number of annual environmental education programs," Maplewood expresses this measure in terms of their performance target of "Provide at least 175 environmental education programs annually."

Balanced Scorecard

The City does not utilize the Balanced Scorecard approach to performance measurement.

Strategic Plan Integration

The City's adopted Strategic Plan consists of six strategic priorities. Each priority has several key outcome indicators. Each key outcome indicator is associated with one or more performance targets that allow the City to assess its effectiveness in achieving the desired outcome. The City maintains a performance dashboard that allows residents and stakeholders to see how well the City has achieved each of its key outcome indicators based on its ability to achieve these performance targets. The dashboard can be accessed at <https://maplewoodmn.gov/1840/Strategic-Plan-Progress>.

Budget Integration

Progress on these performance targets is also reported as part of the annual budget and considered as part of the budget development process. Performance metrics are used to help evaluate program effectiveness and determine the most appropriate use of resources. The FY2020 Budget summarizes the process, stating that as part of budget development, "The City Manager and Finance Director together meet with department heads individually to discuss department objectives and performance indicators that will be included in the operating portion of the budget. The relationship of department objectives to the city's strategic plan is closely scrutinized."¹⁶

Sample Performance Measures

The following chart provides examples of performance measures from several City departments, along with the related key outcome indicators.

Table 11: City of Maplewood Sample Performance Measures

Key Outcome Indicator	Measure
Maplewood is a welcoming community where residents are accepted and engaged	Percentage of residents who view Maplewood as an open and accepting community, as measured by an annual community survey
Recruitment and retention of a talented and qualified workforce	Full-time employee turnover rate
Provide timely response to resident needs and requests	Percentage of commercial plans and permits reviewed and ready for issuance within 30 days or less
Achieve highest possible level of credit quality in the bond market	Bond rating
Practice continuous improvement in employee operations	Percentage of licensed establishments inspected annually
Parks & Recreation programs that embrace diversity, celebrate arts and culture, value health and wellness, and promote stewardship of the environment	Percentage increase in youth scholarship utilization
Provide safe, efficient, sustainable, cost-effective, well-maintained transportation systems. Build, maintain, and manage capital assets to preserve long-term investment and ensure support services	Percentage of sanitary sewer system inspected annually

¹⁶ <https://maplewoodmn.gov/DocumentCenter/View/24416/2020-Budget-PDF?bidId=>

Number of Measures

Performance measures are tracked by Strategic Priorities. The following table lists the Priorities as well as the number of measures reported for each Priority. A full list of performance measures can be found in the City's adopted FY2020 budget, which is available at <https://maplewoodmn.gov/DocumentCenter/View/24416/2020-Budget-PDF?bidId=>.

Table 12: Number of City of Maplewood Performance Measures by Priority

Priority	Number of Measures
Community Inclusiveness	9
Financial Sustainability	8
Infrastructure & Asset Management	14
Integrated Communication	4
Operational Effectiveness	20
Targeted Redevelopment	8
Total	63¹⁷

Town of Queen Creek, Arizona

The Town of Queen Creek, Arizona, has developed a performance measurement program that aligns program performance information with the Town's Corporate Strategic Plan and the annual budget process. It utilizes data from employee surveys and biennial resident surveys to complement its performance data.

Family of Measures

The Town reports a variety of Workload, Efficiency, and Effectiveness measures throughout the organization. However, the Town is inconsistent in including all three types of measures for each program. Workload and Effectiveness measures are the most commonly reported, with infrequent reporting of Efficiency measures.

Balanced Scorecard

The Town does not utilize the Balanced Scorecard approach to performance measurement.

Strategic Plan Integration

The Town has an adopted Corporate Strategic Plan that includes five strategic priorities. For each strategic priority, the Town defines one or more Key Results Areas (KRAs) where the Town hopes to achieve impact. These strategic priorities and KRAs guide policymaking and budget prioritization for the Town. Each KRA is associated with specific performance measures intended to help evaluate the impact of Town initiatives. This process also ensures that Town initiatives are directly linked to existing KRAs identified in the Corporate Strategic Plan.

Budget Integration

The Town reports that staff review the Town's performance measures as part of the budget development process to determine the most effective allocation of resources to maximize the Town's positive impact on the community. Program performance data and KRA linkages are provided for each program in the Town's annual budget document. The FY2020 Budget summarizes the process, writing that "Once departments collect data and establish appropriate outcomes and benchmarks, an analysis of performance is conducted and reported upon. Analysis of performance is an important step in identifying necessary policy and procedural changes. For this reason, each department provides a narrative of its performance, and where applicable, next steps."¹⁸

¹⁷ The City's FY2020 makes reference to 139 Strategic Goals, but only 63 are publicly reported.

¹⁸ <https://www.queencreek.org/home/showdocument?id=30129>

Sample Performance Measures

The following chart provides examples of performance measures, along with the related KRAs.

Table 13: Town of Queen Creek Sample Performance Measures

Key Results Areas	Measure
Financial Management	Unassigned General Fund balance as a percentage of the next fiscal year budgeted General fund revenues
Community Involvement Image & Identity	Percentage of residents rating effectiveness of Town communication as "good" or "excellent" in a community survey
Land Use & Economic Development	Percentage annual increase in sales tax revenue
Capital Improvement Program	Percentage of Town projects completed per adopted construction schedule (excluding unforeseen delays)
Environment Financial Management	Total water service cost per million gallons produced annually
Public Safety	Average emergency response time

Number of Measures

Performance measures are reported by KRA and by department. The following table lists the departments as well as the total number of performance measures for each department. A full list of performance measures can be found in the Town's adopted FY2020 budget, which is available at <https://www.queencreek.org/home/showdocument?id=30129>

Table 14: Number of Town of Queen Creek Performance Measures by Department

Department	Number of Measures
Town Manager	5
Town Clerk	3
Finance	8
Human Resources	6
Information Technology	5
Communications & Marketing	7
Economic Development	5
Development Services	14
Public Works	15
Utility Services	5
Fire & Medical	8
Total	81

City of Winter Park, Florida

The City of Winter Park, Florida, has developed a performance measurement system aligned with the City's strategic plan. Each quarter, the City of Winter Park provides an update of its key performance metrics and performance targets to its policymakers and residents. The City also develops an annual performance report that includes benchmark comparisons for many of its measures.

Family of Measures

The City reports a variety of Workload, Efficiency, and Effectiveness measures throughout the organization. However, the City is inconsistent in including all three types of measures for each program. For many programs, only Workload measures are reported.

Balanced Scorecard

The City does not utilize the Balanced Scorecard approach to performance measurement.

Strategic Plan

The City's adopted Strategic Plan consists of five core objectives. The City has identified several strategies to help accomplish each of these objectives. Each strategy is associated with one or more performance targets that allow the City to assess its effectiveness in achieving the desired outcome. The City produces annual Performance Measurement Reports with the results of these performance metrics. In addition to providing the performance data, these reports also provide a detailed narrative analysis of program performance and progress toward strategic objectives. The City also produces annual Report Cards that highlight some of the City's key metrics in an easy-to-understand format for residents.

Budget Integration

Progress on the City's performance targets is reported as part of the annual budget and considered as part of the budget development process. Staff use performance on metrics to evaluate the effectiveness of the service and the financial implications of potential changes to service levels. The FY2020 Budget report states, "As the budget is developed each year, staff works internally to evaluate the level of service and financial implications of those decisions on the budget. Where applicable, goals are set for each [performance] metric and the budget is constructed to meet those goals."¹⁹

Sample Performance Measures

The following chart provides examples of performance measures for several City functions, along with the related Strategies.

Table 15: City of Winter Park Sample Performance Measures

Strategy	Measure
Maintaining an Attractive & Robust Tree Canopy	Number of trees planted per year
Diversify the Tax Base	New commercial project permit value (\$ millions)
Forward Thinking Fiscal Management	Percentage of annual blended rate of return on investments
Efficient and Effective City Services	Per capita cost of Parks and Recreation services per day
Emergency Medical Response	Emergency Medical Services cardiac patient resuscitation rate
Stormwater Quality & Clarity	Average lake clarity (number of feet of visible depth)

Number of Measures

The City categorizes its performance measures by Core Objective. The following table lists the Objectives, along with the number of metrics associated with each area. A full list of performance measures can be found in the City's Performance Measurement Report, available at

<https://cityofwinterpark.org/government/city-info/performance-measurements/>

or in the FY2020 Budget, available at

<https://cityofwinterpark.org/docs/departments/finance/budget/budget-2020.pdf>.

Table 16: Number of City of Winter Park Performance Measures by Objective

Objective	Number of Measures
Exceptional Quality of Life	17
Intelligent Growth & Development	16
Fiscal Stewardship	21
Public Health & Safety	12
Investment in Public Assets & Infrastructure	14
Total	80

¹⁹ <https://cityofwinterpark.org/docs/departments/finance/budget/budget-2020.pdf>

Analysis and Recommendations

The City of Louisville’s KPI program includes nearly 550 different performance measures that departments prepare as part of the biennial and supplemental budget process. A family of performance measures is reported on for each of the City’s sub-programs to help identify each sub-program’s progress toward meeting its stated objective. The City should be commended for its commitment to maintaining a variety of measures, as this is considered a best practice.

However, this quantity of measures prevents focus on the measures that truly indicate performance and progress toward program goals and sub-program objectives. To be clear, most of the data collected as part of the current KPI program is helpful to staff at different levels of the organization, but not all data is relevant to all levels. One way to think about the different audiences for performance measures is a hierarchy or pyramid of measures. The quantity and type of information needed at the staff and program manager or supervisor level is significant. Staff utilize a wide array of information daily to manage and operate their programs. However, as you move up the pyramid, the amount of information needed to assess program outcomes is reduced to those measures that are truly focused on answering the question, "Is this sub-program achieving its stated objective?" Metrics answering that question should be considered KPIs. The following figure depicts this pyramid of measures.



Figure 2: Pyramid of Measures

Staff who directly provide services and programs require more information or data to do their work and ensure they are providing services effectively. A good example of this would be the Water sub-program in the Public Works Department. To provide clean drinking water, staff need a variety of measures and data regarding water quality, pump performance, and water flow, among many other elements. But this data is not always relevant to understanding the overall water utility. This does not mean data is not available to the City Manager, City Council, or the public if needed, but as a default, fewer measures are needed to show the performance of a program the further away from the program one gets.

The measures at the tip of the pyramid should become the City of Louisville KPIs. Rather than 547 measures that City Council and the public must sort through to understand programs and sub-programs, the measures should reflect the key data that demonstrates the performance of the sub-program as directed by its stated objective. Importantly, the KPIs should indicate progress toward the goal of a program and the objective of the sub-program. These objectives represent critical policy guidance developed by the City Council. Therefore, the purpose of the KPIs is to quantify, to the degree possible, the success of the sub-program in achieving the objective. As progress is made, the KPIs can and should change with new goals and objectives set by City Council.

Recommended Key Performance Indicators

Keeping this concept of the pyramid of measures in mind, each program and sub-program was analyzed to identify the data that should rise to the top of the pyramid. Current KPIs were examined along with measures reported by the benchmark communities as well as other communities across the country known for quality performance measurement programs. Additionally, performance measures advocated by national industry associations, like the Government Finance Officers Association and the National Recreation and Parks Association, were taken into account. One of the common themes in quality performance measurement programs is the use of community or resident surveys for metrics. In the City of Louisville, a bi-annual Community Survey is conducted, and, where applicable, survey questions that address the performance of sub-programs were identified as KPIs.

After benchmark communities and other organizations were examined, the project team met with Louisville Department Directors and their management teams to solicit their feedback. Their ideas and concerns informed the recommended KPIs.

The following sections outline recommended KPIs for each of the 38 sub-programs in the City of Louisville. It is recommended that as proficiency with KPI usage in the City grows, additional measures should be added to the program. As will be discussed in more detail in the implementation section, it is important to note that the KPIs themselves should not be the only data that support each sub-program. The KPIs should be supported by a wider data-driven culture. If an indicator shows issues with a sub-program, then staff, City leadership, and elected officials should be able to dig into other data and measurements to explore why a sub-program is not achieving the desired outcome. Similarly, staff should be expected to provide more detail when asking for resources for an individual sub-program. The KPIs are meant to show high-level progress toward the goals and objectives of the programs and sub-programs, not to be an exhaustive list of the data collected by the City.

Administration and Support Services Program

The Administration and Support Services program encompasses all of the City's administrative departments and functions. These departments support the overall organization and are responsible for providing employees with the tools and resources needed to perform their work.

Goal: Ensure inclusive, responsive, transparent, friendly, fiscally responsible, effective, and efficient governance, administration, and support.

This goal, along with the objective for each sub-program, was taken into account as KPIs were identified.

City Clerk/Public Records Sub-Program

This sub-program is led by the City Clerk's office. Besides supporting City Council and managing public meetings, the department receives public records requests and processes several types of licenses and permits.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>City Clerk/Public Records Provide efficient and transparent processes for residents to access public documents and notice of public hearings/events. Transparent, consistent, and responsive management of the licensing authority and special events permits.</p>	<ul style="list-style-type: none"> • Percentage of public record requests responded to within 24 hours of filing request • Percentage change in the number of license and permits processed • Percentage of meeting minutes completed within the deadline

Facilities Maintenance Sub-Program

This sub-program is led by the City Manager's Office and is responsible for the five City facilities in Louisville. The focus of this work is on sustainably operating these facilities.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Facilities Maintenance Provide and manage facilities that maintain efficient and effective operations and promote environmental and economic sustainability.</p>	<ul style="list-style-type: none"> • Percentage change in British Thermal Units (BTUs) per square foot for all City facilities • Percentage change in water usage for all City facilities • Percentage change in fuel consumption by City fleet vehicles • Percentage change in greenhouse gas (GHG) emissions for all City facilities

Finance, Accounting, Tax Administration Sub-Program

The Finance Department is responsible for this sub-program and manages the City's budgeting, accounting, and revenue collection efforts.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Finance, Accounting, Tax Administration Provide financial services in an efficient and effective manner and financial reporting that is accurate, timely, relevant, and transparent. Develop, maintain, and monitor financial policies and internal controls to ensure the safeguarding of public assets and organizational compliance with laws, regulations, and Council directives. Provide an efficient, effective, and transparent budget developing, reporting, and monitoring process. Provide other financial services, such as long-term financial planning, debt administration, cash and investment management, cash disbursements, cash collections, and front counter services.</p>	<ul style="list-style-type: none"> • Bond rating • Percentage of revenue forecasts within 5 to 7% of actuals • Percentage change in the number of audit comments received • Receipt of GFOA award for CAFR and budget development

Governance Administration Sub-Program

This sub-program is led by the City Manager's Office and represents the management of the organization.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Governance Administration Governance based on thorough understanding of the community's diverse interests executed through clear and effective policy direction. Administration that supports informed policy making, ensures the City has the financial capacity to sustain Council adopted levels of service, monitors and manages service delivery to maintain effectiveness and efficiency, and promotes a healthy organizational culture.</p>	<ul style="list-style-type: none"> Employee satisfaction survey question: Rating of City leadership Community survey question: Rating of overall performance of the Louisville City government

Human Resources Sub-Program

The Human Resources Department leads this sub-program. The human resources profession involves a significant amount of data, so identifying the most important measures can be difficult. The values of the organization and its leadership are important to consider. As human resources initiatives change over time, these KPIs should be modified.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Human Resources Be an employer of choice, with low employee turnover and high morale. Attract and retain highly qualified and dedicated employees by providing competitive compensation and benefits, effective employee training, and ongoing career and professional development opportunities. Maintain a positive work environment through regular position classification and review, workforce planning, salary administration, and employee relations. Maintain a safe workplace through employee safety training.</p>	<ul style="list-style-type: none"> Full-time employee turnover rate Average days from position close to offer made Annual training hours per employee Workers Compensation rating from provider Percentage of performance appraisals completed on time Employee satisfaction survey question: Rating of overall workplace climate

Information Technology Sub-Program

The Information Technology Department manages this sub-program.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Information Technology Maintain a secure and connected network ensuring all users have appropriate technological resources to effectively perform their jobs. Provide outstanding internal customer service to efficiently resolve employee help desk issues.</p>	<ul style="list-style-type: none"> Information Technology budget as a percentage of the overall City budget Percentage change in the number of tickets addressed Percentage change in the number of devices supported Infrastructure availability Internal survey question: Overall performance rating of IT services/support

Legal Support Sub-Program

The City Attorney leads this sub-program, and the objective is to support the City Council and management team.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Legal Support Effective, cost efficient, and responsive legal advice for City Council, Management, and staff in legal matters pertaining to their official powers and duties. Represent the City in all legal proceedings, finalize all legal documents for the City.</p>	<ul style="list-style-type: none"> • Percentage change in the cost of annual legal fees • Internal survey question: Customer Service satisfaction with legal services

Public Information and Involvement Sub-Program

City Manager's Office staff lead this sub-program, which includes all citywide communication and information efforts.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Public Information and Involvement Easy and timely access to all relevant information about City programs and services. Processes that give anyone interested opportunities to get involved and influence decision-making.</p>	<ul style="list-style-type: none"> • Percentage change in the number of monthly website visitors • Percentage change in the number of social media followers • Clickthrough rate for social media posts and e-newsletters • Community survey question: Rating of communicating regularly with community members • Community survey question: Rating of City response to citizen complaints or concerns

Sustainability Sub-Program

A staff member in the City Manager's Office leads this sub-program. This focuses on the community's use of energy sources and the impact on the environment.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Sustainability Use environmental, economic, and human resources to meet present and future needs without compromising the ecosystems on which we depend. Actively pursue energy-efficient upgrades to realize cost savings and reduce environmental impacts.</p>	<ul style="list-style-type: none"> • Community Greenhouse Gas (GHG) emissions • Community water use per capita • Residential waste diversion rate • Commercial waste diversion rate

Community Design Program

The Community Design Program is led by the Planning and Building Department. It encompasses both long-range planning as well as the facilitation of construction within the City. The goal of the program is as follows:

Goal: Sustain an inclusive, family-friendly community with a small-town atmosphere, effective and efficient building services, and effective preservation of the City’s historic structures through a voluntary system.

Community Design Sub-Program

This sub-program is led by the Planning and Building Department, and the objective focuses on transportation as well as long-term planning.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Community Design A well-connected and safe community that is easy for all people to walk, bike, or drive in. Neighborhoods that are rated highly by residents and thriving commercial areas. An open and inclusive long-range planning process with significant public participation.</p>	<ul style="list-style-type: none"> • Percentage change in the number of long-range projects initiated/completed • Community survey question: Rating of overall appearance of Louisville • Community survey question: Rating of ease of walking in Louisville • Community survey question: Rating of the public input process on City planning issues

Development Review Sub-Program

This sub-program, also led by the Planning and Building Department, encompasses all review and approval for plans and building permits, as well as building inspections efforts.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Development Review Review development applications and enforce the building, zoning, and subdivision laws of the city to promote public health, safety, comfort, convenience, prosperity, general welfare, and consumer protection.</p>	<ul style="list-style-type: none"> • Percentage of first staff comments provided within 10 business days for development review • Percentage of first staff comments provided within 10 business days for building permits • Percentage of building inspections that roll over to the following day • Customer survey question: Rating of the Planning and Building Department services

Historic Preservation Sub-Program

The Planning and Building Department works through zoning and incentive programs to preserve the character of the historic old town of Louisville.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Historic Preservation Provide incentives to preserve the historic character of old town to encourage the promotion and preservation of Louisville’s history and cultural heritage. Provide incentives and processes to preserve historic buildings.</p>	<ul style="list-style-type: none"> • Percentage of historic assessments that result in landmarking • Percentage of demolition stays that result in preservation • Community survey question: Rating of preservation of the historic character of old town

Cultural Services Program

The Cultural Services Program is led by the Library and Museum Services Department and the City Manager's Office. The goal of the program is as follows:

Goal: Provide services, facilities, and activities that inform, involve, engage, and inspire the community and preserve the community heritage. Continue City-sponsored events.

Arts and Special Events Sub-Program

Led by staff from the City Manager's Office, this program focuses on organizing and hosting community-wide events.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Arts and Special Events High-quality, diverse community-wide special events, public art, cultural arts programming for residents of and visitors to Louisville. Provide facilities for community cultural arts programming.</p>	<ul style="list-style-type: none"> • Average number of attendees per event • Number of events in different geographic areas²⁰ • City facility utilization rates • Community survey question: Rating of opportunities to attend cultural activities • Community survey question: Rating of opportunities to participate in special events and community activities

Library Services Sub-Program

The Library Services sub-program focuses on the Louisville Public Library. Staff who work on this sub-program use a variety of data.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Library Services Provide resources and programs for all ages to support multiple literacies and inspire lifelong learning. Serve as our community living room, bringing people together to learn, share, and connect. Create a sense of belonging in support of our small-town atmosphere.</p>	<ul style="list-style-type: none"> • Total circulation; number of checkouts and renewals • Circulation per registered borrower • Library visits per capita • Average number of attendees per program • Percentage of time public computers are in use • Community survey question: Rating of the overall performance of the Louisville Public Library

²⁰ Part of establishing this measure should be identifying the appropriate geographic areas in which to measure events. For example, staff reported there has been interest in downtown compared to the McCaslin area.

Museum Services Sub-Program

The City of Louisville has a unique resource in the local history museum.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Museum Services Promote, collect, preserve, and interpret the history of Louisville with emphasis on the coal mining period from 1877-1955. Make historical artifacts and documents accessible both physically and virtually. Educate children and adults about Louisville’s past through programs, displays, and publications.</p>	<ul style="list-style-type: none"> • Average number of attendees per program • Percentage change in the number of museum visitors • Percentage increase in the number of historic photos and documents catalogued and accessible • Percentage change in the number of views of digital photos and documents • Community survey question: Rating of the overall performance of the Louisville Historical Museum

Economic Prosperity Program

The Economic Prosperity Program and business retention and development sub-program are led by the Economic Vitality Department. The goal for this program is as follows:

Goal: Promote a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services.

Business Retention and Development Sub-Program

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Business Retention and Development Maintain positive business relationships throughout the community and assist property owners, brokers, and companies in finding locations and/or constructing new buildings in the City. Attract and retain a diverse mix of businesses that provide good employment opportunities for Louisville residents.</p>	<ul style="list-style-type: none"> • Commercial vacancy rate (retail, office, industrial) ²¹ • In-City sales tax per square foot of retail space • In-City sales tax per capita • Percentage of Business Assistance Package incentive dollars rebated of total incentive dollars authorized • Ratio of Business Assistance Package incentive dollars rebated to jobs added • Community survey question: Rating of the overall economic health of Louisville • Business satisfaction survey rating

Open Space and Trails Program

This program is led by the Open Space Division of the Parks, Recreation, and Open Space Department. The intention of the program is to acquire and preserve open space in Louisville.

²¹ Data on commercial vacancy rates would need to be purchased. It is common for local governments to use the company CoStar to get this information: <https://www.costar.com/>

Goal: Acquire candidate properties as they become available and preserve, enhance, and maintain native plants, wildlife, wildlife and plant habitat, cultural resources, agriculture and scenic vistas, and appropriate passive recreation.

Acquisition Sub-Program

The work to acquire new open space land is conducted jointly with the City Manager's Office and City Council and is subject to budget and the availability of parcels on the market.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Acquisition Maintain an up-to-date list of high-priority candidate parcels for acquisition. Contact each property owner and, based on the owner's expressed interests, determine the most effective strategy for voluntary acquisition of or easement on each candidate parcel. Maintain contact with each property owner consistent with their expressed interests. Voluntarily acquire candidate parcels at a price that reflects the current market value for comparable property (considering all development restrictions, size, location, existing development, and other relevant factors). Maintain funding for acquisition consistent with adopted Council policy.</p>	<ul style="list-style-type: none"> • Number of parcels ranked by the Open Space Advisory Board • Percentage change in the number of acres/parcels acquired

Education Outreach Sub-Program

City staff hold education programs and volunteer events to expose Louisville residents and visitors to open space.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Education Outreach To inform and educate residents and visitors about the City's diverse Open Space properties and the many benefits associated with these lands. To involve residents and visitors in activities that encourage understanding and stewardship of these lands.</p>	<ul style="list-style-type: none"> • Average number of participants per education program • Volunteer hours donated • Percentage change in the number of participants for digital engagement programs and social media

Maintenance and Management Sub-Program

Open Space staff also maintain the land, with particular focus on reducing invasive species and promoting native plants.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Maintenance and Management Manage the City's Open Space properties in a manner consistent with good stewardship and sound ecological principles that benefit citizens of Louisville by promoting native plants, wildlife, wildlife and plant habitat, cultural resources,</p>	<ul style="list-style-type: none"> • Open space expenditures per acre • Percentage of acres free of high-priority weeds • Community survey question: Rating of maintenance of open space

Sub-Program and Objective	Recommended Key Performance Indicators
agriculture and scenic vistas, and appropriate passive recreation.	

New Trails and Trail Maintenance Sub-Program

Trail efforts in both open space and City parks should be combined under this sub-program. Staff report some confusion in this area, with trails in City parks not historically being included. To create a comprehensive view of this sub-program, parks and open space should be combined.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>New Trails and Trail Maintenance Construct the highest priority new trails and trail connections to enhance the trail system in a manner consistent with City Council adopted plans. Maintain all trails to a satisfactory level to encourage recreation and to enable safe walking, running, and bike riding around Louisville.</p>	<ul style="list-style-type: none"> • Total trail miles in Open Space and Parks • Percentage of planned trail connections and crossings completed • Community survey question: Rating of maintenance of the trail system

Parks Program

The Parks, Recreation, and Open Space Department leads this program. The goal is as follows:

Goal: Provide well-maintained parks and landscaped areas that are easy to walk to and enjoyable to visit or see; sports facilities that are fully used and properly maintained.

Cemetery Sub-Program

The City owns a cemetery and provides plots to the public.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Cemetery Provide a suitable final resting place that meets community needs.</p>	<ul style="list-style-type: none"> • Percentage of plots available • Projected years of supply relative to demand • Average cost to inter • Community survey question: Rating of maintenance of the Louisville Cemetery

Parks Sub-Program

The City has numerous parks and athletic fields available to the public.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Parks Well-maintained, popular parks and facilities that provide multiple outdoor opportunities for residents of and visitors to Louisville to enjoy.</p>	<ul style="list-style-type: none"> • Parks expenditures per acre • Acres of park land per 1,000 residents • Community survey question: Rating of the overall performance of the Parks Division

Public Safety Program

The Public Safety Program is primarily led by the Police Department. They are responsible for code enforcement as well as patrol operations. The goal of this program is as follows:

Goal: Police and other City staff working with the community to help ensure safety, satisfy residents' expectations that individuals observe the City's Municipal Code and State Law, and a justice system that is fair, effective, and efficient.

Code Enforcement Sub-Program

This sub-program is led by a division of the City's Police Department.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Code Enforcement Judiciously enforce the municipal code, including parking, junked vehicles, uncontrolled weeds, and stray dogs. Work with residents and the business community to achieve compliance with City ordinances. Emphasize education and voluntary compliance over punitive enforcement through the Courtesy Notice program.</p>	<ul style="list-style-type: none"> Percentage of cases brought into voluntary compliance Average number of days from complaint to investigation Community survey question: Rating of municipal code enforcement issues

Municipal Court Sub-Program

The Municipal Court handles local cases and manages legal records.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Municipal Court Maintain accurate permanent records of citations and payments, administer fair and competent hearings, treat all citizens fairly and equally.</p>	<ul style="list-style-type: none"> Percentage of total cases requiring court hearing Average caseload per FTE Average time for resolution of cases Customer survey question: Rating of customer satisfaction

Patrol Investigations Sub-Program

The Police Department leads this sub-program.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Patrol Investigations Maintain community safety and a low crime rate through community engagement, effective patrol, and efficient response times. Emphasize prevention-oriented police services by engaging community groups in effective partnerships.</p>	<ul style="list-style-type: none"> Response time for priority 1 calls Crime rate for Part 1 and Part 2 crimes Average clearance rate Percentage change in the number of calls for service/officer-initiated activity Community survey question: Rating of the overall performance of the Louisville Police Department Community survey question: Rating of visibility of patrol cars

Recreation Program

The Recreation Division of the Parks, Recreation, and Open Space Department manages this program. It aims to serve a variety of age groups and activities. The goal for this program is as follows:

Goal: Promote the physical, mental, and social well-being of residents and visitors through a broad range of high-quality, reasonably priced recreation and leisure activities for people of all ages, interests, and ability levels.

Because each sub-program is broken into sub-groups, the following indicator shows the overall program's impact on the community. Staff indicated that this measure did not belong in a sub-program but was an important indicator of their success.

Recommended Key Performance Indicator:

- Average daily attendance/population at recreation centers

Adult Activities Sub-Program

This includes recreation activities and programs targeted at adults.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Adult Activities Encourage physical activity, intellectual stimulation, and social well-being by offering adult sports leagues, adult educational programs, and other events.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Adult Programs cost recovery rate per class/program • Customer survey results: Customer satisfaction after program completion • Community survey question: Current recreation programs for adults

Aquatics Sub-Program

There are two aquatics facilities in the City of Louisville. This sub-program provides both open access to them as well as organized activities and classes.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Aquatics Provide comprehensive aquatics programming that meets the needs of the community through highly accessible, enjoyable, and varied opportunities for learning and recreation. Offer a safe, responsive, and welcoming aquatics environment that promotes the health and well-being of residents and visitors.</p>	<ul style="list-style-type: none"> • Average number of participants per program (excluding open swim) • Average number of open swim and Memory Square Pool attendees²² • Aquatics Programs cost recovery rate

²² Average should be based on the number of open swim hours and operating hours for Memory Square Pool.

Golf Course Sub-Program

The City owns a golf course and staff monitor several measures during the season. They are particularly focused on their activity and revenue relative to playable days.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Golf Course Provide an enjoyable yet challenging course for residents and visitors of all skill levels. Attract and retain golfers by offering competitive rates and amenities, continuous maintenance, and professional management. Operate as an Enterprise by generating sufficient revenue to cover operations, debt service, and capital replacement.</p>	<ul style="list-style-type: none"> • Rounds of golf per playable day • Revenue per playable day • Cost recovery rate • Customer survey results: Customer satisfaction on golf course quality at the conclusion of each round

Senior Activities and Services Sub-Program

A key demographic that the City of Louisville serves through its recreation programs is seniors.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Senior Activities Services Encourage physical activity, intellectual stimulation, and social well-being through programs and services for persons 60 and older.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Senior Activities cost recovery rate per class/program/activity • Community survey question: Rating of current programs and services for seniors • Customer survey question: Customer satisfaction after program completion

Youth Activities Sub-Program

The Parks, Recreation, and Open Space Department also works to serve children and young adults.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Youth Activities Provide programs which stimulate physical, social, and cognitive skills for the youth of Louisville. Encourage community responsibility through volunteer service that supports the well-being of the community. Provide an individualized learning environment in which each child may grow and learn at their own pace.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Youth Activities cost recovery rate per class/program/activity • Community survey question: Rating of current recreation programs for youth

Transportation Program

The Transportation Program is led by the Public Works Department but also includes contributions from Parks, Recreation, and Open Space. The goal of this program is as follows:

Goal: A safe, well-maintained, effective, and efficient multi-modal transportation system at a reasonable cost.

Infrastructure Maintenance Sub-Program

This sub-program focuses on street maintenance. According to staff, limited sidewalk maintenance is required in the City because most segments were recently built.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Infrastructure Maintenance Conserve natural resources by maintaining streets cost-effectively before they reach a point of rapid failure. To ensure a high quality of life and to provide services equitably, no street will be in poor condition. Streets and intersections are monitored, maintained, and adequately lit to move people, bikes, and cars safely and efficiently. All arterial and collector streets have marked bicycle lanes. All streets have well-maintained sidewalks.</p>	<ul style="list-style-type: none"> • Overall Pavement Condition Index (PCI) ²³ • Percentage of street miles with PCI score lower than 35 • Percentage of arterials and collectors with marked bicycle lanes • Percentage of streets with sidewalks • Community survey question: Rating of street maintenance in Louisville

Planning and Engineering Sub-Program

This workgroup within Public Works is tasked with ensuring streets are safe and that residents have access to multiple transportation options.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Planning and Engineering Design infrastructure to adopted standards that meets the transportation needs of the City. Collaborate with partner agencies (RTD, CDOT) to ensure residents have adequate multimodal transportation options. Proactively redesign the street network as regulations and technology change our transportation needs over time.</p>	<ul style="list-style-type: none"> • Percentage change in the number of traffic accidents • Percentage change in the number of pedestrian/bike accidents • Percentage change in the number of active projects (by type)

Snow Ice Removal Sub-Program

The City of Louisville regularly experiences winter storms, which require street plowing to maintain travel within the City. The Public Works Department leads this effort with Parks staff clearing trails.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Snow and Ice Removal Safe traveling conditions for pedestrians and motorists; cost-effective snow and ice control services; assist Police, Fire, and Emergency Medical Services in fulfilling their duties; safe, passable streets, school bus routes, and hard surface trails; safe access to City facilities; and snow cleared within 24 hours from sidewalks that are the City's responsibility.</p>	<ul style="list-style-type: none"> • Number of Category II to IV snow events • Percentage of events resolved within 24/48/72 hours • Community survey question: Rating of snow removal/street sanding

²³ Data for PCI is collected by a consultant, staff report the assessment is done every three years.

Streetscapes Sub-Program

This sub-program is jointly led by the Public Works Department, who manage signage and lights, and the Parks, Recreation, and Open Space Department, who manage landscaping.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Streetscapes Safe, visually appealing, appropriately lit, and inviting streets, sidewalks, and publicly-owned areas adjacent to streets and sidewalks.</p>	<ul style="list-style-type: none"> • Percentage change in the miles/acres of streetscape maintained • Cost per square foot maintained (by type) • Community survey question: Rating of maintenance of medians and street landscaping • Community survey question: Rating of street lighting, signage, and street markings

Utilities Program

The Utilities Program is led by the Public Works Department. The goal of the program is as follows:

Goal: Ensure safe, reliable, great-tasting water; properly treated wastewater; effective stormwater control; successfully managed solid waste; and competitive prices for all services

Solid Waste, Recycling, and Composting Sub-Program

The City of Louisville is working to improve its diversion of waste from the landfill. Recycling and composting programs assist with that goal.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Solid Waste, Recycling, and Composting Enable residents to dispose of their solid waste in a convenient, environmentally responsible, cost-effective manner.</p>	<ul style="list-style-type: none"> • Percentage of waste diverted from the landfill • Tonnage of waste sent to landfill • Cost per ton sent to landfill • Community survey question: Rating of solid waste/trash services • Community survey question: Rating of fees for water, sewer, trash

Stormwater Sub-Program

The Public Works Department provides stormwater services and manages runoff for the City.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Stormwater Maintain our stormwater system to protect Coal Creek specifically and the natural and built environment generally. Proactively reduce pollutants in the water by educating the public, sweeping the streets, maintaining an efficient and effective stormwater system, and leveraging intergovernmental partnerships.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Percentage change in the number of illicit discharges • Percentage of inlets cleaned as scheduled • Percentage of street sweeping completed as scheduled • Community survey question: Rating of storm drainage (flooding management)

Wastewater Sub-Program

The Public Works Department provides city sewer and wastewater treatment.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Wastewater Protect public health and the environment by collecting and treating wastewater in compliance with Federal, State, and Local laws.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Treatment cost per 1,000 gallons • Percentage of sewer line jetting and cleaning completed as scheduled • Community survey question: Rating of wastewater (sewage system)

Water Sub-Program

The Public Works Department provides drinking water to the City of Louisville.

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Water Consistently provide safe and great tasting water, routinely testing quality for compliance with State and Federal Standards. Operate and maintain facilities efficiently, allowing for reasonable and equitable rates while maintaining optimal quality.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Annual potable water produced • Cost per Million Gallons per Day (MGD) billed • Percentage of water main flushing completed as scheduled • Percentage of water main valves exercised as scheduled • Percentage of unaccounted potable water • Community survey question: Rating of quality of Louisville water

Recommended Community Indicators

The City of Louisville conducted a strategic planning process in 2018 to identify how the City can best serve its residents now and into the future. The Strategic Plan serves as a road map and aligns the work of City departments with a vision for the organization. As part of the strategic planning process, eight Critical Success Factors (CSFs) were identified. These factors are the items that Louisville must complete or make progress on in order to achieve the organization's vision of being "dedicated to providing a vibrant, healthy community with the best small town atmosphere."

To show whether progress has been made on the Critical Success Factors, measures need to be identified that would indicate the City's performance in each area. These measures should focus on community outcomes and indicators that align with each Critical Success Factor, showing whether the City is achieving its vision. These measures may not be in the City's direct control, but they show the progress and change experienced by those who live, work, and visit Louisville.

The project team examined best practices and standards to identify community indicators that align with each of the eight Critical Success Factors. The following table includes recommended indicators drawn from existing City KPIs, other industry standards, and from the International Organization for Standardization (ISO), an independent, non-governmental international organization that creates standards for several industries in partnership with 164 national standards bodies.²⁴ In 2018, ISO published

²⁴ International Organization for Standardization (ISO), About Us, <https://www.iso.org/about-us.html>

the first international standard on city indicators allowing cities across the world to have common measures for city services and quality of life.²⁵

Critical Success Factor	Community Indicators
<p>Financial Stewardship and Asset Management The City of Louisville has established financial policies and internal controls to ensure financial sustainability and financial resiliency and to safeguard the City’s assets. The City’s recurring revenues are sufficient to support desired service levels and proactively maintain critical infrastructure and facilities. The City practices long-term financial planning through a comprehensive budget process to proactively adjust for changes in financial forecasts. City employees are trusted stewards of the public’s money and assets.</p>	<ul style="list-style-type: none"> • Debt service ratio (debt service expenditure as a percentage of City’s own-source revenue) • Capital spending as a percentage of total expenditures • Bond rating • Tax collected as a percentage of tax billed
<p>Reliable Core Services Louisville is a safe community that takes comfort in knowing core services, such as police, roads, water, and basic maintenance, are fair, effective, consistent, and reliable. Excellent customer service is provided in the delivery of all City services. The City is prepared for emergencies and offers residents peace of mind knowing basic municipal services are planned for and carried out.</p>	<ul style="list-style-type: none"> • Response time for emergency response services from the initial call • Average commute time²⁶ • Miles of bicycle paths and lanes per 100,000 population • Total water consumption per capita (gallons/day) • Percentage of water loss (unaccounted for water) • Percentage of city population served by wastewater collection • Percentage of the City’s wastewater receiving centralized treatment
<p>Vibrant Economic Climate Louisville promotes a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services. Our unique assets enhance the City’s competitive advantage to attract new enterprises, and Louisville is a place people and businesses want to call home.</p>	<ul style="list-style-type: none"> • City’s unemployment rate²⁷ • Assessed value of commercial and industrial properties as a percentage of the total assessed value of all properties • Number of businesses per 100,000 population • Percentage of city population living below the national poverty line²⁸ • Jobs–housing ratio²⁹

²⁵ International Organization for Standardization (ISO), ISO 37120:2018 Sustainable cities and communities – Indicators for city services and quality of life.

²⁶ Information about commute time is available from the American Community Survey (ACS) and the US Census Bureau.

²⁷ Information on unemployment is available monthly at the county level from the Colorado Department of Labor and Employment.

²⁸ Information on poverty rate is available from the American Community Survey (ACS) and the US Census Bureau.

²⁹ Data on housing units is available from the American Community Survey (ACS). Information on employment is reported at the county level by the US Census Bureau. City-level information would need to be calculated using an alternative source like business licenses.

Critical Success Factor	Community Indicators
<p>Quality Programs and Amenities Excellent programs and amenities sustain the unique experience of living in Louisville. The community enjoys quality facilities and public spaces as well as cultural and educational services that reflect our heritage and are accessible for all. Program performance is evaluated on a regular basis. Opportunities exist to support a healthy mind, healthy body, and healthy community.</p>	<ul style="list-style-type: none"> • Vacancy rate (by sector)³⁰ • Number of cultural institutions and sporting facilities per 100,000 population • Percentage of municipal budget allocated to cultural and sporting facilities • Annual number of cultural events per 100,000 population (e.g., exhibitions, festivals, concerts) • Square feet of public indoor recreation space per capita • Square feet of public outdoor recreation space per capita
<p>Engaged Community Louisville residents are informed, involved, engaged, and inspired to be active in community life. The City provides formal and informal opportunities to participate in civic life and transparently shares information using a variety of efficient and accessible approaches.</p>	<ul style="list-style-type: none"> • Number of registered voters as a percentage of the voting age population • Voter participation in last municipal election (as a percentage of registered voters) • Number of internet connections per 100,000 population³¹ • Number of mobile phone connections per 100,000 population³²
<p>Healthy Workforce Louisville employees are high-performing public servants characterized as dedicated, engaged self-starters who embody established organizational values and excel in their roles and responsibilities. The City is a healthy workplace that provides competitive compensation and benefits and offers professional development and lifelong learning opportunities for its employees. City employees know they are valued, and they are recognized and rewarded for excellence. Louisville is a place where employees can have a voice in decisions, so collective success is ensured.</p>	<ul style="list-style-type: none"> • Vacancy rate for full-time positions • Percentage of new full-time employees completing the probationary period • Number of training hours per employee • Number of workers compensation claims • Percentage of employees with a performance review of satisfactory or higher
<p>Supportive Technology Louisville utilizes stable, proven, and relevant technology to enhance and automate City services and to improve the overall customer experience when possible. The use of technology</p>	<ul style="list-style-type: none"> • Network availability³³ • Server growth rate³⁴

³⁰ Data on commercial vacancy rate would need to be purchased. It is common for local governments to use the company CoStar to get this information: <https://www.costar.com/>

³¹ Information on the number of broadband internet subscriptions is available from the American Community Survey (ACS) and the US Census Bureau.

³² Data for mobile phone connections would need to be purchased or provided from the cell phone companies operating in Louisville. The World Bank uses World Telecommunication/ICT Indicators Database. (<https://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx>) or there are private companies like SafeGraph (<https://www.safegraph.com/>) where data sets can be purchased.

³³ Scoreboard, <https://kpidashboards.com/kpi/department/information-technology/>

³⁴ Scoreboard, <https://kpidashboards.com/kpi/department/information-technology/>

Critical Success Factor	Community Indicators
<p>allows the City to make decisions based on accurate and supportable datasets. Supportive technology fosters a culture of learning and innovation.</p>	<ul style="list-style-type: none"> Percentage of datasets and performance measures updated in the last two years
<p>Collaborative Regional Partner Louisville is recognized as a regional leader on collaborative issues that cross jurisdictional lines. The City partners with neighboring communities to solve regional problems and to further leverage resources. Louisville cultivates and maintains strong relationships with regional entities and organizations, leads and participates in collective efforts to address issues of mutual interest, and shares ideas and best practices to improve services.</p>	<ul style="list-style-type: none"> Progress update on current collaborative policy issue(s) being addressed or partnership(s)³⁵

Implementing Key Performance Indicators

The information that follows has been developed for the City’s consideration as the KPI program is refined and further implemented throughout the organization. Ultimately, the City’s performance measurement methodology should link organization-wide vision, mission, and goals to specific, quantifiable program-level goals and objectives. The measures themselves provide the necessary linkages, presenting a balanced picture of performance. The framework for the City’s KPI program should address the following broad themes:

- **Planning** – An organization-wide strategic plan, annual department or program business plans, annual operating budgets, and capital improvement plans are all important foundations for a successful performance measurement framework. Well-executed plans promote a common understanding of the organization's overall direction so that employees can readily determine how their work supports the achievement of the organization's strategic vision and goals.
- **Measurement** – A successful performance measurement framework is composed of measures that are appropriate, accurate, reliable, and timely. The system should allow for continuous refinement of measures over time to ensure their continued relevance.
- **Monitoring** – Performance measurement should enhance employees' accountability to elected officials and residents. Through regular departmental performance reporting and periodic organizational assessments, performance measures become part of the organization’s regular dialogue about effective service delivery.

Throughout implementation, it is recommended that the following matters receive specific attention:

1. Identify KPI "champions" throughout the organization

An organization's performance measurement system must have strong executive-level support in order to succeed. Senior leadership must hold departments accountable for following through on performance data collection, analysis, and reporting. Many organizations institutionalize accountability for performance measurement through a monthly or quarterly review system. The organization's senior leadership meets individually with managers from each department or program to review performance results for that period.

³⁵ The aim of this CSF is to be an active, engaged partner in the region and have regular collaboration with neighbors. Measure should focus on the current topic(s) being addressed with partners.

In addition to strong executive-level leadership, an organization may identify multiple performance measurement "champions" to serve as informational resources for employees. Performance measurement champions may function independently within individual departments or as an organization-wide committee or task force. In a committee or task force structure, performance measurement champions are well-positioned to lead the monitoring functions of an organization's performance measurement framework, such as regular performance reporting and periodic performance measure revisions and refinements.

2. Provide ongoing training

When an organization implements its performance measurement system, it is important to ensure that employees have a firm understanding of the basic principles of performance measurement, as well as the organization's specific plans for implementation. While some employees may be familiar with tracking and using data to manage their operations, others may find this to be a challenging way of doing business.

While many City departments already actively utilize dashboards and other reporting and monitoring systems, it is important to be aware of emerging training needs and to respond with further performance measurement training as needed. Training is critical in building the internal capacity to effectively use performance data for programmatic improvement.

3. Establish a pilot data collection period

The recommended KPIs outlined in this report represent both existing measures and new measures. In some cases, departments may not have data readily available to report on all of their measures. Therefore, new data collection systems and methodologies may need to be developed and tested before reporting and use of the data can occur. Establishing a pilot data collection period is often useful. This pilot period allows the data collection methods to be tested to ensure the systems exist for accurate data collection. Additionally, the pilot period also provides an opportunity for program managers to make modifications to their performance measures as needed.

4. Establish and implement standardized data collection procedures

To ensure consistency and continuity, it is important to establish standardized data collection procedures.

- **Assign data collection responsibility** - Delegate responsibility for data collection to a specific employee(s) to ensure that data is collected, analyzed, and stored properly.
- **Define data** - Develop data definitions clearly and consistently to ensure that there is a firm understanding of the information needed for each measure.
- **Document data sources** - Create and maintain detailed records of data sources to ensure consistency and accuracy and use across departments.
- **Document data collection tools** - Define and document the tools that will be used for data collection and storage (e.g., Excel templates, Microsoft Power BI).
- **Determine the frequency of data collection** - Determine and document the frequency with which data will be collected for each measure (e.g., weekly, monthly, quarterly, annually).
- **Explain the methodology of data calculations** - Document exactly how data has been calculated or the methodology used to arrive at reported performance results, which will ensure consistency from one data collection period to another. It is critically important to document the methodology used for cost allocation to ensure that all programs collect and account for data in the same way. For example, operating expenses should include salaries, benefits, equipment, supplies, etc., and all programs should use these elements consistently across all measures.
- **Document explanatory information** - Any contextual or procedural information associated with a specific measure should be recorded, including any assumptions used in data calculations. Explanatory information may include any factors beyond the organization's control that may influence performance measure results.

5. Regularly report KPI results and trends

Sharing performance measurement results is a critical component of the organization's accountability to the community. Performance data should be reported to executive managers, elected officials, and the public regularly (e.g., annually, semi-annually, monthly).

Currently, the City provides KPI data as part of the budget process. It is recommended that this information includes a minimum of three years of prior year data to demonstrate trends for each KPI. Part of reporting the KPIs should include a broader discussion of data collection and trends related to each sub-program. To inform data collection efforts and the discussion of KPIs, staff should address the following questions for each sub-program as part of the reporting process:

- What data and data sources inform the sub-program?
- What budget resources support the sub-program?
- What are the trends of the KPIs?
- Are there factors outside of staff's direct control that contribute to the performance of the sub-program? (i.e., economic factors, demand from the community, weather)
- What are the potential future budget impacts based on the KPI trends?

Based on the results of the KPIs, further analysis and discussion should be conducted to explore any challenges that emerge for a sub-program. In addition, if resources are requested for a sub-program, additional data and rationale beyond the KPIs should be provided as well. The KPIs should indicate progress the City is making toward the objectives of each sub-program, but they may not answer why progress is or is not being made. Additional measures and discussion will be needed to explore why a sub-program is or is not achieving the desired outcomes.

6. Establish processes for KPI revision and data quality control

As the City's KPI program progresses, it is helpful to establish a process by which specific measures may be edited, added, or deleted. As employees become more familiar with performance data collection, analysis, and reporting, staff may find that some performance measures require revision in order to generate useful data. Should an organization have a performance measurement committee or task force in place (as mentioned in No. 1 above), it is advisable that this group oversee the measure revision process to ensure that employees do not fundamentally change or delete measures that are important performance indicators for the organization as a whole.

It is also advisable to establish a process by which reported performance results may be assessed for data accuracy and reliability. While a formal audit is not necessary, defining a standard procedure for periodic review of data and data collection methods is important. Ensuring that adequate internal controls and safeguards are in place over the collection and analysis of performance measurement data increases the probability that reported results will be accurate over time.

7. Integrate the KPI program into an organization-wide performance management system

By developing and refining its KPI program, Louisville has taken important steps in implementing an organizational performance management system, which examines all the processes by which the organization plans and manages the delivery of services.

An organization's performance management system guides and informs the following:

- **Overall organizational performance** - Schedule regular discussions of organization-wide strategic goals and progress in achieving these goals. The recommended outcome indicators aligned with the City's Critical Success Factors are an important element of organizational performance.

- **Departmental and programmatic performance** - Collect and analyze performance measurement data and the use of that data in the leaders' decision-making processes. Having meaningful conversations throughout the budget development process about the outcomes of programs (as informed by KPI data) is critical to outcome-based decision-making and resource allocation.
- **Individual employee performance** - Conduct one-on-one meetings with supervisors and regular evaluation and discussion of performance, utilizing data and outcomes.

Performance measurement results, particularly results associated with effectiveness and efficiency measures, should be used by department and program managers as they formulate action plans for continuous improvement in the future.

8. Create a culture of continuous improvement

To be successful, performance measurement must become part of the fabric of the organization's system for planning and managing its work. Once it is incorporated into the structure of the organization, it can help drive continuous improvement of programs and processes.

When properly implemented, performance measurement serves to accomplish the following:

- Demonstrate how well the organization is fulfilling its mission and accomplishing its objectives
- Better inform the broader community about an organization's service accomplishments
- Provide elected officials and managers with accurate, comprehensive decision-making information
- Highlight areas throughout the organization in need of targeted improvement efforts
- Provide employees with a clear, concise picture of how well their programs are performing

It is important that the public, elected officials, executive managers, department directors, and program managers recognize that full implementation of a high-quality, sustainable performance measurement system will not occur overnight. In some instances, it may take two or more years to accumulate the volume of performance measurement data to generate meaningful results. Performance data trends are established over time. In some service areas, data may be readily available to use for year-to-year performance comparisons; however, many areas will likely need to collect substantial baseline data before any comparisons can be made.

Appendix A: Full List of Recommended Key Performance Indicators

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Administration and Support Services Program <i>Ensure inclusive, responsive, transparent, friendly, fiscally responsible, effective, and efficient governance, administration, and support.</i></p>	
<p>City Clerk / Public Records Provide efficient and transparent processes for residents to access public documents and notice of public hearings/events. Transparent, consistent, and responsive management of the licensing authority and special events permits.</p>	<ul style="list-style-type: none"> • Percentage of public record requests responded to within 24 hours of filing request • Percentage change in the number of license and permits processed • Percentage of meeting minutes completed within the deadline
<p>Facilities Maintenance Provide and manage facilities that maintain efficient and effective operations and promote environmental and economic sustainability.</p>	<ul style="list-style-type: none"> • Percentage change in British Thermal Units (BTUs) per square foot for all City facilities • Percentage change in water usage for all City facilities • Percentage change in fuel consumption by City fleet vehicles • Percentage change in greenhouse gas (GHG) emissions for all City facilities
<p>Finance, Accounting, Tax Administration Provide financial services in an efficient and effective manner and financial reporting that is accurate, timely, relevant, and transparent. Develop, maintain, and monitor financial policies and internal controls to ensure the safeguarding of public assets and organizational compliance with laws, regulations, and Council directives. Provide an efficient, effective, and transparent budget developing, reporting, and monitoring process. Provide other financial services, such as long-term financial planning, debt administration, cash and investment management, cash disbursements, cash collections, and front counter services.</p>	<ul style="list-style-type: none"> • Bond rating • Percentage of revenue forecasts within 5 to 7% of actual • Percentage change in the number of audit comments received • Receipt of GFOA award for CAFR and budget development
<p>Governance Administration Governance based on thorough understanding of the community's diverse interests executed through clear and effective policy direction. Administration that supports informed policy making, ensures the City has the financial capacity to sustain Council adopted levels of service, monitors and manages service delivery to maintain effectiveness and efficiency, and promotes a healthy organizational culture.</p>	<ul style="list-style-type: none"> • Employee satisfaction survey question: Rating of City leadership • Community survey question: Rating of the overall performance of the Louisville City government

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Human Resources Be an employer of choice, with low employee turnover and high morale. Attract and retain highly qualified and dedicated employees by providing competitive compensation and benefits, effective employee training, and ongoing career and professional development opportunities. Maintain a positive work environment through regular position classification and review, workforce planning, salary administration and employee relations. Maintain a safe workplace through employee safety training.</p>	<ul style="list-style-type: none"> • Full-time employee turnover rate • Average days from position close to offer made • Annual training hours per employee • Workers Compensation rating from provider • Percentage of performance appraisals completed on time • Employee satisfaction survey question: Rating of overall workplace climate
<p>Information Technology Maintain a secure and connected network ensuring all users have appropriate technological resources to effectively perform their jobs. Provide outstanding internal customer service to efficiently resolve employee help desk issues.</p>	<ul style="list-style-type: none"> • Information Technology budget as a percentage of the overall City budget • Percentage change in the number of tickets addressed • Percentage change in the number of devices supported • Infrastructure availability • Internal survey question: Overall performance rating of IT services/support
<p>Legal Support Effective, cost-efficient, and responsive legal advice for City Council, Management, and staff in legal matters pertaining to their official powers and duties. Represent the City in all legal proceedings, finalize all legal documents for the City.</p>	<ul style="list-style-type: none"> • Percentage change in the cost of annual legal fees • Internal survey questions: Customer Service satisfaction with legal services
<p>Public Information and Involvement Easy and timely access to all relevant information about City programs and services. Processes that give anyone interested opportunities to get involved and influence decision-making.</p>	<ul style="list-style-type: none"> • Percentage change in the number of monthly website visitors • Percentage change in the number of social media followers • Clickthrough rate for social media posts and e-newsletters • Community survey question: Rating of City response to citizen complaints or concerns
<p>Sustainability Use environmental, economic, and human resources to meet present and future needs without compromising the ecosystems on which we depend. Actively pursue energy-efficient upgrades to realize cost savings and reduce environmental impacts.</p>	<ul style="list-style-type: none"> • Community Greenhouse Gas (GHG) emissions • Community water use per capita • Residential waste diversion rate • Commercial waste diversion rate

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Community Design Program <i>Sustain an inclusive, family-friendly community with a small-town atmosphere, effective and efficient building services, and effective preservation of the City’s historic structures through a voluntary system.</i></p>	
<p>Community Design A well-connected and safe community that is easy for all people to walk, bike, or drive in. Neighborhoods that are rated highly by residents and thriving commercial areas. An open and inclusive long-range planning process with significant public participation.</p>	<ul style="list-style-type: none"> • Percentage change in the number of long-range projects initiated/completed • Community survey question: Rating of overall appearance of Louisville • Community survey question: Rating of ease of walking in Louisville • Community survey question: Rating of the public input process on City planning issues
<p>Development Review Review development applications and enforce the building, zoning, and subdivision laws of the city to promote public health, safety, comfort, convenience, prosperity, general welfare, and consumer protection.</p>	<ul style="list-style-type: none"> • Percentage of first staff comments provided within 10 business days for development review • Percentage of first staff comments provided within 10 business days for building permits • Percentage of building inspections that roll over to the following day • Customer survey question: Rating of the Planning and Building Department services
<p>Historic Preservation Provide incentives to preserve the historic character of old town to encourage the promotion and preservation of Louisville’s history and cultural heritage. Provide incentives and processes to preserve historic buildings.</p>	<ul style="list-style-type: none"> • Community survey question: Rating of preservation of the historic character of old town • Percentage of historic assessments that result in landmarking • Percentage of demolition stays that result in preservation
<p>Cultural Services Program <i>Provide services, facilities, and activities that inform, involve, engage, and inspire the community and preserve the community heritage. Continue City-sponsored events.</i></p>	
<p>Arts and Special Events High-quality, diverse community-wide special events, public art, cultural arts programming for residents of and visitors to Louisville. Provide facilities for community cultural arts programming.</p>	<ul style="list-style-type: none"> • Average number of attendees per event • Number of events in different geographic areas • City facility utilization rates • Community survey question: Rating of opportunities to attend cultural activities • Community survey question: Rating of opportunities to participate in special events and community activities
<p>Library Services Provide resources and programs for all ages to support multiple literacies and inspire lifelong learning. Serve as our community living room, bringing people together to learn, share, and connect. Create a sense of belonging in support of our small-town atmosphere.</p>	<ul style="list-style-type: none"> • Total circulation, number of checkouts and renewals • Circulation per registered borrower • Library visits per capita • Average number of attendees per program • Percentage change in the number of sessions on public computers • Community survey question: Rating of the overall performance of the Louisville Public Library

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Museum Services Promote, collect, preserve, and interpret the history of Louisville, with emphasis on the coal mining period from 1877-1955. Make historical artifacts and documents accessible both physically and virtually. Educate children and adults about Louisville's past through programs, displays, and publications.</p>	<ul style="list-style-type: none"> • Average number of attendees per program • Percentage change in the number of museum visitors • Percentage increase in the number of historic photos and documents catalogued and accessible • Percentage change in the number of views of digital photos and documents • Community survey question: Rating of the overall performance of the Louisville Historical Museum
<p><i>Economic Prosperity Program</i> <i>Promote a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services.</i></p>	
<p>Business Retention and Development Maintain positive business relationships throughout the community and assist property owners, brokers, and companies in finding locations and/or constructing new buildings in the City. Attract and retain a diverse mix of businesses that provide good employment opportunities for Louisville residents.</p>	<ul style="list-style-type: none"> • Commercial vacancy rate (retail, office, industrial) • In City sales tax per square foot of retail space • In-City sales tax per capita • Percentage of Business Assistance Package incentive dollars rebated of total incentive dollars authorized • Ratio of Business Assistance Package incentive dollars rebated to jobs added • Community survey question: Rating of the overall economic health of Louisville • Business satisfaction survey rating (new survey)
<p><i>Open Space and Trails Program</i> <i>Acquire candidate properties as they become available and preserve, enhance, and maintain native plants, wildlife, wildlife and plant habitat, cultural resources, agriculture and scenic vistas, and appropriate passive recreation.</i></p>	
<p>Acquisition Maintain an up-to-date list of high-priority candidate parcels for acquisition. Contact each property owner and, based on the owner's expressed interests, determine the most effective strategy for voluntary acquisition of or easement on each candidate parcel. Maintain contact with each property owner consistent with their expressed interests. Voluntarily acquire candidate parcels at a price that reflects the current market value for comparable property (considering all development restrictions, size, location, existing development, and other relevant factors). Maintain funding for acquisition consistent with adopted Council policy.</p>	<ul style="list-style-type: none"> • Number of parcels ranked by the Open Space Advisory Board • Percentage change in the number of acres/parcels acquired

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Education Outreach To inform and educate residents and visitors about the City’s diverse Open Space properties and the many benefits associated with these lands. To involve residents and visitors in activities that encourage understanding and stewardship of these lands.</p>	<ul style="list-style-type: none"> • Average number of participants per education program • Volunteer hours donated • Percentage change in the number of participants for digital engagement programs and social media
<p>Maintenance and Management Manage the City’s Open Space properties in a manner consistent with good stewardship and sound ecological principles that benefits citizens of Louisville by promoting native plants, wildlife, wildlife and plant habitat, cultural resources, agriculture and scenic vistas, and appropriate passive recreation.</p>	<ul style="list-style-type: none"> • Open space expenditures per acre • Percentage of acres free of high priority weeds • Community survey question: Rating of maintenance of open space
<p>New Trails and Trail Maintenance Construct the highest priority new trails and trail connections to enhance the trail system in a manner consistent with City Council adopted plans. Maintain all trails to a satisfactory level to encourage recreation and to enable safe walking, running, and bike riding around Louisville.</p>	<ul style="list-style-type: none"> • Total trail miles in Open Space and Parks • Percentage of planned trail connections and crossings completed • Community survey question: Rating of maintenance of the trail system
<p>Parks Program <i>Provide well-maintained parks and landscaped areas that are easy to walk to and enjoyable to visit or see; sports facilities that are fully used and properly maintained.</i></p>	
<p>Cemetery Provide a suitable final resting place that meets community needs.</p>	<ul style="list-style-type: none"> • Percentage of plots available • Projected years of supply relative to demand • Average cost to inter • Community survey question: Rating of maintenance of the Louisville Cemetery
<p>Parks Well-maintained, popular parks and facilities that provide multiple outdoor opportunities for residents of and visitors to Louisville to enjoy.</p>	<ul style="list-style-type: none"> • Parks expenditures per acre • Acres of park land per 1,000 residents • Community survey question: Rating of the overall performance of the Parks Division
<p>Public Safety Program <i>Police and other City staff working with the community to help ensure safety, satisfy residents’ expectations that individuals observe the City’s Municipal Code and State Law, and a justice system that is fair, effective, and efficient.</i></p>	
<p>Code Enforcement Judiciously enforce the municipal code, including parking, junked vehicles, uncontrolled weeds, and stray dogs. Work with residents and the business community to achieve compliance with City ordinances. Emphasize education and voluntary compliance over punitive enforcement through the Courtesy Notice program.</p>	<ul style="list-style-type: none"> • Percentage of cases brought into voluntary compliance • Average number of days from complaint to investigation • Community survey question: Rating of municipal code enforcement issues
<p>Municipal Court Maintain accurate permanent records of citations and payments, administer fair and competent hearings, treat all citizens fairly and equally.</p>	<ul style="list-style-type: none"> • Percentage of total cases requiring court hearing • Average caseload per FTE • Average time for resolution of cases • Customer survey question: Rating of customer satisfaction

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Patrol Investigations Maintain community safety and a low crime rate through community engagement, effective patrol, and efficient response times. Emphasize prevention-oriented police services by engaging community groups in effective partnerships.</p>	<ul style="list-style-type: none"> • Response time for priority 1 calls • Crime rate for Part 1 and Part 2 crimes • Average clearance rate • Percentage change in the number of calls for service/officer initiated activity • Community survey question: Rating of communicating regularly with community members • Community survey question: Rating of overall performance of Louisville Police Department • Community survey question: Rating of visibility of patrol cars
<p>Recreation Program <i>Promote the physical, mental, and social well-being of residents and visitors through a broad range of high-quality, reasonably priced recreation and leisure activities for people of all ages, interests, and ability levels.</i></p>	
<p>Adult Activities Encourage physical activity, intellectual stimulation, and social well-being by offering adult sports leagues, adult educational programs, and other events.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Adult Programs Cost Recovery rate per class/program • Customer survey results: Customer satisfaction after program completion • Community survey question: Current recreation programs for adults
<p>Aquatics Provide comprehensive aquatics programming that meets the needs of the community through highly accessible, enjoyable, and varied opportunities for learning and recreation. Offer a safe, responsive, and welcoming aquatics environment that promotes the health and well-being of residents and visitors.</p>	<ul style="list-style-type: none"> • Average number of participants per program (excluding open swim) • Average number of open swim and Memory Square Pool attendees • Aquatics Programs Cost Recovery rate
<p>Golf Course Provide an enjoyable yet challenging course for residents and visitors of all skill levels. Attract and retain golfers by offering competitive rates and amenities, continuous maintenance, and professional management. Operate as an Enterprise by generating sufficient revenue to cover operations, debt service, and capital replacement.</p>	<ul style="list-style-type: none"> • Rounds of golf per playable day • Revenue per playable day • Cost recovery rate • Customer survey results: Customer satisfaction on golf course quality at the conclusion of each round
<p>Senior Activities Services Encourage physical activity, intellectual stimulation, and social well-being through programs and services for persons 60 and older.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Senior Activities cost recovery rate per class/program/activity • Community survey question: Rating of current programs and services for seniors • Customer survey results: Customer satisfaction after program completion

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Youth Activities Provide programs which stimulate physical, social, and cognitive skills for the youth of Louisville. Encourage community responsibility through volunteer service that supports the well-being of the community. Provide an individualized learning environment in which each child may grow and learn at their own pace.</p>	<ul style="list-style-type: none"> • Average number of participants per program • Youth Activities cost recovery rate per class/program/activity • Community survey question: Rating of current recreation programs for youth

Transportation Program
A safe, well-maintained, effective, and efficient multi-modal transportation system at a reasonable cost.

<p>Infrastructure Maintenance Conserve natural resources by maintaining streets cost-effectively before they reach a point of rapid failure. To ensure a high quality of life and to provide services equitably, no street will be in poor condition. Streets and intersections are monitored, maintained, and adequately lit to move people, bikes, and cars safely and efficiently. All arterial and collector streets have marked bicycle lanes. All streets have well-maintained sidewalks.</p>	<ul style="list-style-type: none"> • Overall Pavement Condition Index (PCI) • Percentage of street miles with PCI score lower than 35 • Percentage of arterials and collectors with marked bicycle lanes • Percentage of streets with sidewalks • Community survey question: Rating of street maintenance in Louisville
--	--

<p>Planning and Engineering Design infrastructure to adopted standards that meets the transportation needs of the City. Collaborate with partner agencies (RTD, CDOT) to ensure residents have adequate multimodal transportation options. Proactively redesign the street network as regulations and technology change our transportation needs over time.</p>	<ul style="list-style-type: none"> • Percentage change in the number of traffic accidents • Percentage change in the number of pedestrian/bike accidents • Percentage change in the number of active projects (by type)
--	--

<p>Snow and Ice Removal Safe traveling conditions for pedestrians and motorists; cost-effective snow and ice control services; assist Police, Fire, and Emergency Medical Services in fulfilling their duties; safe, passable streets, school bus routes and hard surface trails; safe access to City facilities; and snow cleared within 24 hours from sidewalks that are the City's responsibility.</p>	<ul style="list-style-type: none"> • Number of Category II to IV snow events • Percentage of events resolved within 24/48/72 hours • Community survey question: Rating of snow removal/street sanding
--	--

<p>Streetscapes Safe, visually appealing, appropriately lit and inviting streets, sidewalks, and publicly-owned areas adjacent to streets and sidewalks.</p>	<ul style="list-style-type: none"> • Percentage change in the miles/acres of streetscape maintained • Cost per square foot maintained (by type) • Community survey question: Rating of maintenance of medians and street landscaping • Community survey question: Rating of street lighting, signage, and street markings
---	---

Sub-Program and Objective	Recommended Key Performance Indicators
Utilities Program Ensure safe, reliable, great tasting water; properly treated wastewater; effective stormwater control; successfully managed solid waste; and competitive prices for all services.	
<p>Solid Waste, Recycling, and Composting Enable residents to dispose of their solid waste in a convenient, environmentally responsible, cost-effective manner.</p>	<ul style="list-style-type: none"> • Percentage of waste diverted from the landfill • Tonnage of waste sent to landfill • Survey • Cost per ton sent to landfill • Community survey question: Rating of solid waste/trash services • Community survey question: Rating of fees for water, sewer, trash
<p>Stormwater Maintain our stormwater system to protect Coal Creek specifically and the natural and built environment generally. Proactively reduce pollutants in the water by educating the public, sweeping the streets, maintaining an efficient and effective stormwater system, and leveraging intergovernmental partnerships.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Percentage change in the number of illicit discharges • Percentage of inlets cleaned as scheduled • Percentage of street sweeping completed as scheduled • Community survey question: Rating of storm drainage (flooding management)
<p>Wastewater Protect public health and the environment by collecting and treating wastewater in compliance with Federal, State, and Local laws.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Treatment cost per 1,000 gallons • Percentage of sewer line jetting and cleaning completed as scheduled • Community survey question: Rating of wastewater (sewage system)
<p>Water Consistently provide safe and great tasting water, routinely testing quality for compliance with State and Federal Standards. Operate and maintain facilities efficiently, allowing for reasonable and equitable rates while maintaining optimal quality.</p>	<ul style="list-style-type: none"> • Compliance with State and Federal standards • Annual potable water produced • Cost per Million Gallons per Day (MGD) billed • Percentage of water main flushing completed as scheduled • Percentage of water main valves exercised as scheduled • Percentage of unaccounted potable water • Community survey question: Rating of quality of Louisville water

CITY OF Louisville

Key Performance Indicator (KPI) Refinement Report

June 23, 2020



1

1

Agenda

- Background and Methodology
- Best Practices
- Benchmark Communities
- Recommendations
- Questions

2

2

Background & Methodology

3

3

Project Overview

- Assess the current KPI program in relation to best practices and peer communities
- Review existing KPIs and evaluate metrics needed to show progress on goals and objectives
- Develop operational and outcome measures to inform City Council decision-making

4

4

Background & Methodology

- KPIs were first adopted in 2016 as part of a program-based budget process
 - › 547 metrics across 10 Programs and 38 Sub-Programs
- Conducted interviews with 36 staff members from each City department, as well as the Mayor and City Council
 - › Completed several follow-up interviews with Department Directors
- Examined industry best practices and six peer communities

5

5

Performance Measurement Best Practices

6

6

Best Practices

- Provide program managers and leadership the timely data needed to make decisions
- Allow organizations to make real-time changes
- Provide transparency for policymakers and stakeholders in how City is using resources to serve the public

7

7

Best Practices

- Use a "Family" of measures
 - › Show the full picture of performance using different types of measures
- Balanced Scorecard Approach
 - › Examining the organization from different perspectives
- Strategic Plan Integration
 - › Performance measures can show progress toward achieving strategic goals and objectives
- Budget Integration
 - › Communicate the relationship between financial investment and performance

8

8

Benchmark Communities

9

9

Benchmark Communities

- Six communities chosen for their robust performance management programs and similarities to the City of Louisville:
 - › City of Clayton, Missouri
 - › City of Decatur, Georgia
 - › City of Greer, South Carolina
 - › City of Maplewood, Minnesota
 - › Town of Queen Creek, Arizona
 - › City of Winter Park, Florida

10

10

Benchmark Communities

Community	Number of Metrics Reported	Level at Which Measures are Reported
<i>City of Louisville, Colorado</i>	547	Allocated across 10 programs and 38 sub-programs
City of Clayton, Missouri	51	Allocated across 6 different Functions
City of Decatur, Georgia	44	Allocated across 6 different Departments
City of Greer, South Carolina	76	Allocated across 4 different Objectives
City of Maplewood, Minnesota	63	Allocated across 6 Strategic Priorities and 23 Key Outcome Indicators
Town of Queen Creek, Arizona	81	Allocated across 5 Strategic Priorities and 10 Key Results Areas
City of Winter Park, Florida	80	Allocated across 5 Core Objectives and 24 Strategies
Benchmark Communities Average	66	

11

11

Recommendations

12

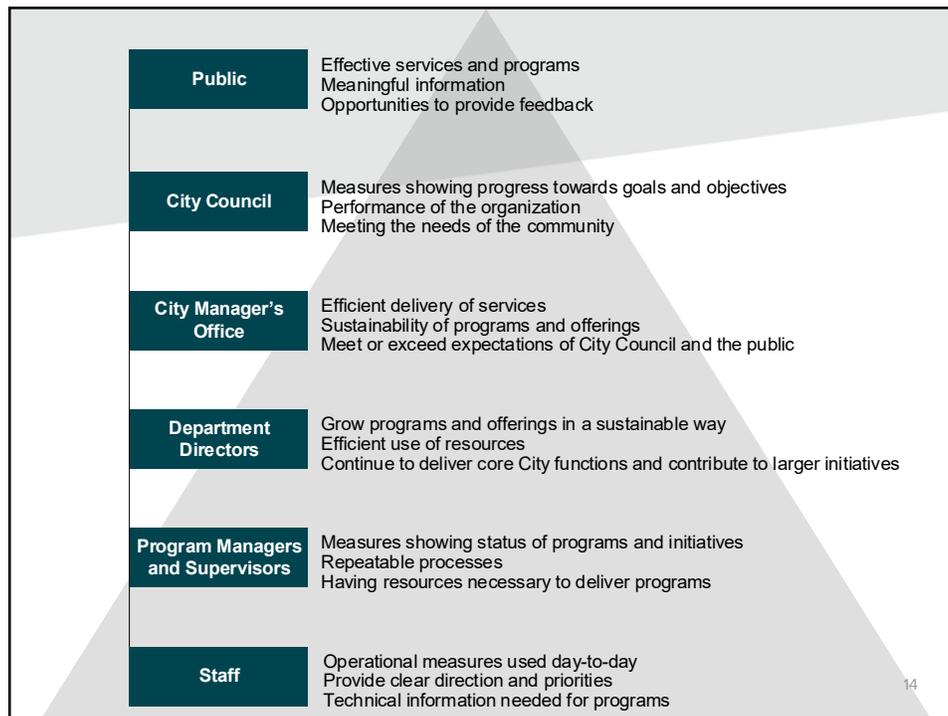
12

Recommendations

- The current quantity of measures prevents focus on the measures that truly indicate performance
 - › Different measures are meaningful to different levels of the organization
 - › There should be a hierarchy or pyramid of measures
- KPIs should focus on progress toward program goals and sub-program objectives
 - › Represent the top of the pyramid

13

13



14

14

Example KPIs

- Measures show overall progress toward the Sub-Program objective and are meaningful to policymakers and the public

Sub-Program and Objective	Recommended Key Performance Indicators
<p>Solid Waste, Recycling, and Composting Enable residents to dispose of their solid waste in a convenient, environmentally responsible, and cost effective manner.</p>	<ul style="list-style-type: none"> • Percent of waste diverted from the landfill • Tonnage of waste sent to landfill • Cost per ton sent to landfill • Community survey question: Rating of solid waste/trash services • Community survey question: Rating of fees for water, sewer, trash

15

15

Example Community Indicators

- Indicators focus on outcomes that align with each Strategic Plan Critical Success Factor

Critical Success Factor	Community Indicators
<p>Vibrant Economic Climate Louisville promotes a thriving business climate that provides job opportunities, facilitates investment, and produces reliable revenue to support City services. Our unique assets enhance the City's competitive advantage to attract new enterprises, and Louisville is a place people and businesses want to call home.</p>	<ul style="list-style-type: none"> • Assessed value of commercial and industrial properties as a percentage of total assessed value of all properties • Number of businesses per 100,000 population • Percent of city population living below the national poverty line • Jobs – housing ratio • Vacancy rate (by sector) • Number of cultural institutions and sporting facilities per 100,000 population

16

16

Implementation

- Training will be conducted with City staff focused on implementation and effective use of data
- Creating a robust performance measurement program requires training, continuous refinement, and regular monitoring or reporting
- As part of implementation, the City should:
 - › Identify KPI "champions" throughout the organization
 - › Establish ongoing training and data collection standards
 - › Regularly report KPI results and trends
 - › Integrate the KPI program into organizational, departmental, and individual performance management
 - › Continuously improve and refine

17

17

Questions

18

18

Thank you!

Julia Novak, Executive Vice President
jnovak@thenovakconsultinggroup.com

Michelle Ferguson, Senior Manager
mferguson@thenovakconsultinggroup.com

Ben Kittelson, Consultant
bkittelson@thenovakconsultinggroup.com

19

19

SUBJECT: DISCUSSION – FISCAL IMPACT MODEL REVIEW

DATE: JUNE 23, 2020

PRESENTED BY: ROBERT ZUCCARO, AICP, PLANNING AND BUILDING SAFETY DIRECTOR

SUMMARY:

Staff is presenting an overview of the City’s fiscal impact model, including the standard assumptions and policies on use of the fiscal model for development review.

BACKGROUND/DISCUSSION:

Comprehensive Plan Policies

The [2013 Comprehensive Plan](#) includes several policies related to fiscal health of the City. Some policies are general in nature and others are intended to guide development in different areas of town. The Plan recognizes that fiscal health depends on a balance of factors, as described in the following statement:

Comprehensive Plan. p. 55, Fiscal Health

A community’s fiscal environment can be described as a “three-legged” stool, balancing nonresidential development, municipal services and amenities and residential development. The first “leg” of the stool nonresidential development - provides the vast majority of revenues to support municipal services. Municipal services and amenities, the second “leg,” attract residents and maintain their quality of life. The third “leg” residential development generates the spending and employees to support nonresidential business. Fiscal sustainability of the community relies on this type of balance, which must continually be maintained, even through changing economic cycles.

Each area of town described in the “Framework” section of the Comprehensive Plan includes development policies related to desired land use mix, building heights, densities, and design standards specific to the desired development outcome for each area. The “Framework” also includes a specific policy on “Fiscal Performance” to guide development and include unique policy guidance for each of the identified areas of town.

Downtown and the Highway 42 Revitalization District

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

McCaslin Boulevard (South of Cherry)

Fiscal Performance: Land use mix demonstrates strong fiscal benefits

McCaslin Boulevard Corridor (North of Cherry Street)

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

Highway 42 and South Boulder Road

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

South Boulder Road and Highway 42 Corridors

Fiscal Performance: Land use mix demonstrates positive fiscal benefits in the urban corridor, and may demonstrate neutral fiscal returns in the suburban corridors

Special Districts (CTC, 96th/Dillon, Phillips 66, Empire Road)

Fiscal Performance: Land use mix demonstrates neutral fiscal benefit and positive economic benefits

Average vs. Marginal Cost Models:

In 2014, the City hired TischlerBise, a consulting firm specializing in fiscal and economic planning, to develop two fiscal models for the City's use in development review and long range planning projects. The development review model is a hybrid between average cost and marginal cost models and the long-range planning model is a marginal cost model. In developing the new models, the City intended to move away from an average cost model and utilize marginal cost factors when practical. The difference in methodology is described in detail in the attached publication *Fiscal Impact Analysis for Planners* (Attachment No. 1).

Average-cost approaches assume a linear relationship and do not consider excess or deficient capacity of facilities or services over time. A per capita relationship—in which the current level of service per person in a community is considered to be the standard for future development—is an example of an average-cost approach (p. 23).

Marginal-cost approaches describe the unique characteristics of a jurisdiction's capital facilities. Although over the long term, average- and marginal-cost techniques will produce similar results, the real value of fiscal analysis is in the two- to 10-year time period, when a community can incur costs. Marginal-cost analysis is most useful in this time frame (p. 24).

A marginal cost approach, for example, will calculate the capacity of a City capital facility such as a police station, and when growth reaches a certain threshold the marginal cost to expand the facility to accommodate that growth is considered in the fiscal analysis.

An average cost model is typically considered easier to use and most often used for smaller development projects. Marginal cost models are typically used for larger scope projects, area planning and for communities nearing build out, such as Louisville.

Both fiscal impact model types help to ensure that new developments produce sustainable funding sources for the City to maintain levels of service and capital facilities to serve the development. The models also help to evaluate differing land use scenarios

and land use changes when proposed with a development or a long-range planning study. Fiscal impact models are only one factor in development review. The City will have additional planning goals that need to be considered outside of the fiscal impact model, such as character and amenities provided by the development, social and environmental impacts, and whether any development scenario is market supported.

Model Inputs and Assumptions:

The formulas, inputs and assumptions used in the model were developed by TischlerBise in consultation with the City. To analyze a specific development, there are several custom variables that the City can consider when running the model. These inputs often come from the Census or other publications such as the Institute of Traffic Engineers Handbook. The City may also obtain some of the inputs from an applicant as part of a development proposal.

In 2018, staff worked with the Finance Committee and City Council to develop a set of basic assumptions to use in the model. As part of this effort, the City developed the attached policy document as a guide (Attachment No. 2). The following table from the policy provides a summary of the data source and the assumptions typically used in the model, but is adjusted if better information is available.

Inputs	Source/Assumption
Persons/Unit	Census/American Community Survey
Unit/Construction Value	Developer/Market Research
Residential Income	Developer/15% of Unit Value
Residential Income Spent on Taxable Items	35% of Income
Residential Spending Captured in City	40%
Vehicle Trips	Institute of Traffic Engineers
Employee Density	Institute of Traffic Engineers
Employee Spending	ICSC/Staff Assumption: Office = \$5,000 & Retail = \$1,200
Retail Tax/Sq. Ft.	<25K = \$100 25K-50K = \$200 > 50K = \$300
Absorptions Rates (Time to Complete the Development)	Developer/Staff Assumption: 7 Year Residential & 20 Year Commercial

SUBJECT: FISCAL IMPACT MODEL REVIEW

DATE: JUNE 23, 2020

PAGE 4 OF 7

Council has also requested that each fiscal analysis include a range of possible outcomes, rather than considering a single model output. To achieve this, staff provides a “high” and “low” scenario. The “high” scenario is run based on the values provided by the applicant or values based on recent developments, and utilizes the other standard assumptions listed above. The “low” scenario recognizes that development may not take place in the timeframes initially anticipated and may not achieve the full economic benefits assumed in the high scenario. The “low” scenario adjusts several of the input values to 80% of the “high” scenario and doubles absorption rates, or uses other adjustments if better information is available.

The following is a screenshot from the model showing typical model input assumptions that staff will enter directly.

RESIDENTIAL DEVELOPMENT COMPONENT			YES	Potential New Development	Type of Absorption	Annual Absorption/ Percent Absorbed
Land Use Profile						
Residential Low Density	2.57 Persons Per Unit	33 Lin. Ft. Lot Width		1,000 Units	Percent Absorbed ▼	10 Units
Market Value:	\$400,000 Per Unit	6.76 Vehicle Trips		50% Adj. Factor		10.00%
Construction Value:	\$300,000 Per Unit	\$132,000 HH Income		35% on Taxables Items		
Residential Medium Density	1.26 Persons Per Unit	8 Lin. Ft. Lot Width		361 Units	Percent Absorbed ▼	50 Units
Market Value:	\$550,000 Per Unit	4.13 Vehicle Trips		50% Adj. Factor		14.00%
Construction Value:	\$275,000 Per Unit	\$121,000 HH Income		35% on Taxables Items		
Residential High Density	1.38 Persons Per Unit	8 Lin. Ft. Lot Width		0 Units	Percent Absorbed ▼	0 Units
Market Value:	\$350,000 Per Unit	4.68 Vehicle Trips		50% Adj. Factor		30.00%
Construction Value:	\$175,000 Per Unit	\$77,000 HH Income		35% on Taxables Items		

NONRESIDENTIAL DEVELOPMENT COMPONENT				Potential New Development	Type of Absorption	Annual Absorption/ Percent Absorbed
Land Use Profile						
Retail <25k	78.33 Vehicle Trips	28% Adj. Factor		136,618 Sq. Ft.	Percent Absorbed ▼	47,000 Sq. Ft.
Market Value:	\$272 Per Sq. Ft.	Construction Value:		\$194 Per Sq. Ft.		10.00%
Employment Density:	3.33 Per 1,000 Sq. Ft.	\$150 Sales Per Sq. Ft.		\$0 Spending per Emp.		
Retail 25-50k	61.46 Vehicle Trips	31% Adj. Factor		0 Sq. Ft.	Percent Absorbed ▼	75,000 Sq. Ft.
Market Value:	\$259 Per Sq. Ft.	Construction Value:		\$185 Per Sq. Ft.		10.00%
Employment Density:	2.86 Per 1,000 Sq. Ft.	\$200 Sales Per Sq. Ft.		\$0 Spending per Emp.		
Hotel	6.33 Vehicle Trips	50% Adj. Factor		206,808 Sq. Ft.	Percent Absorbed ▼	0 Sq. Ft.
Market Value:	\$272 Per Sq. Ft.	Construction Value:		\$194 Per Sq. Ft.		10.00%
Employment Density:	0.62 Per 1,000 Sq. Ft.	\$52 Sales Per Sq. Ft.		\$1,200 Spending per Emp.		
Office <25k	13.00 Vehicle Trips	50% Adj. Factor		0 Sq. Ft.	Percent Absorbed ▼	0 Sq. Ft.
Market Value:	\$272 Per Sq. Ft.	Construction Value:		\$194 Per Sq. Ft.		10.00%
Employment Density:	4.13 Per 1,000 Sq. Ft.	\$0 Sales Per Sq. Ft.		\$5,000 Spending per Emp.		

The model provides an analysis and estimate of city revenues and expenditures resulting from the potential development. Revenues are generated from increased spending in the City, collected through sales, use and property taxes. Some revenues are one time expenditures, such as construction use tax, while others are ongoing, such as sales and property tax. Expenditures relate to demand for city capital improvements, infrastructure maintenance, and providing services to the new development. The model is capable of providing detailed annual revenue and expenditure estimates by city fund and also provides 20-year summaries by fund. The following table is typically what is presented in the staff report on a development case and shows 20-year cumulative revenues and expenditures by fund and net fiscal balance by fund.

Cumulative Combined Funds Results (x\$1,000) - Scenario Comparisons (x\$1,000)

City of Louisville

Fiscal Impact Model

	SCENARIO		
	High	%	Low
Revenue by Fund			
General Fund	\$1,796	56%	\$1,310
Open Spaces & Parks Fund	\$257	8%	\$144
Lottery Fund	\$0	0%	\$0
Historic Preservation Fund	\$92	3%	\$55
Capital Projects Fund	\$1,035	33%	\$736
TOTAL REVENUE	\$3,180	100%	\$2,245
Expenditures by Fund			
General Fund	\$1,491	59%	\$1,491
Open Spaces & Parks Fund	\$85	3%	\$85
Lottery Fund	\$0	0%	\$0
Historic Preservation Fund	\$0	0%	\$0
Capital Projects Fund	\$970	38%	\$970
TOTAL EXPENDITURES	\$2,546	100%	\$2,546
NET FISCAL RESULT BY FUND			
General Fund	\$305		(\$181)
Open Spaces & Parks Fund	\$171		\$59
Lottery Fund	\$0		\$0
Historic Preservation Fund	\$92		\$55
Capital Projects Fund	\$66		(\$234)
NET FISCAL IMPACT	\$634		(\$301)

SUBJECT: FISCAL IMPACT MODEL REVIEW**DATE: JUNE 23, 2020****PAGE 6 OF 7**

In order to clarify which projects to run the model for, the following table was included in the 2018 policy. The intent is to use the fiscal model when needed to understand the impacts of land use changes. This policy is only set as a guide, and the Planning Commission and City Council can use discretion on when to run the fiscal impact model, as the policy may not capture all scenarios and factors that need to be considered.

Application Type	Yes	No*	Model Type
Comprehensive Plan Policy – Land Use/Density Implications	X		Marginal Cost
Zone Change	X		Marginal Cost Model if more than one lot or Direct/Hybrid Cost Model if one lot
General Development Plan - New	X		Marginal Cost Model
General Development Plan Amendment – Land Use/Density Changes	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
General Development Plan Amendment – No Land Use/Density Changes		X	
Mixed Use Development PUD	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Individual Parcel PUD – by right		X	
Special Review Use		X	
Residential Subdivision – by right, more than two lots created	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Residential Subdivision – by right, no more than two lots created		X	
Non-Residential Subdivision – by right		X	
Civic Buildings		X	

*Any project with a waiver request having a material effect on allowed density should be considered for analysis.

FISCAL IMPACT:

N/A

PROGRAM/SUB-PROGRAM IMPACT:

Using the fiscal impact model will help ensure that the Community Design Program and Subprogram Goals and Objectives are met by ensuring development pays for necessary City services and capital to maintain the City’s character and small-town atmosphere.

Community Design Program/Subprogram

Goal: Sustain an inclusive, family-friendly community with a small-town atmosphere; effective and efficient building services; and effective preservation of the City’s historic structures through a voluntary system.

Objective: A well-connected and safe community that is easy for all people to walk, bike, or drive in. Neighborhoods that are rated highly by residents and thriving commercial areas. An open and inclusive long-range planning process with significant public participation.

RECOMMENDATIONS:

Discuss the current policy and provide staff with desired feedback or any additional information requests on the fiscal model policy.

ATTACHMENT(S):

1. Fiscal Impact Analysis for Planners, APA Planning Advisory Service Report No. 561, by L. Carson Bise II
2. 2018 Fiscal Model Policy
3. Presentation

STRATEGIC PLAN IMPACT:

<input checked="" type="checkbox"/>	 Financial Stewardship & Asset Management	<input checked="" type="checkbox"/>	 Reliable Core Services
<input checked="" type="checkbox"/>	 Vibrant Economic Climate	<input checked="" type="checkbox"/>	 Quality Programs & Amenities
<input type="checkbox"/>	 Engaged Community	<input type="checkbox"/>	 Healthy Workforce
<input type="checkbox"/>	 Supportive Technology	<input type="checkbox"/>	 Collaborative Regional Partner

Fiscal Impact Analysis: Methodologies for Planners



L. Carson Bise II



American Planning Association

Planning Advisory Service
Report Number 561

L. Carson Bise II, AICP, has 19 years of fiscal, economic, and planning experience and has conducted fiscal and infrastructure finance evaluations in 25 states. The applications he has developed have been used for evaluating multiple land-use scenarios, specific development projects, annexations, urban service provision, tax-increment financing, and concurrency/adequate public facilities monitoring. Bise is a leading national figure in the calculation of impact fees, having completed more than 130 impact fees for the following categories: parks and recreation, open space, police, fire, schools, water, sewer, roads, municipal power, and general government facilities. In his six years as a planner at the local government level, he coordinated capital improvement plans, conducted market analyses and business development strategies, and developed comprehensive plans.

Bise has written and lectured extensively on fiscal impact analysis and infrastructure financing. He wrote a chapter on fiscal impact analysis in *Planning and Urban Design Standards* (John R. Wiley and Sons, 2006) and the ICMA IQ Report, *Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budgets*. Bise was the principal author of the fiscal impact analysis component for the Atlanta Regional Commission's Smart Growth Toolkit. Bise chaired APA's Paying for Growth Task Force and is on the board of directors of the National Impact Fee Roundtable.

The author would like to thank Paul Tischler—business partner, dear friend, father figure, and a wonderful and wise teacher—for the faith he has shown in him over the years; PAS Reports editor Timothy Mennel, for his patience; his wife, Catherine, for her unabated support during the writing of this report and for her diligence and dedication to their daughter, Bronwyn; and TischlerBise team members past and present, particularly Julie Herlands. He would also like to acknowledge Robert (Bob) Burchell and Arthur (Chris) Nelson, FAICP, for their encouragement over the years.

At the American Planning Association, Research Associate Ann F. Dillemath, AICP, copyedited the manuscript. Editorial assistance was provided by Marya Morris, AICP, and Zoé Hamstead.

Cover design by Lisa Barton

Cover photo: Financial data showing a rising trend.

© iStockphoto.com/Henrik Jonsson

The Planning Advisory Service is a subscription service offered by the Research Department of the American Planning Association. Four reports are produced each year. Subscribers also receive *PAS Memo* and *PAS QuickNotes*, and they have access to the Inquiry Answering Service and other valuable benefits.

Planning Advisory Service Reports are produced in the Research Department of APA.

© September 2010 by the American Planning Association.

First e-book edition published 2015.

APA's publications office is at 205 N. Michigan Ave., Suite 1200, Chicago, IL 60601-5927.

APA headquarters office is at 1030 15th St., NW, Suite 750 West, Washington, DC 20005-1503.

E-mail: pasreports@planning.org

FISCAL IMPACT ANALYSIS: METHODOLOGIES FOR PLANNERS

L. Carson Bise II, AICP

TABLE OF CONTENTS

Prefaceiii

Chapter 1: Introduction1

Chapter 2: Fiscal Impact Analysis as a Decision-Making Tool9

Chapter 3: Strategies for Successful Fiscal Impact Analysis17

Chapter 4: Common Methodologies23

Chapter 5: Elements of the Fiscal Equation29

Chapter 6: Preparing a Fiscal Impact Analysis35

Chapter 7: Fiscal Impact Analysis in Practice47

Chapter 8: Benefits of Fiscal Impact Analysis57

References61

Preface

Most states require local governments to prepare a balanced budget on an annual basis. However, most states do not require that jurisdictions conduct fiscal impact evaluations to help ensure that local officials understand the short- and long-term fiscal effects of land-use and development policies and of new developments that are approved. A fiscal impact analysis (FIA) clarifies the financial effects of such policies and practices by projecting net cash flow to the public sector resulting from residential and nonresidential development. Such an analysis can enable local governments to address a number of short- and long-term planning, budget, and finance issues. The results from the analysis can also be used to inform community discussions about growth-related policy, such as the benefits of compact or infill development within the urban core and methods for incentivizing these types of development.

This PAS Report discusses the benefits of FIA and reviews common methodologies used to collect and analyze information. Five case studies are provided to illustrate how FIA can be used in different situations. The report concludes by recommending an approach for conducting fiscal impact evaluations.

CHAPTER 1

Introduction



Fiscal impact analysis (FIA) has been used by planners in one form or another for more than 75 years (Burchell 1978). Its origins can be traced to back to the 1930s when planners began using FIA in attempts to fully justify investments in public housing and urban renewal programs. The analyses compared revenues that would result from the new land uses to revenues that would have resulted from the old land uses. The scope of fiscal impact analysis broadened over time to consider both the costs and revenues associated with proposed land-use developments. In the 1940s and 1950s FIA was used to evaluate the impact of urban renewal.

In 1974, Real Estate Research Corporation's *The Costs of Sprawl: Detailed Cost Analysis* had a major impact on fiscal impact analysis and land use planning in the United States. This well-known study—prepared by the Real Estate Research Corporation for the Council on Environmental Quality; the Office of Policy Development and Research, U.S. Department of Housing and Urban Development; and the Office of Planning and Management, U.S. Environmental Protection Agency—compared the costs of six hypothetical community types with 10,000 dwelling units each and concluded that high-density development was less costly than lower-density alternatives. Cost was evaluated in terms of four key indicators: (1) energy cost, (2) environmental impact, (3) capital cost, and (4) operating cost. This is generally considered to be the first FIA study that analyzed the fiscal impacts of alternative development patterns.

Due in part to the increased visibility afforded the discipline by the publication of *The Costs of Sprawl*, by the mid-1970s FIA had become widely used by local government planners. Technology played a role as well, making fiscal impacts easier to model and represent visually. During the latter part of the 1970s, FIA began to proceed along two somewhat different paths (Fishkind 2002). Sternlieb, along with Burchell and Listokin, advanced average-cost modeling techniques, which are based on per capita costs and revenues. Westinghouse Corporation, and later Tischler and Marcou, focused on marginal-cost techniques, which rely heavily on detailed site-specific data that model existing infrastructure capacities.

The use of FIA by planning professionals continued to increase in the 1980s and 1990s. Meanwhile, researchers kept using FIA to explore fiscal impacts of varying development patterns. Duncan (1989) and Frank (1989) studied the infrastructure costs of sprawl development compared to compact development in the State of Florida using engineering relationships. In 1998, Burchell et al. published *The Costs of Sprawl—Revisited*, a comprehensive review and synthesis of the literature on sprawl and its impacts, through the Transportation Research Board. The follow-up to that document, *The Costs of Sprawl—2000*, attempts an objective analysis of the costs of two alternative development patterns—controlled and uncontrolled growth (sprawl)—over a 25-year period for the nation as a whole.

The Costs of Sprawl—2000 demonstrates the value of FIA in analyzing the fiscal implications of the choices we make in shaping our communities. The study found that sprawl is the dominant form of growth occurring in major metropolitan areas and that the effects of sprawl growth are mixed. The data suggest there are more costs than benefits of sprawl growth, and many of these costs are measurable. There are fewer quantifiable benefits to sprawl development, which consumes

land and various types of infrastructure to a level that compact development does not. It also provides fewer positive fiscal impacts (more costs and less revenue) than compact development provides.

FIA has further evolved in the last decade as academics continue to explore the fiscal impacts of alternative development patterns and practitioners continue to expand the use of fiscal impact analyses. Until recently, practitioners tended to limit their analyses to the evaluation of specific development proposals and community-wide analyses of land-use scenarios. Over the last 10 years, however, there has been increased use of FIA for evaluating the fiscal viability of special districts and tax increment financing (TIF) district proposals.¹

Another new trend in FIA is the evaluation of both the direct and indirect fiscal impacts of land uses. For example, an evaluation of the fiscal impacts of a semiconductor plant that is locating in a community would typically examine the direct impact on the community of the taxes paid by the plant and the costs associated with the workers. Analysts are now taking FIA one step further by considering “indirect impacts,” such as the number of workers who will reside in a community and who will in turn pay taxes on their housing but also generate costs.

Increasingly, market analysis is being used in tandem with FIA. Prior to completing the fiscal impact analysis, market analysis is used to determine the market feasibility of development proposals or proposed land-use changes, which refines the inputs into the fiscal impact analysis and reduces the need to create multiple land-use or absorption schedules (which show the pace at which infrastructure capacity will be used or filled over time).

Finally, in addition to its traditional application to new growth, fiscal analysis is now being used to evaluate existing development. The fast-growing suburbs of the post-World War II era, along with their original infrastructure—such as schools, roads and bridges, water, and sewer—are beginning to age. Several recent fiscal studies have contained overlays to reflect the costs and revenues associated with existing residents, the costs of replacing deteriorating infrastructure, and the costs and revenue associated with new growth. These studies are used to support the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34), which states that governments must report all capital and infrastructure assets in their financial statements. In most instances, these assets are required to be depreciated, which is something local governments have not traditionally done. Given the deteriorating state of infrastructure in communities across the country, there is clearly a growing need to measure the fiscal impact of replacing existing infrastructure. This use of FIA helps present a truer picture of the future budgetary equation.

FISCAL IMPACT ANALYSIS IN PRACTICE

Fiscal impact analysis is one of many tools that can be used by planners to make informed decisions about changes to land-use regulations or proposed development projects. Rapid growth rates experienced for the better part of this decade, coupled with increasing service costs and resistance to tax increases, are leading communities to more thoroughly explore the relationship between local budgets and land uses. An increasing number of local governments are requiring an FIA as part of development proposal review. Some local governments have even gone so far as to establish policies that new development be “fiscally neutral,” or result in a net zero or net positive impact on the local government’s budget. The majority of planning-related fiscal impact analyses are prepared for specific development proposals.

In addition to evaluating and approving rezoning proposals, subdivision plans, and other development-related applications, planning departments are responsible for preparing long-range comprehensive plans. Most comprehensive plans include components or elements for public facilities and economic development. However, although planners are generally aware of the negative fiscal impacts of sprawling development (such as higher costs of infrastructure provision), most comprehensive plans do not directly address fiscal sustainability. Many plans contain language related to “sustainable development” and “balanced growth” but go no further than recommending that new growth should pay its own way or suggesting that there is a need to attract the appropriate mix and balance of land uses. Without conducting an FIA as part of the planning process, how does a community know what the appropriate mix of land uses is, or whether the proposed land-use plan will generate revenue that is at least equal to required expenditures?

It is clear from the number of sessions devoted to FIA at the American Planning Association’s National Planning Conferences and the growing body of work in academia that planners are familiar with the concept of FIA, yet local policymakers and planners often find it difficult to approach fiscal issues when making land-use decisions. At the most basic level, planners may not understand the state and local contexts that determine revenues and costs and how these are tied to land use and economic development. Planners may also be familiar with fiscal impact analyses but not how these studies can be tailored to achieve planning goals for development.

In 2007, Mary M. Edwards from the University of Wisconsin published an insightful paper in the *Journal of Planning Education Research* that contained a survey of planning professionals and their views on FIA. (These were elaborated on in Edwards and Huddleston 2010.) From the responses, it is clear that planning profes-

sionals think it is important for planners to understand fiscal and financial issues including impact fees, linkage fees, and tax incentives, especially since they must be able to explain these concepts to the general public.² Yet despite the perceived importance of knowledge about FIA, planning professionals also feel that planners have an inadequate understanding of the subject. Edwards reports, “While 94 percent of planning directors may feel that planners should understand the local budgeting process, only 20 percent of them responded that every one of their staff members has an adequate understanding of the process. Most directors report that a quarter or half of their staffs have such knowledge” (Edwards 2007). Edwards’s survey also revealed that while planning students have extensive access to basic instruction on fiscal and financial issues, not all subjects receive extensive treatment.

It is clear that professional planners in leadership positions recognize the importance of understanding principles of FIA and public finance. Many feel, however, that they and members of their staff received inadequate training on the subject. This raises the question of whether planning graduate students should be required to take more courses in economics or finance and whether more elective course work on these topics should be offered.

WHY IS FISCAL IMPACT ANALYSIS AN IMPORTANT TOOL FOR PLANNERS?

Urban planning by definition is a multidisciplinary field. Planners interact frequently with other departments within local government and are usually involved in the preparation of the capital improvements plan (CIP), which outlines a community’s schedule for upcoming capital projects and identifies sources to pay for the projects. Planners typically incorporate environmental and transportation impacts into their analyses, so it is a logical extension of the profession for a planner to have an interest in fiscal issues, such as how a particular development project will affect a local government’s costs and revenues or what the most fiscally efficient development pattern is.

Fiscal impact analysis can be helpful to planners when done comprehensively for a larger area and in concert with other traditional planning-related analysis. With FIA, planners evaluate options and alternatives in an attempt to achieve, at a minimum, fiscal neutrality from new development. FIA thus provides the public with information required to make informed decisions with respect to development and puts planners in better positions to help communities meet their long-term needs.

A fiscal impact analysis can also help planners and their communities better understand their values. When coupled with a traditional visioning or community outreach effort that occurs as part of the development of the comprehensive plan, levels of service or development

values can be evaluated from a fiscal perspective. For example, one of the objectives that may come out of the public participation process is to increase a community's amount of parkland. Planners can use FIA as a way to quantify how increasing this level of service could affect the tax rate. This information can then be used in the public participation process to gauge the willingness of the community to pay for service-level enhancements.

THE FISCALIZATION OF LAND USES AND OTHER CRITICISMS OF FISCAL IMPACT ANALYSIS

FIA is not without its detractors. One criticism of FIA is that it only considers impacts on a jurisdiction's budget while ignoring social or environmental costs and benefits, which may be of significant value to citizens. Projects with a negative net fiscal impact could have large potential nonfinancial benefits and be in the best interest of the community to pursue. Conducting an FIA can lead communities to base land-use decisions entirely upon fiscal considerations at the expense of achieving a healthy and balanced quality of life. This is referred to as fiscal zoning or the fiscalization of land uses. Communities must take care to consider all of their priorities, in addition to fiscal impacts.

Another criticism relates to multiple services providers and overlapping jurisdictions. A development project is usually serviced by more than one government agency, such as an independent school district or water district. Most fiscal impact analyses measure the impacts on a single jurisdiction, typically the one conducting or requiring the analysis. Critics claim this does not present an accurate picture of the impacts. A frequent example cited is a development in a city or county that contains an independent school district. Critics point out that since the largest cost for residential units is generally the cost associated with educating school-age children, focusing on a single jurisdiction without taking such a district into account can mean failing to deal with the largest costs. This is certainly a valid criticism, but it may be infeasible to address, given the myriad of local government structures, which vary from state to state. This is one reason why it is important for an FIA to be very explicit about what it is and is not evaluating.

The most common criticism of FIA has to do with the "inherent limitations" associated with any modeling technique (Holzheimer 1998). In other words, the outputs are only as reliable as the modeling effort's inputs. This is a concern given the high degree of inherent subjectivity in defining the assumptions related to cost and revenue factors and level-of-service standards. Different assumptions and scopes can yield very different results among analyses performed on the same development. Therefore, it is important that planners take care in making assumptions and choosing factors. Further, a written report detailing those assumptions and the FIA process should accompany the final results. (See Chapter 3.)

DEFINING FISCAL IMPACT ANALYSIS

An FIA projects the net cash flow to the public sector (the local government and, in many cases, the school district) resulting from new development, whether residential, commercial, industrial, or other. An FIA is similar to the cash-flow analysis a developer conducts in order to project costs and revenues likely to result from a proposed development over two to ten years. Just as a household benefits by forecasting its long-term cash-flow needs (incorporating anticipated expenses for higher education and other expensive items) and setting money aside to pay for future outlays, local governments are better prepared to manage community needs during changing financial circumstances if they anticipate and plan for future costs and revenues.

Fiscal analysis enables local governments to estimate the difference between the costs of providing services for new development and the taxes, user fees, and other revenues that will be collected as a result of new development. FIA can be used to evaluate the fiscal effect of an individual project (such as a request for rezoning), a change in land-use policy (such as increasing allowable densities for development), or a proposed annexation.

It is important to keep in mind that the fiscal impact of development policies, programs, and activities is only one of the issues that local government officials should consider when evaluating policy or program changes related to land use and development. Land uses that are a financial drain or are less beneficial financially than other alternatives should not necessarily be excluded, since they may be necessary to the community's goals related to affordable housing, economic diversity, quality of life, and so on. Moreover, localities have a responsibility to consider other impacts, too. Court cases have suggested that, in addition to fiscal impacts, local governments need to evaluate environmental impacts, regional needs for housing and employment, and other concerns. Nevertheless, fiscal impact data can be used as part of a larger cost-benefit analysis to craft a land-use plan that incorporates the appropriate mix of land uses necessary to achieve fiscal sustainability or, at a minimum, fiscal neutrality.

TYPES OF FISCAL IMPACT ANALYSES

The majority of fiscal impact analyses conducted throughout the country fall into three categories. The first type of analysis can be classified as a cost-of-land-uses FIA. In this type of analysis, the characteristics of various residential (single family, town house, apartment) and nonresidential (retail, industrial, office) "prototypes" are defined and the annual costs and revenues associated with each prototype are determined. This reveals the generalized impacts that each land use has independently on a local government's budget. Factors used to define these prototypes typically include persons per household, equivalent dwelling units, road frontage, employment per 1,000 square feet, vehicle trips, assessed value, and so on.

Table 1.1 shows an example of inputs used in defining residential land-use prototypes. In this analysis, the inputs are used to derive a variety of cost and revenue factors. For example, persons per household are used to determine many of the basic general government cost factors. Taxable value is used to determine the amount of property-tax revenue that is generated by each land-use type. Vehicle trips and associated trip-adjustment factors are used to determine road-related capital and maintenance costs. (Trip-generation rates are adjusted to avoid double counting each trip at both the origin

of individual land uses, a project analysis evaluates the overall fiscal impacts of all land uses combined. As most project-level analyses are prepared in conjunction with specific development proposals, this type of analysis is incremental in that it addresses the impacts of only one development project at a time, typically in isolation from other potential development.

The third type of FIA, an areawide analysis, can be applied to a neighborhood, several contiguous neighborhoods, or an entire city, county, or region. This type of analysis is cumulative in that it evaluates the fiscal

TABLE 1.1. RESIDENTIAL PROTOTYPES: CITY OF LAWRENCE, KANSAS

Prototype	Persons Per Household ¹	Taxable Value Per Unit ² (\$)	Vehicle Trips Per Unit ³	Trip Adjustment Factor ³ (%)	Minimum Lot Frontage ⁴
SF-Detached - Suburban (RS-2 District)	2.65	31,377	9.57	50	60
SF-Detached - Urban (RS-2 District)	2.65	29,740	9.57	50	50
Duplex (RMD District)	2.08	23,370	5.86	50	30
Apartment (PRD District)	1.83	9,038	6.72	50	10

Source: TischlerBise

(1) Based on 2000 Census data. See Section III of the report for details.

(2) Based on a sample of assessment data from recent construction by city staff.

(3) Based on *ITE Trip Generation*, 7th ed.

(4) Based on information provided by city staff. Apartment information from TischlerBise.

and destination points.) Finally, minimum lot frontage is often used to derive cost factors for snow removal costs, which are typically influenced by the number of road miles.

The second type of FIA, project analysis, is the most common type of fiscal analysis conducted by local governments. In this type of analysis, one or multiple development schedules are evaluated for their fiscal impact over a specified period of time. Whereas a cost-of-land-uses fiscal impact analysis evaluates the impact

impacts of all anticipated development within the analysis area over a defined period, usually between 10 and 20 years. In this type of analysis, it is common to evaluate multiple development scenarios. These scenarios can include variations in absorption schedules, comparison of alternative land-use plans, or comparison of alternative development patterns. Table 1.2 provides an example of annual scenario projections for number of new residential units by type and projected increase in square footage of nonresidential land uses.

TABLE 1.2. PROJECTED RESIDENTIAL AND NONRESIDENTIAL GROWTH SCENARIO, 2006–2015, OKLAHOMA CITY, OKLAHOMA (in dwelling units and square footage)

Residential Land Uses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
Rural Single Family	14	14	14	14	14	10	10	10	10	10	120
Duplex	22	22	22	22	22	15	15	15	15	15	185
Multifamily	225	225	225	225	225	170	170	170	170	170	170
Single Family	214	214	214	214	214	159	159	159	159	159	170
Total Units	475	475	475	475	475	354	354	354	354	354	645
Nonresidential Land Uses											
Retail	54,866	54,886	54,886	54,886	54,886	84,942	84,942	84,942	84,942	84,942	699,140
Industrial	188,179	188,179	188,179	188,179	188,179	139,392	139,392	139,392	139,392	139,392	1,637,855
Office	5,227	5,227	5,227	5,227	5,227	0	0	0	0	0	26,135
Institutional	61,855	61,855	61,855	61,855	61,855	46,174	46,174	46,174	46,174	46,174	540,145
Total Square Footage	310,147	310,147	310,147	310,147	310,147	270,508	270,508	270,508	270,508	270,508	2,903,275

Source: TischlerBise, City of Oklahoma City, and BWR

HOW DOES A FISCAL IMPACT ANALYSIS DIFFER FROM AN ECONOMIC IMPACT ANALYSIS?

It is important to distinguish a fiscal impact analysis from an economic impact analysis. Whereas an FIA projects the cash flow to the public sector, an economic impact analysis focuses on the cash flow to the private sector, measured in income, jobs, output, indirect impacts, and so on.

The terms “economic impact” and “fiscal impact” are often misused, particularly in public meetings of bodies such as town or city councils, county commissions, and planning commissions. In meetings where development proposals are considered, representatives of the building community frequently present studies on behalf of their developments asserting that the projects in question pay for themselves. Many of these studies are economic impact studies and not fiscal impact studies, though sometimes they are a combination of both. It is important for planners and elected or appointed officials to understand the difference, because project impacts on the public sector can be very different than those on the local, regional, or state economy as a whole. Much of the positive cash flow demonstrated in an economic impact analysis does not make its way into local government coffers, and the economic impact analysis does not take into consideration the costs of services that the local government will need to provide for the new development.

For example, consider a mixed use project consisting of 5,000 residential units, 250,000 square feet of retail space, and 150,000 square feet of office space. An economic analysis will typically evaluate the following impacts:

Direct Spending. This represents dollars spent within the local economy by residents of the development as well as expenditures for goods and services by the nonresidential users.

Construction Phase Spending. This represents the wages, salaries, and purchases of construction materials during the construction of the project.

Indirect Effects. These consist of the “respending” of the direct expenditures. Indirect spending arises from the need of one industry to purchase goods or services from other industries to produce its output. For example, when residents purchase food at a local restaurant, the restaurant must purchase goods from producers and manufacturers in order to maintain inventory levels. To the extent that this respending occurs in a community’s economy, the initial dollars spent with the restaurant have secondary effects on the local economy. In this example, indirect impacts occur in various industries including:

- The wholesale industry, as purchases of food and merchandise products are made;
- The transportation industry, as the products are shipped from purchaser to buyer; and

- The manufacturing industry, as products used to service the restaurant are produced.

Induced Effects. These represent all of the additional economic benefits that are driven by the local spending of household income. The increased activity in the construction sector will boost incomes for construction workers. Some of this income will be spent locally on retail trade, health care, entertainment, housing, and so on. As firms in these industries see a boost to their sales, the employees of these firms will also see additional income that can be spent locally.

Income. Income consists of wages and salaries, other labor income, proprietor’s income, rental income, personal dividend income, personal interest income, and transfer payments, less personal contributions for social insurance. The greatest source of personal income comes from salary and wages, which vary by industry.

Jobs. An analysis will estimate the number of direct and secondary full- and part-time jobs that are supported as a result of direct spending activity related to the development project. An example of the number of jobs generated from different land-use types is shown in Table 1.3. Direct and indirect, or “spinoff,” employment is shown.

Although the economic benefits associated with a development proposal are an important consideration for a community, it is crucial to understand how the development proposal will affect a local government’s bottom line.

Many economic impact studies focus on job creation, sales tax revenue generated, and the income resulting from the development project. These studies rarely acknowledge that job increases within a community lead to an increased need for nonresidential services and facilities, which will be paid for by the local government. In addition, the costs to serve places of employment can vary by the type of nonresidential activity. For example, it is typically more expensive to provide government services for retail development than to do so for office or industrial development. This is due to factors such as vehicle trip generation, number of public safety calls, and others. These costs are typically not addressed in an economic impact analysis.

Depending on a local government’s revenue structure (discussed in the next section), the amount of sales tax or income generated from a development project may or may not result in direct revenue to the municipality. In evaluating sales tax and income-generation numbers, it is important to understand how revenues generated by economic activity filter down to the local government’s general fund. For example, unless a local government receives sales tax based on point of sale, the amount of sales tax generated by a development project is irrelevant from a fiscal perspective, as

TABLE 1.3. DIRECT AND SPINOFF EMPLOYMENT PER 1,000 SQUARE FEET, SARASOTA COUNTY, FLORIDA

Nonresidential Category	Prototype	Operating Phase Impacts		
		Direct Employment (per 1,000 square feet)	Direct Employment (per 1,000 square feet)	Total Employment
Agriculture (1)	Taylor Ranch	1.74	0.23	1.97
Electronics Equipment, Except Computers	Teleflex, Inc.	3.38	3.34	6.72
Instruments/Related Products	Environmental Products USA	1.65	0.74	2.39
Construction	McIntyre, Doherty, Elwell	9.52	3.44	12.96
Finance, Insurance, and Real Estate	World Savings & Loan	1.47	1.47	2.94
Insurance Carriers, Agents, Brokers, and Services	FCCI Mutual Insurance.	4.35	2.94	7.29
Eating/Drinking Places	Don Pablo's	6.99	1.58	8.57
Other Retail Trade	Glengarry Shops	1.79	0.56	2.35
Services	One-digit SIC category	3.00	0.77	3.77
Hotel	Hampton Inn	0.67	0.22	0.89
Business Services	Arthur Andersen Technology	5.65	0.83	6.48
Health Services	Doctor's Hospital	4.06	0.92	4.98
Legal, Engineering, Management, and Miscellaneous Services	Wilson Miller Bartow Peek	4.32	1.65	5.97
Educational Services	Out-of-Door Academy	0.38	0.01	0.39

Source: TischlerBise and Sarasota County

(1) Results are per 1,000 acres.

the general fund receives no direct benefit. However, in certain states (e.g., Florida) sales tax revenue goes to the state, with a portion redistributed to local governments under a formula that is heavily weighted toward population. Therefore, some portion of the sales tax that goes to local government from a development project should go to the jurisdiction in which the project is located.

A similar situation exists with the income generated from a development project. Unless a local government receives income tax by place of employment (e.g., Ohio)

or by place of residence (e.g., Maryland), the amount of income generated does not have a direct impact on a jurisdiction's general fund revenue base. Table 1.4 shows an example from Lincoln, Nebraska, of income generated from a development project. In this example, the amount of salaries and wages generated by this project is more of a concern to the State of Nebraska, which collects income tax. Local governments in Nebraska do not receive income tax, so the City of Lincoln does not receive direct revenue from the salaries and wages generated by this project.

TABLE 1.4. INCOME GENERATED FROM PROJECT DEVELOPMENT IN LINCOLN, NEBRASKA

Allocation Construction Costs	Gross Salaries and Wages (\$)	Average Annual Wage or Salary (\$)	Person-Years of Work
<i>Labor for All Project Elements</i>			
Hard Construction	127,928,465	34,910	3,664.50
Soft Construction	79,955,291	64,717	1,235.50
Total Labor Expenditures	207,883,756		4,900.00
<i>Materials</i>			
Hard Construction		143,919,523	
Soft Costs		5,330,353	
Total Material Expenditures	149,249,876		
Overhead and Profit	69,294,585		

Source: Robert Pass & Associates; Leib Advisors, LLC

FISCAL IMPACT ANALYSIS VERSUS BUDGET FORECASTING

How is a fiscal impact analysis different from what a budget or finance department does as part of its long-term financial planning or annual budgeting process? First, local government budgets are fiscally constrained. That is, most local government budget and finance personnel look to past trends in order to project revenue going forward. As a result, operating and capital expenditures are constrained by the amount of revenue available. A fiscal impact analysis does just the opposite. It projects operating and capital costs without consideration of whether revenue is sufficient. The analysis then compares the revenue to costs to determine the fiscal impact.

Operating and capital costs are projected differently in a fiscal impact analysis as compared to a budgeting process or long-term financial planning. In an FIA, operating and capital costs are typically projected based on maintaining the jurisdiction's current levels of service for all facilities and services. This is an important assumption, as most local governments are not maintaining current levels of service across the board. Most local governments walk an annual budget tightrope, requiring a substantial amount of compromise in order to balance the budget. In some cases, levels of service in one program area are reduced in order to increase levels of service in another. Another common way in which local governments compromise is by delaying growth-related capital facility projects or deferring capital maintenance items (e.g., street resurfacing).

Many fiscal analyses use adopted levels of service for projecting operating and capital costs. For example, the analysis may project additional park needs based on a parks master plan that contains an adopted level-of-service goal of 1.5 acres per 1,000 persons. However, the jurisdiction is currently providing a level of service of 0.09 acres per 1,000 persons. Assuming the adopted level

of service in this case will drastically distort the results of the analysis because it unfairly assesses higher costs to new growth than what is currently being provided to existing residents. More important, it ignores the substantial cost for bringing the existing development base up to this adopted, or desired, level of service. Properly assessing operating and capital costs requires considerable care.

CONCLUSION

Fiscal impact analysis has evolved over time, both in the scope of the evaluations and the level of sophistication. Although FIA is not employed as widely as other types of impact analysis (e.g., traffic, environmental, or economic), recent research has shown an increasing number of local governments are utilizing it as part of the analysis of development proposals and analyses related to sustainability. Certainly, it offers new perspectives on how planners throughout the country can address planning issues in a broader and more substantial way, through an integrated approach that encompasses land-supply analysis, economics, and fiscal issues. But while a fiscal impact analysis is an important tool in making planning decisions, fiscal impact analyses should not be used in isolation from other kinds of analysis.

ENDNOTES

1. Tax increment financing is a public financing tool that uses future tax revenue increases (theoretically resulting from development within a district) to fund current development improvements to that district.
2. Impact fees are charged to new development by public entities to cover public-sector infrastructure expenses that are expected to be caused by the new development. Linkage fees are similar to impact fees in that they charge new development for additional expenses expected to be borne by the public sector, but the types of costs they cover are specific to social needs, such as environmental or affordable housing programs.

Fiscal Impact Analysis as a Decision-Making Tool



The overwhelming majority of fiscal impact analyses prepared in this country are prepared for development-related projects. Most are prepared on behalf of a developer. Fiscal impact analysis occurs on a very limited level in local government decision making. When local governments undertake fiscal impact analyses, the focus tends to be on land-use-related issues and the evaluation of specific development projects. Recent research reveals that planners' use of fiscal impact analysis as an analytical and decision-making tool is growing (Edwards and Huddleston 2010). However, depending on the planning issue under consideration, the sophistication of the analysis ranges from quick-and-dirty, back-of-the-envelope analysis to extensive, in-depth, and in many instances expensive case studies (Edwards and Huddleston 2010). At the same time, the expectations that local officials and the general public have for precise fiscal analysis are beginning to grow as well.

Although this PAS Report focuses on using fiscal impact analysis in short- and long-range land-use policy planning, an FIA also lends itself to other planning-related and finance and budget applications, which this chapter will discuss.

PLANNING APPLICATIONS

The six applications below indicate how fiscal analysis can be an effective policy tool for long-range planning.

Land-Use Policies and Development Patterns

Fiscal impact analysis is one of many tools that can be used by planners to make informed decisions about changes in land uses and amendments to land-use regulations and policies. The emergence of smart growth and sustainability has led many communities to ask more questions about the relationship between local budgets and land-use policies. For example, should a jurisdiction encourage higher-density land use or allow an overlay district in a certain subarea? Are there fiscal benefits associated with development that incorporates traditional neighborhood design? Do current land-use policies make sense? If costs, as well as other factors, are to be considered, then a fiscal impact evaluation will help in the decision-making process.

Land-use requirements and regulations, including zoning, can be viewed from many different perspectives. Fiscal impact analyses help local officials translate land-use changes into service costs, revenues, and net cash flow to the public sector. They can explain how the delivery or cost of services and facilities will be affected by new development. Will new roads be needed? How many new parks?

Over the past several decades, there have been numerous studies analyzing the costs of development, especially comparing and contrasting alternative development patterns. The majority of these studies examine whether low-density, auto-dependent growth patterns (sprawl) are more costly than development patterns incorporating smart growth principles. Development reflecting smart growth principles usually has higher densities, contains a mix of land uses, is pedestrian friendly, and strives for an efficient use of land resources by taking advantage of existing infrastructure and service capacity. Studies vary in terms of the definitions of sprawl, methodologies, and findings, but most of them do conclude that costs are generally higher with sprawl-type development than with compact development or smart growth. The Real Estate Research Corporation's *The Costs of Sprawl* (1974), noted in Chapter 1, is widely cited as a seminal piece of work in its isolation of density and location as key variables in the cost of development.

Other studies addressing the cost of different land-use patterns include *The Cost of Sprawl—Revisited* (Burchell et al. 1998) and *The Cost of Alternative Development Patterns: A Review of the Literature* (Frank 1989), among others. For the most part, the literature concludes that sprawl is more

costly than compact development, and that the greatest cost savings for compact development or smart growth occur in the category of capital facility costs. Moderate savings occur for operations and maintenance. There are several other findings from a review of the literature that are worth noting.

- Uncontrolled growth leads to greater costs for land consumption and physical infrastructure and creates fiscal costs that exceed revenue. There are also more personal travel costs due to the auto-dependence of sprawl development (Burchell et al. 2002).
- The cost to provide public infrastructure and services for a specific population in new sprawling development is higher than to service that same population in a smart growth or infill development (Coyne 2003).
- Daily vehicle-miles traveled per capita and average vehicle ownership were found to be higher in sprawl areas.
- Sprawl is associated with greater water and energy usage as compared to compact development.

The studies referenced above were generally prepared by academics and typically evaluated the cost of alternative development patterns by analyzing existing developments. They also focused largely on capital costs. Many local and regional governments have conducted their own fiscal impact studies that evaluate alternative development patterns. One example is the Metropolitan Council, the regional planning agency serving the Minneapolis–St. Paul seven-county metropolitan area. The council adopted a Regional Growth Strategy in 1996 based, at least partially, on the premise that more compact development would save both local governments and the region money.

The council calculated rough estimates of regional and local infrastructure costs for two growth scenarios: current trends and compact development. Cities were to play a major role in implementing this growth strategy, and it was assumed that they would want to grow more compactly because of the cost savings. But the council did not have a complete picture of local costs associated with compact development. Since the impact of development and redevelopment on municipal finances can play an important role in a community's decisions about how it should grow, the Metropolitan Council hired a private consultant to conduct a first-of-its-kind regional fiscal impact study, which represented a major step in clarifying the relationship between growth and its costs.

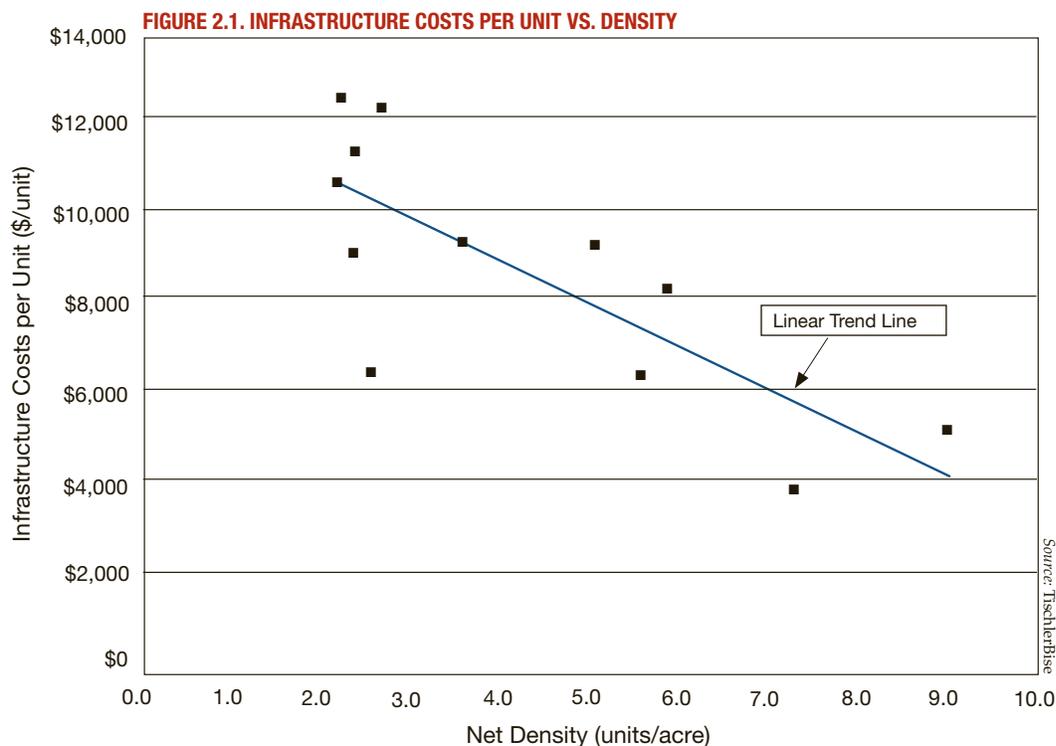
The study was a systematic examination of the local revenues and costs associated with two different development patterns for eight cities in the Twin Cities metropolitan area, measuring local fiscal impacts of these patterns over a 20-year period. The results allowed the council to compare the fiscal impacts associated with new

development in the suburban areas to the fiscal impacts of redevelopment and reinvestment in the central cities and fully developed communities. The cities selected for the study represented four stages of development: central cities (Minneapolis and St. Paul), fully developed suburbs (Richfield and Roseville), mostly developed suburbs (Coon Rapids and Apple Valley), and the suburban edge (Cottage Grove and Shakopee).

The study examined “marginal costs”—that is, expenditures necessary to build new facilities and provide additional services to accommodate growth beyond existing municipal capacities. This approach reflects variations in the timing of development and its geographic location. As noted, the net fiscal benefits were compared under two scenarios. One scenario assumed that growth would occur in spread-out patterns similar to current trends. The other projected a more compact pattern and higher-density development. Both scenarios assumed that each community would achieve affordable housing goals set under the Metropolitan Council’s Livable Communities Program.

A number of common themes across communities emerged from the study:

- Compact development is less costly to provide with municipal infrastructure, such as streets, sewers, and water lines, than spread-out development. Infrastructure costs decline as the number of housing units per acre goes up—ranging between \$10,000 and \$12,000 for 2.5 units per acre to between \$4,000 and \$5,000 for 8 or 9 units per acre. (See Figure 2.1.)
- When the tax capacity (i.e., total amount of tax revenue that can be generated) of housing units is compared to infrastructure costs, compact development generates greater tax capacity for the dollars invested. Tax capacity per housing unit goes down as density goes up, primarily because development moves from single-family to town houses, which are of lesser value. But more such units can be accommodated on the same amount of land, producing greater total tax capacity as the number of units per acre increases. The present value of tax capacity represents the 20-year value of tax revenues generated by the property.
- Affordable housing is not a fiscal drain on the overall community.
- The existing system of paying for infrastructure costs primarily through enterprise funds passes those costs to consumers in the form of higher home prices.
- Tax increment financing (TIF) works best for mature communities because the marginal cost to accommodate growth is small.
- Fewer miles of very congested peak-hour travel and more miles of less congested peak-hour travel are more likely under compact development than under the current-trends scenario.
- Under compact development, transit trips are expected to make up a growing share of total person-trips by 2020.



Data from the Metropolitan Council’s regional fiscal impact study showing that infrastructure costs decrease as housing density increases.

- A compact-development scenario produces much less runoff pollution than the current-trends scenario because it would create only half the area of impervious surfaces.
- The mismatch between housing and job locations are mitigated in a compact mixed use-development scenario by job gains in urban areas and improvements to transit access.

Demographic and Economic Changes

Many elected and appointed local government officials can tell interested parties how they think their community will look in 10 or 20 years in terms of population, housing, and employment. But very few can say what the fiscal impact will be—whether service levels will remain the same or deteriorate under pressure from a growing population. What happens if the current residential base ages in place? Or what if there is substantial housing turnover? Either scenario has implications for a community in terms of the number of schoolchildren generated as well as age demographics, which can influence the demands on social services and on recreation services and facilities. Similarly, understanding alternative development scenarios helps local officials explain the financial pros and cons for the community of maintaining or changing the demographic and economic status quo.

Economic Development Incentives

State and local competition for business expansions and new plants has grown fierce in recent years. Both state and local governments are offering businesses a wider variety of incentives—not only property tax abatements but also wage subsidies, worker training, new roads, and land. Incentive packages are getting larger. For example, Volkswagen was the recipient of a \$577 million state, federal, and local incentive package to locate an assembly plant in Chattanooga, Tennessee. This included \$106 million in state tax credits based on jobs created, as well as nearly \$169 million in infrastructure to ready the site and build roads to it. The plant is expected to generate 2,000 direct jobs and 9,500 indirect, or support, jobs (WKRN 2008). When the state and local contributions totaling \$275 million are weighed against the 11,500 direct and indirect jobs created, the incentive cost per job is \$23,913. State officials estimate that \$55 million in tax revenue will be generated annually because of this investment.

The use of these incentives to attract economic development projects can result in significant financial risk for local governments. A local government can mitigate this risk considerably by incorporating fiscal impact analysis into the decision-making process; the analysis will assess whether the fiscal benefits outweigh the public service and facility costs.

Economic assessments prepared in conjunction with economic development projects are helpful in documenting the increase in local government revenue. But what are the costs that the local government will incur? When a new business locates in a community, it will create an influx of new workers who will generate increased vehicle-trips on the road network and require greater capacity in the water and sewer system. Depending on the number of worker-residents, there will be additional numbers of schoolchildren generated, housing constructed, and park facilities and libraries needed. An economic analysis will not capture these local government service and facilities costs. Therefore, it is critical that local government officials and decision makers understand the fiscal implications as well as the economic implications of these choices.

Rezoning and Specific Development Projects

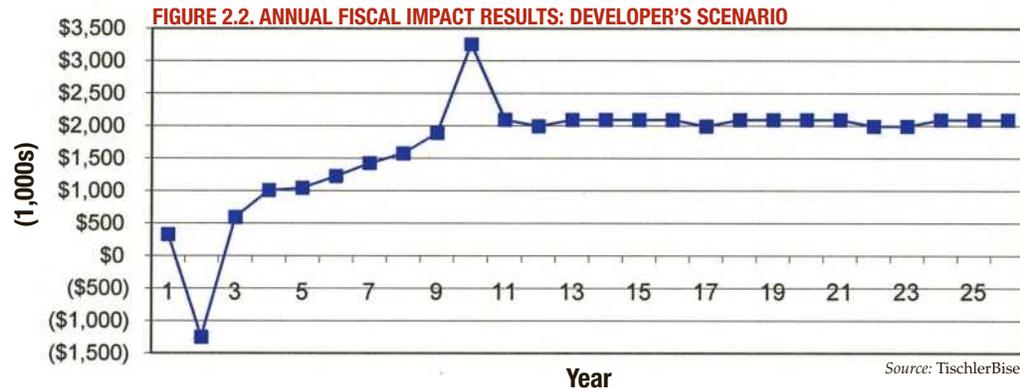
Rezoning that result in large development projects almost always place additional burdens on existing infrastructure such as parks, libraries, and main arterial roads. They also create additional service costs for police, fire protection, and building inspections. This burden is felt particularly on the front end, before the development begins contributing to the community's tax base. Some developments may also require specialized services, such as schools or specialized public-safety services, which increase costs. Fiscal analysis can be helpful in local government-developer negotiations for rezoning and specific development project applications. If a well-designed and supportable fiscal analysis indicates local government investment will be required, the local government is in a strong position to negotiate with the applicant to help pay for front-end infrastructure costs.

The first step in evaluating a rezoning request or an application for a large development is to determine the development's type and magnitude. Will the project result in mixed use development or will it be entirely residential? Once the development type has been determined, the number of development units (i.e., the number of housing units by type, the amount of nonresidential development by type, etc.) must be defined. The type of development will, for the most part, determine both the revenue generated and the required services and facilities. Gathering as much information as possible about the expected development will help generate more accurate projections. Defining the amount and type of development that will occur as a result of a rezoning can be difficult, as oftentimes the applicant is simply requesting a change in allowed use and will market the parcel to a prospective developer at a value that reflects its highest use. In these cases, the local government should perform a series of sensitivity analyses reflecting the types of uses that could be allowed.

Once the development potential has been defined, the project's expenditure and revenue characteristics can be determined. A fiscal impact study must account for all service costs over the analysis period. Costs should include any expense the government would incur if the development moved forward. Similarly, any costs that would have occurred without the development should not be included.

ing a specific development proposal. Understanding the fiscal impacts associated with various absorption schedules or scenarios can enable a community to negotiate a development agreement in which risks are shared between the local government and the developer.

The results from this type of evaluation for a residential development project in Draper, Utah, are shown in Figures 2.2 and 2.3. Figure 2.2 depicts the annual fiscal



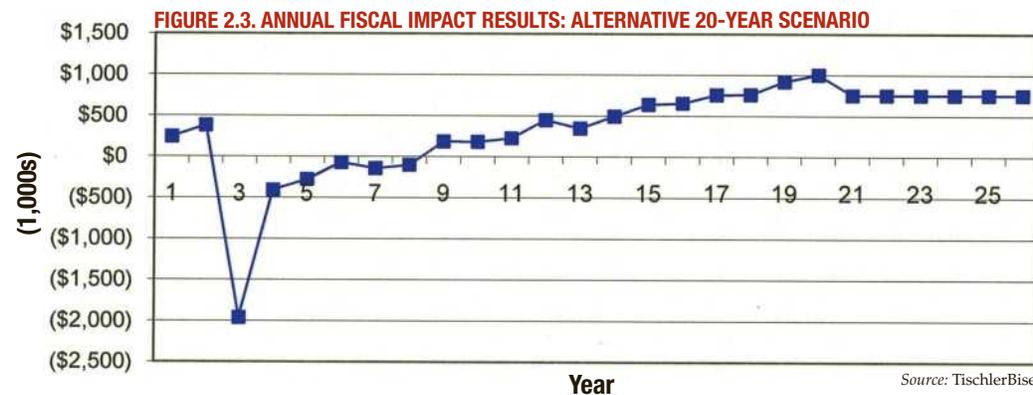
Annual fiscal impact results over 25 years under the developer's proposed 10-year absorption schedule, with net surpluses shown after year 3.

Timing of Impacts

The importance of evaluating development projects over an extended period of time on a year-by-year basis cannot be stressed enough. Too many fiscal analyses just indicate the cumulative impacts over the development period, which is typically 20 to 25 years. One important consideration for fiscal impact analysis is the timing of any additional cost or revenue stream. While a project may ultimately have a positive net effect on government finances, initially it may not. Therefore, it is important that local government decision makers understand the

impact results of a 25-year analysis under the absorption schedule proposed by the developer, which was projected for 10 years. As the figure illustrates, the project will generate a net deficit of approximately \$1.35 million in the second year as a result of the need to construct a fire station and police substation. After this initial capital outlay, net surpluses are generated throughout the remaining years.

Figure 2.3 shows the fiscal results for one of several alternative absorption schedules that were evaluated as part of this analysis. Draper's exposure and risk is



Annual fiscal impact results for alternative 20-year absorption schedule, with net surpluses delayed until year 15.

cash flow between years one and 25. Often, developments take years to realize benefits, while costs are incurred early in the project.

It is also in the local government's best interest to evaluate multiple scenarios. Local governments often accept a developer's absorption schedule at face value without considering alternatives. It is important for a community to understand the risks involved in approv-

quite different if development does not occur as the developer anticipates. The scenario shown in Figure 2.3 assumes a 20-year absorption schedule, and only 75 percent of housing units anticipated by the developer are constructed. Under these assumptions, the project does not begin to generate net surpluses to the city until year 15. As a result, existing city taxpayers will be forced to subsidize this development project.

Annexation

Annexation is the process by which a city extends its municipal services, regulations, voting privileges, and taxing authority to new territory. Cities annex territory for a variety of reasons. A city's ability to annex land from its surrounding county can be a primary determinant of its fiscal health, and in an age of urban sprawl proponents argue that municipal annexation remains the nation's most successful urban policy (Rusk 2006). Cities also annex to provide urbanizing areas with municipal services and to exercise regulatory authority necessary to protect public health, safety, and welfare. In addition, annexation is a means of ensuring that residents and businesses outside a city's corporate limits who benefit from access to the city's facilities and services (sometimes known as "shadow citizens") share the tax burden associated with constructing and maintaining those facilities and services. Annexation may also be used as a technique to manage growth.

Annexation is attractive to many communities that perceive annexations as cash cows because they focus on the additional revenues that will accrue as a result of annexation and do not consider the costs. Because of the fiscal implications of annexation, the costs of providing municipal services must be estimated and weighed against the anticipated revenues of areas proposed for annexation. Fiscal impact analysis can ascertain the cost of bringing the levels of service and facilities in the area proposed for annexation up to par with the annexing jurisdiction's existing level of service. The services and facilities analyzed typically include police protection, fire protection, water service, sewage collection and disposal, garbage disposal, street maintenance, street lighting, storm sewers, animal control, planning, building inspection, public health protection, recreation, and library services.

Annexation Plan-for-Services Analyses. A fiscal impact analysis is critical in states (e.g., North Carolina) that require a formal annexation service plan documenting how existing city levels of service will be extended to the newly annexed area or areas. These plans are typically required to identify the affected municipal services and establish a schedule for extending them to the new areas. People in an annexed area are to be treated in all respects like other residents of the city as soon as is reasonably possible.

The first step is to consider the cost of extending all services provided in the city. For example, local streets originally constructed to a rural standard may need upgrading to meet a city's standards. If the FIA indicates that the full package of services exceeds the city's financial capability, relative priorities should be established, and each service should be extended when it is financially possible. Services that will require no extensive capital outlay, such as street maintenance and cleaning, may be provided within a short time.

Police protection is typically required immediately. Fire protection is also typically provided as soon as possible, either by the city or by arrangement with the appropriate fire-protection district. In many cases, providing the desired level of fire protection may require an additional fire station, fire truck, or other equipment and personnel.

The FIA prepared as part of a service plan will indicate the cash flow (annual surplus or deficit) to the city as a result of annexation. A deficit cash flow will inform the city of the extent to which it must subsidize the introduction of a new service or improvement of an existing service in the annexed area. Such subsidization might be desirable or necessary if there is a serious service deficiency requiring immediate capital expenditures. Or it may be politically desirable for the city to assume the cost of immediate improvements in certain services if it is confident that over a longer period of time the costs will prove to be a good investment.

The analysis can be expanded to look beyond the issues associated with bringing the existing level of service in annexed areas up to community standards. It can also examine the fiscal impact of anticipated development in the annexed area as part of the process of evaluating land-use policies. Factors that influence the fiscal sustainability of annexations are numerous and include the development potential on vacant land, the timing or staging of development potential, the assessed value of the existing development base, local and state revenue structures, local levels of service, and the remaining capacity of existing capital facilities.

It is important to note that preparing a fiscal impact analysis does not mean that only areas with positive cash flow should be annexed. There will be instances when health, safety, environmental, or other factors will override fiscal considerations; an area may need to be annexed despite a negative fiscal impact. Other areas may have negative short-term financial impacts but may be in the long-range best financial interest of the city. For example, many cities choose to annex areas in order to control the type of development that occurs. This is especially true in situations where there is a large disparity between the densities and development standards required by a city and those required in the unincorporated county.

Infrastructure Planning

New development typically requires infrastructure investment. Roads, schools, water and sewer, public safety (fire and police), general government buildings, parks, and library systems are typical infrastructure categories. A good fiscal analysis forecasts infrastructure needs to meet anticipated changes in a community. Any change in land use, population, or employment will have an impact on a number of capital-intensive services required in a community. The fiscal impact process requires that

local officials specify the types of infrastructure provided by the community (e.g., local roads) and the level of service to be provided (e.g., provision of sidewalks and street lighting on all local roads). The analysis will indicate how much new infrastructure will be required to serve an anticipated level of new development. Costs can then be projected for land, equipment, improvements, and operating expenses for maintaining the new infrastructure.

It is important to consider whether existing infrastructure seems to have unused capacity in order to determine whether it should be considered as part of the analysis. If there is significant unused capacity, it will be available to serve new development, reducing the need for new infrastructure.

On the revenue side, the analysis should take into consideration special revenues from user fees or other sources such as impact fees, improvements to existing infrastructure to be made by the developer, and general fund revenues to be allocated to infrastructure development, as appropriate. A similar type of analysis can be done for utilities, since land-use changes can result in changes in the demand for water and sewer service, which may in turn affect the costs and revenues of various distribution and treatment approaches. Changes in water and sewer service have an effect on one-time revenue sources, such as connection or hook-up charges, as well as on operating revenues.

Leveraging of Public Dollars

Fiscal evaluations can help local officials who are considering how to promote economic growth decide how to invest limited funds so as to maximize the return. For example, different economic development strategies can be evaluated for their impacts on land use. Land use in turn affects services, costs, and revenues. A fiscal impact analysis helps identify the economic development strategy that makes the most fiscal sense.

FINANCE APPLICATIONS

An FIA focuses on change, generally over a 10- to 20-year period. Although the accuracy of the projections diminishes over time, the analysis can help to raise budget and finance policy issues and suggest alternative approaches for addressing them. An FIA differs from traditional local government revenue and budget forecasting in that local government budgets are primarily revenue driven. That is, the budgeted operating and capital expenditures are “fiscally constrained” by the amount of revenue forecasted. In other words, a local government “backs in” to the budgeted appropriation, tailoring spending to income.

In contrast, an FIA projects the demand for services and facilities (usually based on current levels of service) without regard for expected revenue. If projected revenue does not cover projected expendi-

tures, a deficit will be incurred. Further, an FIA links cost and revenue changes to specific land uses. For example, if community decision makers implement a shift in land-use policy that results in the immediate need for public-safety capital facilities and associated operating expenses, a simple cost projection based on a 5 percent annual increase could potentially understate future public-safety costs. Ways in which fiscal impact analysis can be applied to finance issues are discussed below.

Capital Improvement Programming (CIP)

Individual departments seldom incorporate market forces or land-use plans into their CIP requests. Fiscal analysis enables a local government to forecast the need for additional capital facilities and the most appropriate locations for those facilities based on projected increases in population or employment in various subareas of the community. An FIA also clarifies the timing of infrastructure improvements. By incorporating future demographic and economic projections, the fiscal analysis will indicate demand for capital facilities in both the near and longer terms.

The demand generator used in the analysis, such as population, employment, housing type, or nonresidential square footage, will drive the measurement of the need for the capital facility. Say, for instance, that population is the demand generator. Given a projected population increase and the existing capacity of a neighborhood park, the analysis can show when a new park will be needed. It can also indicate the available and excess capacity, the construction schedule, the additional acreage needed, and the associated operating expenses. Changing any variable generates a new capital improvement forecast. Repeating this process for all the facilities in a jurisdiction will give local officials a good grasp of current and future demand for capital facilities.

Capital improvement programming can also be used to calculate the cost and timing for replacing existing infrastructure. An inventory of existing capital facilities and their related future costs can be obtained by estimating the remaining useful life of each facility and its replacement or rehabilitation cost.

Revenue Forecasting

For purposes of this discussion, a revenue forecast defines the projected change in revenues (assuming existing rates) due to land-use or demographic changes in the community. The revenue forecast is one of the results of a fiscal evaluation. Specific revenues such as building permit fees, connection fees, and other user fees are considered, as are intergovernmental transfers and general revenue sources such as sales taxes and ad valorem taxes (based on the value of real estate or personal property).

Projected revenues are compared under different development scenarios. For example, the projected number of new detached houses and apartments multiplied by their estimated market value and by their assessment rate will result in a projection of the additional property tax revenues from each development scenario. Non-residential square footage will also generate additional ad valorem taxes, so a similar analysis can be done for that type of projected development. One-time fees can also be important, particularly utility connection fees, and the revenues from them will vary by alternative and by year.

Fiscal Planning

Budget planning usually focuses on only the next budget year, while fiscal planning focuses on change and uses a 10- to 20-year time frame. Fiscal planning provides local officials a long-term perspective from which to consider plans and policies that affect costs and revenues associated with each department and activity of the local government. If the fiscal analysis shows deficits in the early years of the projection period, local officials may decide to postpone an aspect of the project (such as an expansion) or to modify an assumption (such as a land-use policy that is projected to be too costly). On the other hand, if the fiscal analysis shows a deficit situation in the later years of the analysis, local officials may increase their annual investment in reserves to escrow funds that will be needed in the future, plan to expand revenue sources, or begin thinking about how changes in land-use policies could mitigate the anticipated fiscal problems.

Budget Projections

Since fiscal impact analysis can project the demand for departments' services, it is helpful in preparing and evaluating departmental budget requests. For example, an increase in the intensity of land use will generate a higher level of demand for police services. The fiscal analysis offers a budget projection for the police department that is based on land-use changes assuming specified service levels over the forecast period. Local officials can look at this information for alternative levels of service and project how those alternatives will affect the budget.

Level-of-Service Changes

A growing number of local governments are finding it useful to focus policy discussions on the basic levels of public services that citizens want and are willing to pay for. The increasing use of impact fees and user fees also makes it important to clearly identify a level-of-service standard so that appropriate fees can be set and collected.

One of the main variables used in fiscal impact analysis is the level of service. What are the costs of providing different levels of service? Existing levels of service provide a baseline for reviewing community level-of-service goals in light of fiscal constraints. Once the current level of service is determined for each activity, the costs of new development can be evaluated easily. If a recreation department's level of service is determined to be one neighborhood park per 10,000 persons, then projected population growth can be tied to estimated costs for purchasing parkland and equipment, for making necessary improvements to facilities, and for annual operating expenses.

Some communities may want levels of service that are nearly impossible to achieve because they are not able to raise enough revenue to provide them. Other communities may be experiencing pressure for higher levels of service from newer residents who have relocated from larger communities. Another important consideration is the impact of "shadow citizens" on city or town levels of service. As noted above, shadow citizens are those located in the unincorporated county on the fringes of a city or town who use the municipality as their primary service provider. In other words, they take advantage of municipal parks, community centers, recreation programs, and so on, but they pay no direct taxes to fund these services. A fiscal impact analysis can provide useful background information for addressing all of the above issues.

Fiscal impact analysis also can help determine realistic levels for assessments against new development. By law, new development cannot be charged for facilities that will provide a higher level of service than already exists in a community; it may be charged only its proportionate share of the cost at existing service levels. Furthermore, user fees and other impact fees collected from new development cannot be used to upgrade facilities that serve existing development. Fiscal impact analysis can quantify existing levels of service and project the costs of servicing new development at those levels. Furthermore, it can be used to estimate the fiscal consequences of level-of-service improvement (e.g., adding teachers and lowering class size, widening a thoroughfare).

Cost and Revenue Changes

Computer models for fiscal impact analyses make it easy for an FIA analyst to explore and test various cost and revenue assumptions. Such work will inform policy and purchasing decisions. Police cars, utility plant additions, salaries, and fringe benefits are just some of the items that can be reviewed for their financial impact at various rates. In a similar fashion, revenue rates and sources can be modified using various assumptions.

Strategies for Successful Fiscal Impact Analysis



Planners have many opportunities in the planning process and in their day-to-day work to influence the fiscal sustainability of their community. Whether reviewing an application for a large, mixed use development project or preparing a future land-use plan, planners should consider how proposed changes in land use and new development projects affect their communities' bottom lines.

There are many possible approaches to conducting a fiscal impact analysis and planning a revenue strategy based on its findings. This chapter highlights six important steps in the process. These strategies should also be communicated to those who may not be as familiar with the planning and community development process.

ASSIGN OVERALL AUTHORITY TO ONE DEPARTMENT

It is important to give one department overall responsibility for the fiscal impact analysis. The department in charge will need support from the manager or chief administrative officer in order to gain sufficient cooperation from other departments.

The three departments most likely to manage a fiscal impact analysis are planning, finance or budget, and the chief administrator's office. The planning department is the most common choice because most planning departments develop and regularly update forecasts of land uses, and planners are familiar with many of the data sources used in completing fiscal impact analyses.

But even though planning departments are usually well-versed in long-range planning, they are not always staffed with people who are familiar with fiscal impact analysis. Because of the analytical skills of its staff, the finance or budget department can be of particular use in the process as well, as it deals with revenues and expenses and usually forecasts the local government's short- to mid-term revenue.

It is also helpful to have the county or city manager's office involved. This office is able to coordinate a team of staff from different departments, or it may have its own staff of analysts. A number of the findings generated by fiscal impact studies are of value to the jurisdiction's management staff. Also, this office may be more efficient in gaining cooperation from other departments in gathering the necessary information about service levels, costs, and revenues.

Regardless of which department has the responsibility for pulling together the analysis, it will need the cooperation of the entire local government. Other departments will need to provide information about current levels of service and current cost and revenue factors, usually in one or two interviews taking a few hours in total. Most departments will cooperate readily, provided that the purpose of the project is explained to them in advance and they are encouraged to help develop appropriate estimators.

Elected officials and appointed committees may be involved in reviewing and acting on the results of the fiscal impact analysis. It is important that these officials be involved in early discussions of the process the local government will follow, the alternative scenarios that will be evaluated, and preliminary results of the analysis (after staff review). The staff can draft a proposed set of recommendations to submit to elected officials to ensure that the fiscal impact analysis is used effectively in policy making.

IDENTIFY TASKS TO BE COMPLETED

Identifying Alternative Scenarios

Before much work can be conducted, the analyst must identify the alternatives to be evaluated. In most cases, the alternative land uses or development scenarios will be defined by changes in population, employment, housing units, or nonresidential square footage. When reviewing a specific development proposal, a scenario may be provided by the developer. However, as discussed in Chapter 2, the planning staff should insist on reviewing alternative scenarios. A written description of the assumptions regarding the scenarios will explain the basis for the alternatives. Different levels of service can also be chosen as alternatives. Again, the assumptions underlying the choice of service levels should be explained.

Defining the Level of Service

The second task is usually defining the level of service. In most cases, this is the explicit or implicit level of service currently being provided. An example from a fiscal impact analysis prepared for Anchorage, Alaska, as part of its comprehensive plan indicates that the municipality owns 841.75 acres of community parkland. Table 3.1 indicates the existing level of service in terms of community parkland per capita for the entire municipality, as well as for each of the five fiscal analysis zones within it. When community parkland is assessed relative to the estimated population of the region as a whole (216,500), we see that there are 0.0038 acres of community parkland per capita.

TABLE 3.1. COMMUNITY PARK EXISTING LEVELS OF SERVICE BY FISCAL ANALYSIS ZONE, ANCHORAGE, ALASKA

FAZ	Acres	Population	Level of Service
Northwest	73.94	47,800	0.0015 acres per capita
Northeast	304.81	72,200	0.0042 acres per capita
Central	70.00	38,600	0.0018 acres per capita
Southwest	373.00	36,000	0.0104 acres per capita
Southeast	20.00	21,900	0.0009 acres per capita
Total	841.75	216,500	0.0038 acres per capita

Source: TischlerBise

Collecting Local Cost and Revenue Factors

Once the level of service is defined, the cost and revenue factors pertaining to that particular service must be collected. For a community park, some of the capital costs are the cost of the land, the cost of the equipment, and the cost of other improvements. Operating expenses include maintenance, staff costs, and personnel for specific programs. The revenues include any specific revenues accruing to parks and recreation from this park, such as program revenues and user fees.

Preparing Clear Explanations of the Factors

Plans for the collection and use of the quantitative information should be written in narrative form so that they can be easily understood by the average person. Such a narrative will help staff understand the input data and will help elected officials explain the study to constituents.

Table 3.2 shows an example from the assumptions prepared as part of a fiscal impact analysis for the City of Champaign, Illinois. The table shows operating expenses and staffing for the Traffic and Lighting Division of the city's Public Works Department. We see that nonsalary operating expenses are projected to increase with additional vehicle trips. In terms of staffing, three of the four position types are considered variable, or growth-related, expenditures. These positions are also projected to increase with the number of vehicle trips on the city's transportation network. As trips are added to the transportation network, the Traffic and Lighting Division will be required to provide a greater capacity for maintenance of the city's signs, signals, and lighting.

Calculating Results

Applying the relevant numbers for each scenario against the level of service and cost and revenue factors for each department will yield the fiscal results. The more simplistic approaches use average costs; the marginal-cost approach may be more helpful if there are existing capital facility capacities not being used or differences in services among geographic subareas. (See Chapter 4.) For example, using a marginal-cost approach, one can calculate the annual available and excess capacity for capital facilities and reflect construction lag time as well as associated operating expenses regardless of capacity that occur once the facility opens.

Table 3.3 shows the assumptions for community parks developed as part of a fiscal impact analysis for Oklahoma City, Oklahoma. The table indicates the inventory of community parks (538), the citywide level of service (0.0010 acres per capita), the number of demand units served per community park (19,788 persons), the prototype community park size (20 acres), and the cost to purchase the 20-acre

TABLE 3.2. BASE YEAR BUDGET AND FACTOR PROJECTION METHODOLOGY INPUTS, CHAMPAIGN, ILLINOIS

<i>Traffic and Lighting</i>						
Expenditure Name	FY 2009 Budget Amount (\$)	Project Using Which Demand Base?	Demand Unit Multiplier	Projection Methodology	Annual Change (+/-)	Level-of-Service Standard \$ per Demand Unit
Personnel Services	729,339	See Below	1.00	Constant	0	0.00
Commodities	129,930	Vehicle Trips	1.00	Constant	0	0.48
Contractual Services	464,040	Vehicle Trips	1.00	Constant	0	1.73
Capital Outlays	88,000	Vehicle Trips	1.00	Constant	0	0.33
Transfers	0	Fixed	1.00	Constant	0	0.00
TOTAL	1,411,309					

Traffic and Lighting Staffing Input

Category	FY 2009 FTE Positions	Project Using Which Demand Base?	Current Demand Units Served per Position	% Estimate of Available Capacity	Remaining Capacity/Initial Hire Threshold	Estimated Service Capacity per Position
Traffic and Lighting Supervisor	1.0	Fixed	0	0	0	0
Electrical Technician	4.0	Citywide Vehicle Trips	67,173	50	33,587	60,456
Traffic and Lighting Technician	1.0	Citywide Vehicle Trips	268,693	20	53,739	161,216
Sign Maintenance Worker II	3.0	Citywide Vehicle Trips	89,564	50	44,782	78,369
	9.0					

Salaries

Category	Average Salary/ Staff Member (\$)	Benefits Multiplier (%)	(%) Inflation Adjustment (+/- Base)	Level-of-Service Standard Total Cost (\$)
Traffic and Lighting Supervisor	73,725	37	0	101,003
Electrical Technician	49,889	37	0	68,348
Traffic and Lighting Technician	53,955	37	0	73,919
Sign Maintenance Worker II	46,717	37	0	64,002

Source: TischlerBise

TABLE 3.3. CAPITAL FACILITIES STANDARDS AND COSTS, OKLAHOMA CITY, OKLAHOMA

Facility Type	Base Year Inventory		Need for Facility Based on:	Citywide Level of Service by Capital Facility
Community Parks	Acres	538	Park Population	0.0010
			Capacity Factors:	
			Prototype Facility Size (acres): 20	
Useful Facility Life:	New Facility (years)	30	Estimate of Available Facility Capacity: 30%	
			Remaining Capacity/ Initial Construction	
Lag/Lead Time:	Funding to Delivery (years):	0	Threshold (acres): 6	
Funding Method:				
	Percent Bonded:	100		

park (\$1,000,000). Table 3.3 also contains assumptions related to capacity and funding. For example, it is estimated that there is available capacity of 30 percent in the park system. Based on this assumption, the city can absorb demand for an additional 6 acres before a new 20-acre park is constructed. It is further assumed that the new park will have a useful life of 30 years and will be funded entirely by debt financing.

Analyzing Findings

After comparing the results for each alternative, the local government might want to do some sensitivity analysis (“what if”) to evaluate the implications of changes in different factors.

Presenting Report Findings

A clear, concise fiscal impact report should be prepared, explaining the annual as well as the cumulative fiscal results and the reasons for them. An executive summary is desirable. A presentation of the major findings to department personnel and elected officials gives them an opportunity to ask questions about the process. If people do not understand the process and product, they are less likely to use the results to guide policy.

Evaluating Revenue Strategies

Assuming that the fiscal impact analysis reveals fiscal problems, the next step is to identify strategies to raise revenues. The fiscal analysis should also evaluate how anticipated changes will affect revenue sources, and it will be the analyst’s job to investigate new revenue sources.

Revenue sources include user fees specific to a public service (such as park fees), general revenues, and one-time fees. Major general revenues include property tax, sales tax, and intergovernmental revenues. To calculate increases in property tax revenues due to new development, the assessment value is applied to new development or to any expected increase in market value, not to the average assessed value, which includes the value of older development. Homestead and other exemptions

should also be considered. Sales tax revenues, which can be an important general revenue source, are usually projected using population or retail space or both. Intergovernmental transfers frequently are dependent on changes in the jurisdiction vis-à-vis other jurisdictions in the state.

One-time fees can be important in a jurisdiction’s revenue picture. For example, transfer taxes and various permit fees can be among the largest revenue sources. Various types of exactions, such as impact fees, may also be significant in some jurisdictions. (Impact fees do not reflect operating expenses.) Of course, these one-time fees are most susceptible to changes in the rate of development.

SUBSEQUENT STRATEGIES

Determine Whether to Hire a Consultant

Whether a consultant is involved in the FIA process, and in what capacity, is dependent on the local government’s time frame, cost, personnel resources, approach, alternatives, and politics. A consultant can provide expertise that does not exist on staff and can offer impartiality. Fiscal impact evaluations can be controversial since they deal with land-use policies and tax rates. If a local staff conducts the analysis, it may be accused of bias in favor of or in opposition to vested interests. Communities that use marginal-cost approaches may find the help of an outside expert valuable, because these approaches work best when those obtaining the data on local service levels and local costs and revenues have a good knowledge of fiscal impact analysis procedures. It may be more cost-effective and less time-consuming to use a consultant in such cases. Communities using average-cost approaches with per capita multipliers may find it easy to have local staff handle the work; the analysis is straightforward and comes from compiled sources.

Use Local Data

Every community is unique. The general location of the jurisdiction and its boundaries, road network, demo-

Current Demand Units Served per Facility	Current Cost/Unit (\$000s)	(%) Inflation Adjustment (+/-)
19,788	1,000	0

Fiscal analysis focuses on the demands for services and the resulting costs and revenue needs beyond a one-year period, showing decision makers whether there are sufficient revenues from existing sources.

Source: TischlerBise

graphic characteristics, housing types, nonresidential activity, fiscal situation, and political philosophy are some of the factors that will influence levels of service and cost and revenue factors. Since these conditions can vary widely from community to community, it is crucial that analysts use local data, rather than regional or national averages.

Make All Assumptions Explicit

Once the analysis is completed, a concise report should be prepared that includes an executive summary. The report should make all assumptions explicit and describe how alternatives were chosen. The levels of service and cost and revenue factors should be clearly defined. The report should discuss the major findings of the capital improvements forecast, the major impacts on the departments, the annual and cumulative fiscal impacts, and the major conclusions in terms of land use or other policies.

Develop a Revenue Strategy

With the completion of the fiscal impact analysis, the user will know the surplus or deficit forecasted for each alternative on an annual basis. The next step is to develop a revenue strategy that recommends ways to fund alternative growth scenarios. The revenue

strategy is then presented to the decision makers for further refinement.

Fiscal analysis allows decision makers to address a variety of issues; revenue strategy is perhaps the most critical among them. Fiscal analysis focuses on the demands for services and the resulting costs and revenue needs beyond a one-year period, showing decision makers whether there are sufficient revenues from existing sources. If there are not, the process encourages decision makers to evaluate likely sources of additional revenue.

The fiscal analysis should itemize the projected revenue stream by source and rate. Then, depending on political feasibility, decision makers can consider changing various rates. Perhaps more important, they can calculate the impacts of changes in rates, as well as the impact of the addition of new revenue sources. Impact fees, system development fees, user fees, and many other revenue categories are candidates for inclusion in a revenue strategy.

The completion of the revenue strategy addressing the local government's longer-term fiscal needs will also complete the fiscal analysis effort. Then the local government has the opportunity to conduct further sensitivity evaluations reflecting changes in any of a number of variables.

Common Methodologies



This section briefly summarizes the basic methodologies used for fiscal impact analysis.¹ There are two basic approaches to fiscal evaluations: using average costs and using marginal costs. Average-cost approaches are simpler and more popular; costs and revenues are calculated based on the average cost per unit of service multiplied by the demand for that unit. Average-cost approaches assume a linear relationship and do not consider excess or deficient capacity of facilities or services over time. A per capita relationship—in which the current level of service per person in a community is considered to be the standard for future development—is an example of an average-cost approach.

Marginal-cost approaches describe the unique characteristics of a jurisdiction's capital facilities. Although over the long term, average- and marginal-cost techniques will produce similar results, the real value of fiscal analysis is in the two- to 10-year time period, when a community can incur costs. Marginal-cost analysis is most useful in this time frame. However, average-cost techniques are generally simpler to use, so for relatively small development projects with modest impacts or impacts that are realized over a long time frame, they may be preferred. Some local governments may find it worthwhile to use more than one analysis approach and compare the assumptions and results as part of the decision-making process.

In communities where facilities in geographic subareas already are insufficient, the average-cost approach will underestimate costs, whereas the marginal-cost approach will more accurately project the short- to mid-term costs of infrastructure required to accommodate new development. For instance, if an analysis examined school services costs, the average-cost approach would divide the expenditure for school services by the number of students to arrive at a figure—say, \$2,135 per student. This analysis would not consider any spatial distribution of new homes and the resulting schoolchildren. The marginal-cost approach would consider both current school enrollment as well as capacity in each school. If new residential growth were to occur in areas where schools have excess capacity, the only real cost increase will be for operating expenses, whereas if new residential development was to locate in an area with no school capacity, costs would be incurred for additional school capacity (capital costs) as well as the associated operating expenses.

Whichever methodology is used, the analysis results may be affected by inflation. This effect can be calculated after the development alternative is selected, when “what if” evaluations are being conducted. Using inflated dollars at an earlier point will make it difficult for political leaders and others to compare land-use alternatives objectively. This assumption is in accord with budget data and avoids the difficulty of speculating on inflation rates and their effects on cost and revenue categories. It also avoids the problem of interpreting results expressed in inflated dollars over an extended period of time.

In general, including inflation is complicated and unpredictable. This is particularly the case given that some costs, such as salaries, increase at different rates than other operating and capital costs, such as contractual and building construction costs. And these costs, in turn, almost always increase in relation to the appreciation of real estate, thus affecting the revenue side of the equation. Using constant dollars avoids these issues.

Burchell and Listokin (1978, 1980) identify FIA methods that may be appropriate for different contexts,

depending on the type of community, the type of proposed development, and the existing service capacity in the municipality and school district. In general, in moderate-sized cities (10,000 to 50,000 people) with relatively stable growth patterns and some excess service capacity, average service-cost methods do a reasonably good job of projecting expenditures associated with “typical” business development and housing projects. In larger, older cities, or in rapidly growing suburban or urban communities that have either significantly excessive or deficient capacity, marginal service-cost methods are more suitable. Marginal-cost methods are also appropriate where the project would be considered atypical with respect to employment or household patterns within the community.

AVERAGE-COST TECHNIQUES

Three of the five commonly used fiscal impact analysis techniques are considered average-cost approaches.

Per Capita Multiplier

The most popular average-cost technique is the per capita multiplier. This is obtained by dividing the budget for a particular service, such as parks, by the current population, yielding an estimated service cost per person. Under the per capita approach, it is assumed that each service level will be maintained into the future and that each additional resident will generate the same level of costs to the jurisdiction as each existing resident currently generates. For example, if a parks department budget was \$450,000 and the population of the town 45,000, then the average cost would be \$10 per capita. This figure is then used to estimate additional costs resulting from new development.

The per capita approach is easy to use but has the disadvantage of being less accurate than other approaches if local officials want to look beyond broad levels of overall costs and expenditures.

Service Standard

A second average-cost approach is the service-standard method. This approach estimates the future costs of development based on average staffing and capital facility service levels for municipalities of similar size and geographic location, based on data collected by the U.S. Census of Governments. This methodology assumes that service levels for both personnel and capital facilities are, to a large extent, a function of a jurisdiction's total population, and that communities of a similar size will therefore have similar service levels (especially within a geographic region).

Using the service-standard approach, a local government estimates increased police personnel costs, for example, by taking the service ratio—say, 2.5 police officers per 1,000 persons—and multiplying it by the average operating cost per police officer for the jurisdic-

tion (obtained from local data). Then, using average capital-to-operating ratio data obtained from the U.S. Census of Governments (www.census.gov/govs), capital costs are estimated.

Since a fundamental assumption is that personnel growth within one community is equivalent to average personnel growth in the region, to the extent that a community is dissimilar to the “average” in terms of services, costs, or demographics, the figures will be in error.

Proportional Valuation

The third average-cost approach is the proportional-valuation method; it is typically used for evaluating the fiscal impacts of nonresidential growth. This methodology assumes that assessed property values are directly related to public services costs. For example, if the nonresidential real property value is \$40 million, and the total local real property value is \$160 million, the proportion is 0.25, and therefore nonresidential development is assumed to account for 25 percent of the jurisdiction’s current costs.

Also included as part of the analysis are refinement coefficients, which are intended to prevent significant differences in the value of residential and nonresidential property from skewing cost relationships. The total number of nonresidential land parcels is divided by the total number of land parcels, and this figure is used to select the area of a refinement coefficient curve.

The proportional-valuation approach is used infrequently because most analyses include a residential component and because selecting a refinement coefficient for each public service is a fairly subjective process. Additionally, this method assumes that costs increase with land-use intensity. This may or may not be the case. It also groups industrial and commercial development into one land-use category, thus assuming that the impacts of these land-use types are similar, when in fact retail development is significantly more costly than office and industrial uses.

MARGINAL-COST TECHNIQUES

There are two commonly used fiscal impact analysis methodologies that employ marginal-costing techniques.

Local Case Study

The most thorough of the FIA approaches uses locally based case information. This case-study approach assumes that every community is unique and that the assumptions regarding levels of service and cost and revenue factors should reflect what is occurring in that community. Department representatives are interviewed about existing public facilities and service capacities. Local information on excess park capacity, for example, makes it possible to predict when new facilities, programs, or personnel may be needed. This

method also allows communities to include more detail if desired (e.g., to make estimates based on the costs of specific facilities and programs, such as pools, softball leagues, or tennis courts).

In cases where it is difficult to get marginal-cost information, communities might use average-cost data in place of local data. For example, estimating the increase over time in general government operating expenses may be done most efficiently using the per capita average-cost approach. On the other hand, local interviews could indicate that the cost for a particular local government service is fixed (not affected by growth) or semivariable by population (affected by growth but not fully variable on a per capita basis).

The primary drawbacks of the case-study approach are that it can require a significant amount of time and that the accuracy of the data depends on the accuracy of each department’s estimates. There may be a vested interest on the part of a particular department to “feather its nest,” so to speak. In other words, it is not uncommon for departments to estimate that the marginal impacts from new development will require more resources than are currently provided, resulting in new development being charged for a higher level of service than is currently provided. For example, the parks and recreation department may point to an adopted level-of-service standard of one acre per 1,000 residents as the factor to use in developing marginal park-construction factors, whereas in reality the community is actually providing 0.75 acres per 1,000 residents. As noted above, charging new development for higher levels of service than are currently provided is prohibited by law.

Comparable City

The second marginal-cost approach looks at costs in comparable jurisdictions. This approach typically relies on data from the U.S. Census of Governments. The data are organized by population and by growth rate. This approach assumes that growth will affect expenditure patterns and includes that effect in projecting future costs. For example, according to the U.S. Census of Governments, a city with a population of 110,000 will have an operating expenditure multiplier of 1.95 for public safety services. After a projected increase in population of up to 5 percent over the next 10 years, the expenditure multiplier will be 2.25, a difference of 15 percent ($2.25/1.95$). This 15 percent figure is applied against current annual expenditures per person to obtain projected future annual expenditures per person. If the current per capita cost for public safety services is \$6.00, then the new cost would be \$6.90 per capita, multiplied by the number of new residents projected. A similar approach would be used for capital costs.

Without the rate of population increase or decrease reflected in the tables, this methodology would be very

similar to the service-standard approach. This methodology is used infrequently.

COST OF COMMUNITY SERVICES APPROACH

A third type of approach worth considering is the Cost of Community Services (COCS) methodology that was developed by the American Farmland Trust, a not-for-profit organization created in 1980 for the purpose of protecting agricultural resources in the United States. COCS studies are becoming increasingly popular in small, rural communities, particularly due to their relatively straightforward methodology and low costs.

A typical COCS study divides land use into three categories: residential, commercial/industrial, and farmland/open space. Analyzing fiscal impact entails calculating a COCS ratio for each land-use category. The ratio compares how many dollars' worth of local government services are demanded for each dollar collected. A ratio greater than 1.0 suggests that for every dollar of revenue collected from a given category of land, more than one dollar is spent. COCS studies usually conclude that residential developments contribute less in revenue than they require in government expenditures, while agricultural, commercial, industrial, and open space lands contribute more in revenue than they require in expenditures.

The general process of calculating COCS ratios involves analyzing the finances and land uses of a specific community, including financial information from the local school district. Revenues and expenditures are broken down among the different types of land uses that provide or require them. Obtaining this information usually requires detailed interviews with the community's manager, clerk, or treasurer or budget officer, other local municipal officials, if needed, and the business manager or superintendent of the local school district. Detailed budget information is collected and related to land uses for both the municipality and the school district. The municipal and school district information is combined, and the final ratios are calculated.

In some ways, conducting a COCS study can involve more art than science. Careful consideration of land uses is required, and difficult decisions must be made about budget items that do not fit easily into land-use categories. In cases in which revenues and expenditures cannot be allocated, a system of default allocations is used to avoid biasing the results (Kelsey 1998).

Since much of the focus of COCS studies has been on demonstrating that open space and agricultural land are a fiscal benefit, these studies are an important means of putting a monetary value on what is increasingly recognized as a public good. Proponents also claim that COCS studies assist planners in determining the costs associated with residential development projects. Conservationists have used COCS studies to help change

attitudes and challenge assumptions that encouraging new development is fiscally superior to the conservation of open space.

Critics of COCS studies discount them because they sometimes rely on many underlying assumptions based on interviewees' estimates rather than empirical evidence. For example, the allocation of police costs may be based on a "guesstimate" of calls for service, rather than an analysis of call data. Proponents of marginal-cost analysis correctly point out that a COCS does not involve an analysis of true levels of service and the cost of maintaining those levels.

The greatest criticism of this approach is that the studies often fail to acknowledge workers or residents living on farms. The costs for both workers and residents are apportioned to other land uses, primarily residential. These studies rarely apportion to agricultural uses the costs of services such as street maintenance, garbage collection, or protective services, but the overall costs associated with these uses are often low or nonexistent. Furthermore, many studies do not differentiate between different types of open space. Farmland and vacant lots may have different associated costs and revenues, for example.

SELECTING A METHODOLOGY

So which methodology should an analyst select when preparing a fiscal impact analysis? No one methodology is appropriate for every analysis or situation. The answer depends on several factors including type and scale of evaluation, data availability, size of the jurisdiction, budget, time frame, and audience.

Burchell and Listokin (1980) argue that average-cost analyses and marginal analyses yield similar results when comparing cumulative impacts. However, there are likely to be substantial differences between the two methods during the intermediary years of the analysis. The fiscal results tend to follow a linear relationship when the average-cost approach is used, whereas under a marginal-cost approach they tend to fluctuate due to the amount of available capacity at a given point in time. For example, deficits are likely to be incurred when a new capital facility is needed and the associated operating costs are absorbed, as shown when the full cost of the facility and staffing, rather than a per capita cost, is being reflected in the analysis. As a result, the marginal-cost approach enables a community to better understand if, when, and for how long budget deficits are likely to be incurred. It can be a more accurate indicator of return on investment, particularly when evaluating development proposals or economic development projects.

As an example, parks and recreation departments have traditionally constructed three types of parks: neighborhood, community, and regional. However, a recent trend has been to focus on special-purpose

parks such as athletic complexes, dog parks, aquatic parks, and skateboard or sports-bike parks. These parks can have very different maintenance needs than traditional neighborhood and community parks. Under an average-cost approach, maintenance costs would be calculated on a per capita or per acre basis. Therefore, if park maintenance costs are \$1,000,000 and the current park inventory is 145 acres, the cost per acre is \$6,896.55. However, this figure is based on an inventory that is not likely to be constructed in the future, so park maintenance costs may be over- or understated, depending on the community. In contrast, the marginal-cost approach has the ability to factor in different operating costs depending on the park type. In other words, the marginal-cost approach recognizes that the cost to serve future development may be different than the current cost per unit today.

To get the most accurate information from a fiscal impact analysis, most local governments find the case-study approach preferable. This method seems to have more credibility with local government finance and management staff. Finance and budget staffs tend to view per capita analysis as a planning exercise and the marginal analysis as a more serious attempt at replicating fiscal reality. For example, if a community would like a fiscal analysis to reflect a higher level of service or to factor costs for a new division within an individual department, the marginal-cost approach would be more useful than an average-cost approach. Marginal-cost analysis can also model demographic and socioeconomic data from a geographic perspective by showing how factors such as housing unit size, persons per household, pupil-generation rates, and vehicle-miles of travel vary by city subarea. The analysis could then use this information to generate geographic cost differentials. This type of analysis calls for a level of precision that would be very difficult to model under an average-cost approach. Finally, marginal cost is the method of choice for communities that are approaching build out or do not anticipate a large development increase and as a result are able to absorb some increment of development with very little additional cost. Since average-costs analyses almost always treat every cost and revenue as being growth-related, they have a tendency to overstate costs in situations where growth is minimal.

Where data are not readily available or where it is difficult to define the service level relationship on a true marginal basis, it may be necessary to use the per capita average-cost approach to supplement departmental estimates. If and when more detailed information becomes available, the local government may wish to refine the analysis using marginal-cost data. Burchell et al. (1994) maintain that the average-cost approach is most appropriate when the service system capacity bears a close

relationship to service demand and the average cost of providing services to current users is a reasonable approximation of the cost to provide services to future users.² Average-cost analyses are also appropriate for smaller-scale development projects.

Because the average-cost method uses existing data and does not involve substantial interviews with government staff, it has the advantages of being relatively inexpensive and possible to complete in a fairly short amount of time. Proponents contend the average-cost method has significant face validity since applying per capita multipliers to current conditions perfectly replicates the local budget and is therefore highly precise (Edwards and Huddleston 2010). However, because the average-cost approach derives its costs and revenue factors from a balanced budget, most average-cost analyses conclude that new development pays its way.

TABLE 4.1. PER CAPITA MULTIPLIER VS. CASE STUDY METHODOLOGY

Local Context[#]	Per Capita Multiplier Method Likely Appropriate	Case-Study Marginal Method Likely Appropriate
Time is constrained	X	
Staff expertise and resources are limited	X	
Budget is limited	X	
Data collection capacity is limited	X	
Most services are at capacity	X	
Significant unused or overused capacity		X
Development will create unique service demands		X
New population likely to resemble the current population	X	
Services likely to continue at current level	X	
Development requires significant new infrastructure		X
Type of Analysis*		
City/countywide analysis		X
Area/corridor plans		X
Large mixed use/planned unit developments		X
Small/medium-scale developments	X	
Cost-of-land-uses studies	X	
Infill/redevelopment		X
Analysis of alternative development patterns		X
Annexation		X
Level of service changes		X

[#]Edwards and Huddleston 2010

*Bise 2010

A significant objection to average-cost analysis arises from the fact that although cost figures for new development can be calculated using the average-cost approach, revenue streams resulting from major growth are calculated marginally. For example, rather than comparing the average cost of providing residential services to a per capita property-tax figure, the average cost is compared with the assessed value of a new housing unit or the marginal revenue for that development. In most cases, the assessed value of new construction is higher than the average assessed value of existing development. As a result, the analysis has taken a budget in equilibrium and distorted the revenue side of the equation.

Finally, in most cases this approach is not a true “apples to apples” comparison. Although comparisons to regional and national standards can be helpful, each community has its own unique levels of services, geo-

graphic service boundaries, cost and revenue factors, and available capacity of existing capital facilities.

Edwards and Huddleston (2010) include a table that describes the list of conditions that should be considered in choosing between the per capita multiplier method (the most popular average-cost approach) and the case-study method (the most popular marginal-cost method). Table 4.1 adapts that table to reflect an alternative consideration that relates to the type of analysis that will be conducted.

ENDNOTES

1. For a more detailed explanation, see *The Fiscal Guidebook: A Practitioner's Guide* (Washington, D.C.: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 1980), which was used in the preparation of this chapter.
2. They do note that in jurisdictions with considerable slack or deficient service capacity, average per unit costs would misstate the true costs of growth.

Elements of the Fiscal Equation



The general perception among planners, citizens, and elected officials is that in most cases residential development does not pay for itself, while nonresidential development does. It is true that, generally speaking, some types of land uses are better than others from a fiscal perspective. One useful tool in assessing this is the fiscal hierarchy of land uses matrix developed by Robert Burchell and David Listokin of Rutgers University (Figure 5.1), wherein research office parks are at the top and mobile homes are at the bottom. Somewhere in the middle are open-space lands and undeveloped and unimproved property.

FIGURE 5.1. HIERARCHY OF LAND USES AND FISCAL IMPACTS

Land Use	Municipality	School District
Research Office Parks	(+)	(+)
Office Parks	(+)	(+)
Industrial Development	(+)	(+)
High-Rise/Garden Apartments (studio/one bedroom)	(+)	(+)
Age-Restricted Housing	(+)	(+)
Garden Condominiums (1–2 bedrooms)	(+)	(+)
Open Space	(+)	(+)
Breakeven Point for Municipality		
Retail Facilities	(–)	(+)
Town Houses (2–3 bedrooms)	(–)	(+)
Expensive Single-Family Homes (3–4 bedrooms)	(–)	(+)
Breakeven Point for School District		
Town Houses (3–4 bedrooms)	(–)	(–)
Inexpensive Single-Family Homes (3–4 bedrooms)	(–)	(–)
Garden Apartments (3+ bedrooms)	(–)	(–)
Mobile Homes (unrestricted as to occupancy locally)	(–)	(–)

+ = Positive fiscal impact – = Negative fiscal impact

Source: Burchell and Listokin 1978

The hierarchy takes both costs and revenues into account. It shows which land uses, after all costs and revenues are considered, are more fiscally beneficial than others. The fiscal hierarchy also takes into account the two primary local governmental units: the municipal government and the school district. In the case of nonresidential uses, costs occur primarily in one governmental unit (municipal), while revenues are generated for two governmental units (municipal and school). This cost/revenue hierarchy indicates that most nonresidential land uses (with the exception of retail) tend to generate positive fiscal results to local governments. Most standard residential land uses tend to generate deficits.

It is important to recognize that Burchell and Listokin's fiscal hierarchy is a generalized guide to how individual land uses will perform from a fiscal perspective. But there are numerous factors that influence the fiscal results for different land uses, including the local revenue structure, levels of service, and the capacity of existing infrastructure, as well as the demographic and market characteristics of new growth.

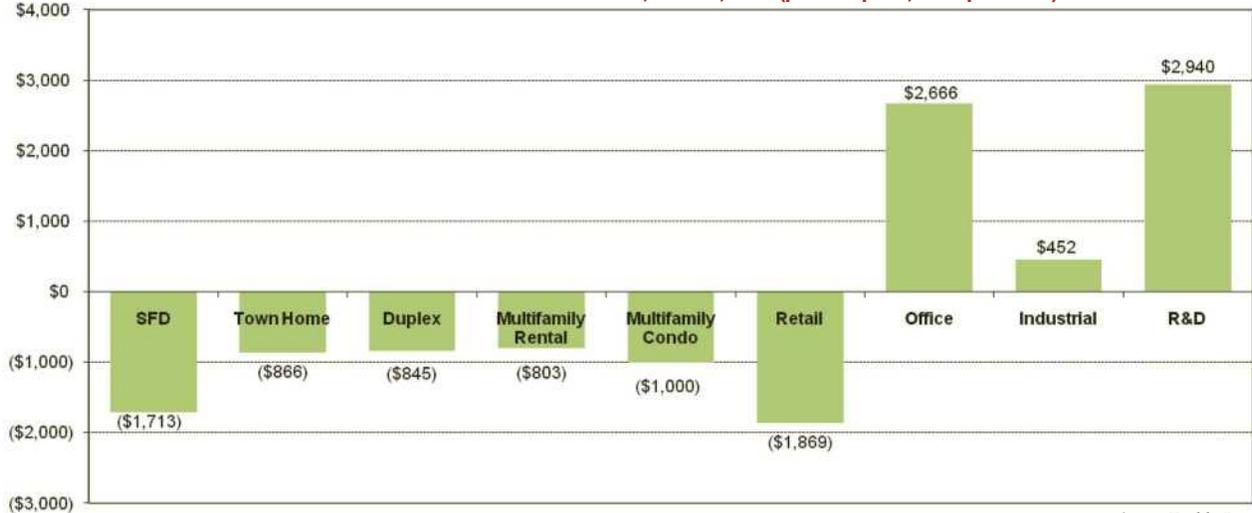
LOCAL REVENUE STRUCTURE

The key determinant in the calculation of the net fiscal results generated by new development is the local government revenue structure. Local revenue structures vary from state to state, with different rules for different classes of governments (e.g., municipalities, counties, villages, and school districts). Every community has at least one predominant revenue source. Common revenue sources include property taxes, local sales taxes, and local income taxes.

An important component of the revenue structure is the distribution and collection formula for each source.

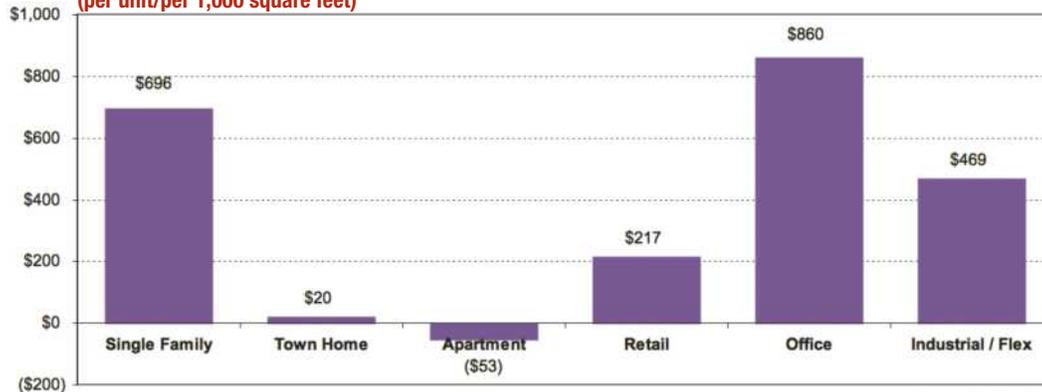
With the exception of property tax, the distribution and collection formula for most revenues varies greatly from state to state. In states where sales tax is collected, some communities are allowed to exact a local option sales tax, which is usually collected on a situs (point of sale) basis. Other states collect sales tax revenue and redistribute it to communities using a population-based formula. The same situation exists with income tax, where some states allow a local income, or "piggyback," tax on top of the state income tax. In certain states, such as Maryland, this tax is collected by place of residence. In others, including Ohio, it is collected by place of employment.

Figures 5.2 and 5.3 illustrate the distinct contrast in the annual net fiscal results from residential land uses in Dublin, Ohio, and Washington County, Maryland. All four residential prototypes generate annual net deficits in Dublin, whereas two of the three residential prototypes generate net revenues in Washington County. In Dublin, the local income tax is the largest source of revenue generated by new growth. As mentioned, this revenue is collected at place of employment rather than place of residence. For example, if a person resides in Dublin but works in Columbus, Columbus receives the local income tax. Office and industrial uses are favored by this collection formula because of the higher salaries associated with those types of employment. Retail space generates net deficits as a result of the lower salaries associated with retail and service employment, as well as the higher public safety costs associated with this use. In contrast, Maryland's income tax, as noted above, is collected by place of residence, so that residential uses provide some level of revenue for local governments.

FIGURE 5.2. ANNUAL NET FISCAL RESULTS FROM LAND USES, DUBLIN, OHIO (per unit/per 1,000 square feet)

Source: TischlerBise

(Above) In Dublin, Ohio, local income tax is collected at place of employment.
 (Below) In Washington County, Maryland, local income tax is collected at place of residence.

FIGURE 5.3. ANNUAL NET FISCAL RESULTS FROM LAND USES, WASHINGTON COUNTY, MARYLAND (per unit/per 1,000 square feet)

Source: TischlerBise

LEVELS OF SERVICE

Another important factor in the fiscal equation are the existing levels of service (LOS) being provided in a community. The existing LOS is defined as the facility or service standard that has been planned for or that is currently funded through the budget—in other words, the most desirable LOS as expressed in planning policy or the LOS that is currently provided given what the jurisdiction can afford.

Typically an LOS “A” designation describes the highest quality of service and “F” describes the lowest quality. On a roadway, for example, an LOS “A” could denote free-flowing traffic at the roadway’s design speed with waits no longer than one cycle at a signalized intersection. An LOS of “C” may denote stop-and-go traffic traveling slower than the roadway design speed

and with delays of more than one cycle at an intersection. Other examples of level-of-service standards are pupil-teacher ratios (e.g., one teacher per 24 students), acres of parkland per capita, and so on.

This is an important factor since levels of service generally vary from community to community. Assuming a new development or annexed area would receive the same levels of service as the already-served areas of a community, the costs of providing those services at those levels are factored into the equation. Because the targeted levels of service vary from one community to the next, the cost of continuing to provide the same LOS will be higher in some areas, while other communities may be committing to greater future financial investment to ensure that the LOS does not deteriorate.

CAPACITY OF EXISTING INFRASTRUCTURE

In assessing the capacity of existing infrastructure, the challenges for municipal officials are to determine the capacity for absorbing growth, the costs associated with increasing capacity, and the methods of paying for needed additions to infrastructure.

If new development will generate more students than can be accommodated by existing classrooms, traffic that degrades local roads from LOS C to LOS F, or average daily water demands that exceed the treatment plant's design capacity, new infrastructure is needed. In most cases, the community could continue to function without investing in new infrastructure, but the reduction in level of service would be evidenced by overcrowded schools and roads and periodic breakdowns of the treatment plant.

The capacity of existing infrastructure to accommodate growth also has a bearing on the fiscal sustainability of new development. A community may have excess capacity to absorb some new development without incurring additional capital costs. But continued growth will eventually create a need for additional infrastructure such as more classrooms, wider roads, and a larger fleet of municipal vehicles.

For most infrastructure, "capacity" is a term that can have both quantitative and qualitative meanings. For certain public infrastructure (e.g., parks and libraries), local governments sometime rely on published national standards for guidance on levels-of-service capacity. Most jurisdictions rely on level-of-service standards provided by the Institute for Transportation Engineers to determine acceptable levels of traffic. State laws set the standard for the number of pupils per classroom. State and local governments also adopt engineering standards for minimum and maximum wastewater flows, which are also affected by demand caused by new development.

Regarding school capacity, most school districts use some sort of capacity threshold to trigger the need to construct schools. This threshold can be a function of several items, including state funding formulas, concurrency or adequate public facility standards, and the ability or willingness of the school district to undertake redistricting. The number of student seats is usually referred to as "state-rated capacity" and has nothing to do with how many students can physically fit within the educational space. State-rated capacity is defined as the maximum number of students that reasonably can be accommodated in a facility without significantly hampering delivery of the educational program.

Table 5.1 is from a model developed for Henrico County, Virginia. It indicates enrollment versus capacity for the 2005–2006 school year. In this particular case, it was decided, on the basis of discussions with county staff, that it was better to model utilization by school type (e.g., elementary, middle, and high school) for the

TABLE 5.1. SCHOOL AND PARK FISCAL ANALYSIS ZONES, HENRICO COUNTY, VIRGINIA

	2005–2006 Enrollment	Capacity	Utilization (%)
West			
Elementary	13,984	15,694	89
Middle	7,383	8,590	86
High	9,025	9,686	93
Total	30,392	33,971	89
Central			
Elementary	4,247	4,843	88
Middle	2,179	2,233	98
High	3,105	3,013	103
Total	9,532	10,089	94
Central			
Elementary	2,828	3,529	80
Middle	1,558	1,452	107
High	1,966	2,027	97
Total	6,352	7,009	91

Source: Henrico County Schools

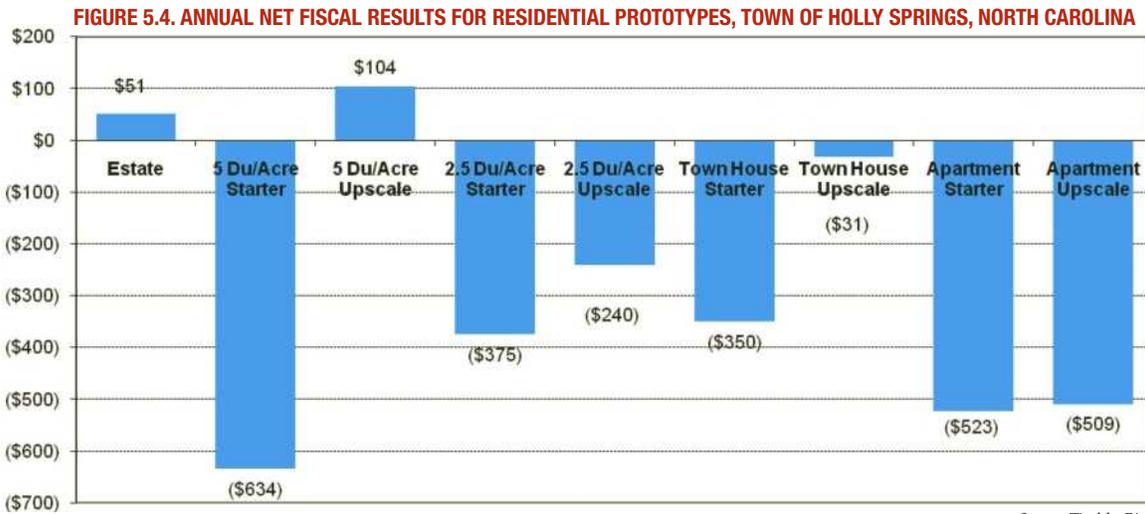
entire attendance area versus the individual schools. While the county's targeted enrollment/capacity ratio (i.e., utilization) is 90 percent, county capital construction has historically been triggered at a higher utilization rate. Therefore, a capacity threshold of 95 percent was used in the model to determine if new schools were needed.

The fiscal impact model for Henrico County recognizes the number of available school seats by attendance area (i.e., the fiscal analysis zone being considered) and utilizes those available seats until the 95 percent threshold is reached.

DEMOGRAPHIC AND MARKET CHARACTERISTICS OF NEW GROWTH

Next to a community's revenue structure, no other factor has as great an impact on the net fiscal results as the demographic and market characteristics of different land uses. Examples of such characteristics for residential development include average household size, pupil generation rates, market value of housing units, trip generation rates, density per acre, and average household income. Important characteristics for nonresidential development include square feet per employee, trip generation rates, market value per square foot, retail sales per square foot, and floor area ratio.

The relative importance of the various demographic and market factors depends on a community's revenue structure. Figure 5.4 shows the annual net fiscal results for nine residential land uses from a study prepared for Holly Springs, North Carolina, where property tax



is the largest source of revenue—almost 54 percent of general fund revenue in FY2000. The next-largest revenue source, sales tax, accounts for 14 percent of total revenue. Given this revenue structure, market value is the primary determinant of the fiscal results.

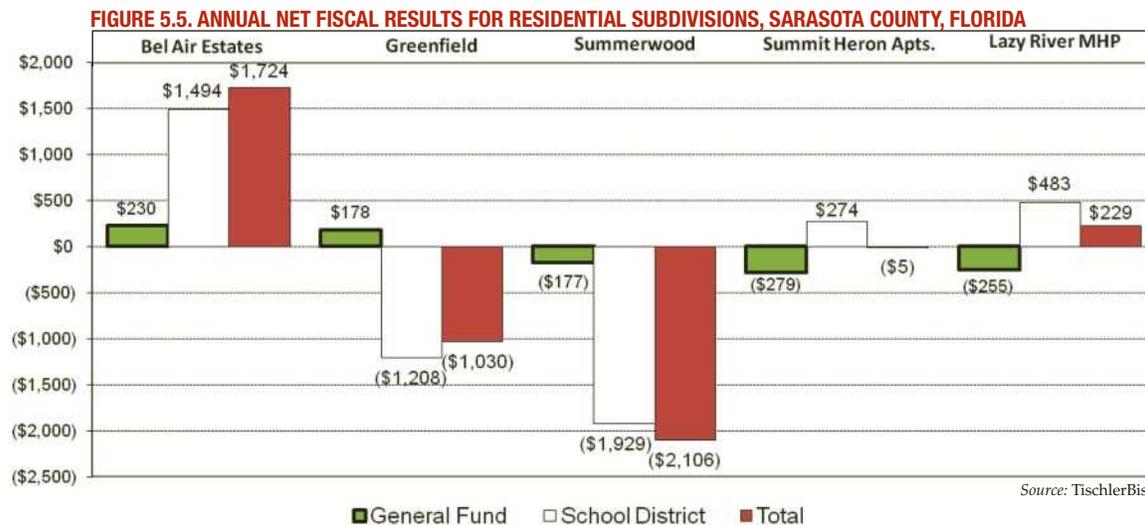
Only two of the nine residential prototypes generate annual net revenue to the Town of Holly Springs. To illustrate the importance of market value in these fiscal results, one must look no farther than the two five-dwelling unit per acre prototypes, which include an “upscale” prototype as well as a “starter” home prototype. The demographic characteristics are the same for both of these residential prototypes; however, there is a \$115,000 difference in the market value (tax value), resulting in substantial net deficits on a per unit basis for the starter home and modest net revenues for the upscale version.

Another interesting example comes from Sarasota County, Florida, where actual subdivisions were used in the analysis rather than generic land-use prototypes. Geocoded data were obtained for certain demographic attributes (e.g., schoolchildren) in three single-family

detached subdivisions: Bel Air Estates, Greenfield, and Summerwood (Figure 5.5). The varying demographic and socioeconomic factors of each subdivision resulted in different fiscal outcomes for each. This illustrates the pitfalls in making broad generalizations about land-use types.

In this example, Bel Air Estates generates large surpluses per unit to the county, while the other two subdivisions generate net deficits per unit. The reason for the large surpluses in Bel Air Estates is that it consists of large-lot single-family units with high assessed values. In addition, a large number of the residents are empty nesters, resulting in smaller average household sizes. Finally, this subdivision generated no schoolchildren at the time of the study.

The Greenfield and Summerwood subdivisions were representative of mid-priced and entry-level (starter home) housing, respectively. As a result, these developments have younger families, more public school students, and lower assessed property value (resulting in lower property tax) than Bel Air Estates.



Preparing a Fiscal Impact Analysis



Preparing a fiscal impact analysis can be a daunting task for a planning professional who is not well versed in the nuances of fiscal impact modeling. The variety of methodologies that can be employed and the sheer number of assumptions that must be made make FIA both an art and a science. It is a science in that there are mathematical projections and a methodology involved. And it is an art in that there is a great deal of subjectivity involved in devising level-of-service standards (LOS) and cost- and revenue-factor assumptions. An FIA is only as good as the methodology and assumptions used in preparing it. This is why it is important that the process and the assumptions be clearly explained and included as part of the written work product. This chapter details the process of and the steps in preparing an FIA and compares the relative merits of the average-cost approach to the case-study marginal approach, where relevant.



POPULATION AND SERVICE DEMAND

Let’s look at a specific example of FIA: evaluating how an increase in population will increase the demand for a service, such as recreation. A developer requests the rezoning of a 300-acre parcel from a density of one unit per acre to four units per acre. First, as part of the process of ascertaining an acceptable level of service, the services provided by the recreation department must be defined. In this case, the level of service for a community park might be described in terms of population or the number and type of housing units. For instance, an acceptable level of service might be defined as one community park for every 3,000 single-family detached housing units or for every 7,500 people.

Once the level of service is defined, the cost and revenue factors are determined. It is desirable to define the costs as precisely as practical. In our example, the capital costs for a community park could be defined in terms of acres of land required, plus equipment and other improvements per park. Operating expenses could be defined in terms of program personnel, materials, supplies, and other related items used on an annual basis. The process might also consider the existing capacity of nearby parks, the different thresholds at which new services would be added to the existing parks, and the date when additional parkland would be required.

Another step is the projection of any dedicated capital revenues associated with providing the service. In our example, impact fee revenue must be anticipated.

FIA identifies the increases in annual and cumulative expenses for all services that will result from new development. This includes annual operating expenses (including new staff needed per year) and capital expenses associated with constructing or expanding facilities. The fiscal impact statement can also summarize the jurisdiction’s bonded debt; its bonding capacity as a percentage of the increase in the tax base; the increase in the tax base; and the fiscal surplus or deficit when general revenues are applied against the net of all special revenues and expenses associated with the development.

This table shows projected development over a 20-year time horizon for seven fiscal analysis zones.

THE FISCAL IMPACT PROCESS

The dynamics of fiscal impact analysis are shown in Figure 6.1. To accurately assess the fiscal impacts of changing land use or demographics, the local government must first define an acceptable level of service for all relevant services (e.g., police, fire, public works, recreation, etc.). In evaluating the costs associated with providing the acceptable levels of service, the local

FIGURE 6.1. THE DYNAMICS OF FISCAL IMPACT ANALYSIS

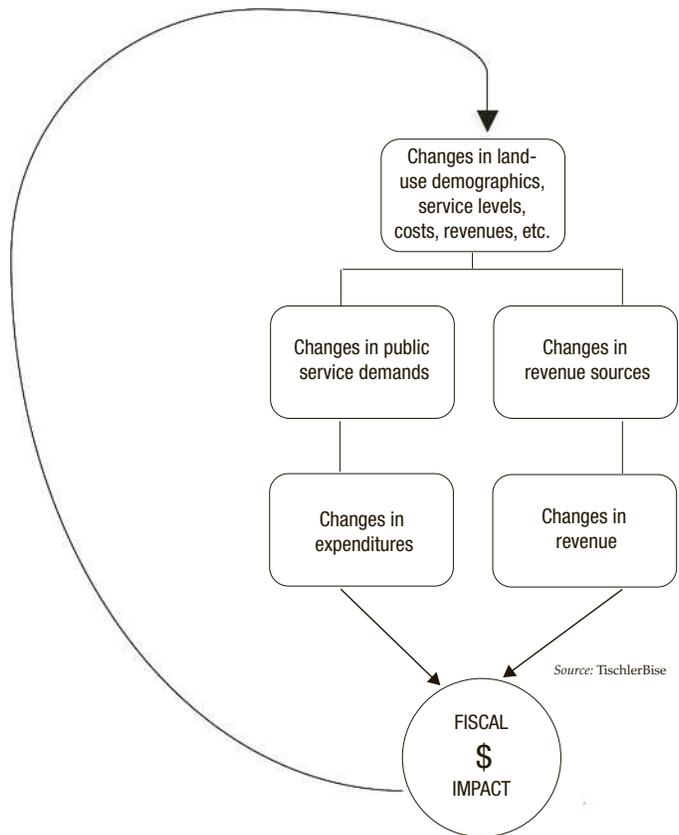


TABLE 6.1. PROJECTED DEVELOPMENT, CHAMPAIGN, ILLINOIS

	A: Olympian and Prospect	B: Olympian extension/Clearview
Population	5,802	1,428
Housing Units		
Single Family Detached High PP	39	23
Single Family Detached Medium PP	337	109
Single Family Detached Low PP	310	62
Attached Housing	81	48
Multifamily Units	2,231	461
Total Housing Units	2,998	704
Nonresidential Building Area	1,395,604	192,283
Employment		
Industrial	1,075	4
Office	1,359	682
Neighborhood Retail	643	71
Big Box Commercial	0	0
Total Employment	3,077	757

Source: TischlerBise

government should consider existing unused capacities of public services and programs, especially of capital facilities. The new development or new demand will be expressed in terms of changes in population, employment, or land use projected to result from the scenarios being evaluated.

Table 6.1 provides an example from a fiscal impact analysis prepared for Champaign, Illinois, summarizing new development assumed over the 20-year time horizon for seven subareas of the city, known as fiscal analysis zones, and citywide (the column on the far right). It also shows predicted employment increases for nonresidential land-use types.

Using local information and perhaps comparing it to regional or national average cost information, the local government next estimates future capital costs, operating expenses, and special and general revenues that will result from providing the acceptable level of service to the potential new development. In other words, the local government projects the annual costs, by department, of servicing new development; the annual revenues generated by the new development; and the net surplus or deficit.

The information can help local officials estimate a new development's specific impact on tax rates, bonding capacity, and bonding margin. Or, if local officials are thinking about changing land-use policy, fiscal impact analysis can help them determine whether the proposed regulatory revisions will result in a fiscal surplus or in a deficit. If new infrastructure must be built to serve growth early on, then local officials can estimate the size of the short-term deficit and determine when revenues generated by growth should begin to enter the local government's budget.

Since an FIA will indicate whether and when a jurisdiction could face deficit budgets, the local government is able to evaluate land-use policy decisions, acceptable

Fiscal Analysis Zone (FAZ)						
C: Bradley and Staley	D: Staley and Kirby	E: Southwest Champaign	F: Curtis Interchange	G: Infill	TOTAL	
1,720	3,764	4,261	778	699	18,452	
24	164	160	0	0	411	
198	610	534	55	0	1,844	
64	254	427	0	0	1,118	
257	230	333	130	0	1,079	
231	165	277	217	419	4,001	
774	1,423	1,732	402	419	8,453	
572,482	917,508	682,888	94,770	129,718	3,985,254	
616	652	0	0	0	2,348	
130	589	991	122	0	3,872	
166	755	1,269	0	371	3,274	
0	0	0	291	0	291	
912	1,996	2,260	413	371	9,785	

WHO DOES THE FISCAL IMPACT ANALYSIS?

Most FIAs are prepared by private sector entities such as consulting firms, university professors, or accounting firms. Some agencies have the planning or finance staff expertise to do the analysis in-house. Typically, the analyst has a background in public finance, economics, or urban planning. An outside consultant brings the benefit of objectivity to the analysis and can usually do the work more efficiently than if staff takes the lead role.

An interdepartmental work group should be assembled to advise the consultant or staff and review the work product. At a minimum, representatives from the chief executive's office (e.g., mayor's office, city manager's office) the finance or budget department, police, public works, solid waste, and parks and recreation should be included.

levels of service, plans for capital investments, and long-term borrowing needs. In addition, a projected fiscal deficit can prompt local officials to evaluate current and future revenue sources. If the evaluation indicates a surplus, the local government may wish to change its use of revenue sources to fund infrastructure replacement or higher levels of service.

Step 1: Defining the Development Project or Scenario(s)

To begin the FIA process, the scope of the analysis must be decided upon—that is, whether it will be of a specific development project or a land-use scenario, which can include a proposed annexation, a subarea of a jurisdiction, or a policy, such as an entire comprehensive plan. The study area is sometimes referred to as a “fiscal analysis zone” (FAZ). Once the scope of the analysis has been established and a consultant or staff person has been given the assignment, the analysis can begin.

The first step is to identify the “demand units” associated with the project or land-use scenario. A demand unit is a unit of growth generating additional demand for public facilities and services. Units differ depending on the nature of the services and facilities provided. For residential development, housing units are the demand units used to calculate increased demand on roads, schools, libraries, and other facilities. For nonresidential development, square footage of added space is used as the demand unit.

The housing units and nonresidential square footage are then converted into population and employment figures. This is typically done using persons-per-household data by type of unit from the U.S. Census Bureau and employment-per-1,000-square-foot factors that can be derived from a variety of sources, including the Institute of Transportation Engineers and the Urban Land Institute. If the community is responsible for the school system, pupil-generation rates must also be developed. Other factors that may be required include vehicle trip-generation rates, income assumptions, and assessed values for new construction.

Once the number of housing units and nonresidential square footage has been determined, the next step is to determine the absorption schedule (or rate), which is the pace at which infrastructure capacity will be used or filled over time. This can be done annually or for certain time increments (e.g., five years) within the overall time frame of the FIA, which is typically 10 to 20 years. See Table 6.2 for an example.

to average cost per unit to serve existing development. This cost per unit is then multiplied by the number of new units projected. It does not take into account excess or deficient capacity, and it assumes that average costs of municipal services will remain stable.

In contrast, the marginal-cost approach relies on analysis of the demand and supply relationships for public services and, more importantly, public facilities. This approach does not view growth in a linear manner. Instead, it recognizes that the costs to serve new development can ebb and flow based on the amount and timing of development, the geographic location of development, and the current capacity of capital facilities needed to serve new development.

Which methodology is appropriate depends on the type of analysis being performed. For communitywide analysis, area plans, and large development projects, the marginal-cost approach is often the most appropriate method. The average-cost approach is a better fit with smaller projects. The marginal-cost approach will

TABLE 6.2. SCENARIO INPUT MODULE

SCENARIO 1: INNER CORE FOCUS		Is Development in Core Area?: Yes		RESIDENTIAL DEVELOPMENT COMPONENT						
Land-Use Profile		Potential New Development	Type of Absorption	Annual Absorption/Percent Absorbed	Cumulative Units Develop					
					Year 1	Year 2	Year			
Single Family	2.45 Persons per Unit	7,000 Units	Annual Absorption	400 Units	400	800	1,200			
Assessed Value:	\$40,000 per Unit	50% Adjustment Factor		3.50%						
Multifamily	1.64 Persons per Unit	1,350 Units	Annual Absorption	135 Units	135	270	405			
Assessed Value:	\$17,000 per Unit	50% Adjustment Factor		0.00%						
Condominium	2.81 Persons per Unit	660 Units	Percent Absorbed	0 Units	20	40	60			
Assessed Value:	\$27,600 per Unit	50% Adjustment Factor		3.00%						
TOTAL		9,010 Units								
NONRESIDENTIAL DEVELOPMENT COMPONENT										
Land-Use Profile		Potential New Development	Type of Absorption	Annual Absorption/Percent Absorbed	Cumulative Acreage and S					
					Year 1	Year 2	Year			
Big Box Retail	0.25 FAR	20 Acres	Annual Absorption	35 Acres	20	20	40			
Assessed Value:	\$5 per Square Foot	218,000 Square Feet		4.00%						
Employment Density:	2.22 per 1,000 Square Feet	35% Adjustment Factor		Square Footage:	218,000	218,000	218,000			
Restaurant	0.28 FAR	1 Acres	Custom	1 Acres	1	1	2			
Assessed Value:	\$6 per Square Foot	12,001 Square Feet		0.00%						
Employment Density:	5.00 per 1,000 Square Feet	26% Adjustment Factor		Square Footage:	12,001	12,001	12,001			
TOTAL		230,001 Square Feet								
SCENARIO 2: CENTRAL CITY		Is Development in Core Area?: No		RESIDENTIAL DEVELOPMENT COMPONENT						
Land-Use Profile		Potential New Development	Type of Absorption	Annual Absorption/Percent Absorbed	Cumulative Units Develop					
					Year 1	Year 2	Year			
Single Family	2.92 Persons per Unit	5,000 Units	Annual Absorption	250 Units	250	500	750			
Assessed Value:	\$37,500 per Unit	50% Adjustment Factor		0.00%						
Multifamily	1.98 Persons per Unit	500 Units	Annual Absorption	100 Units	100	200	300			
Assessed Value:	\$25,000 per Unit	50% Adjustment Factor		0.00%						

This table represents a sample 20-year absorption schedule for residential and nonresidential development.

Step 2: Selecting the Methodology

There are a number of standard approaches to choose from in conducting the analysis, including the average-cost method (also known as the per capita multiplier method) and a case-study marginal-cost method which relies on extensive interviews with local government staff.

As discussed in Chapter 4, the average-cost approach is the simpler and more common procedure. This method allocates costs to new development according

analyze a community’s marginal response to a new development project or proposed land-use changes through an evaluation of existing demand and available capital facility capacity in a community. Larger projects (and larger areas of analysis) may indicate enough new demand that the need for new services development is triggered. Conversely, smaller projects may increase level-of-service needs but are unlikely to do so to an extent that triggers new capital investment needs.

For smaller development projects, the average-cost method is preferable because, in many cases, the size of the development is not large enough to trigger the threshold level where surplus capacity is depleted. Thus, additional capital facilities and operating expenses are not needed or incurred. As a result, the marginal analysis can dramatically understate the cost to service the smaller development proposal.

Step 3: Projecting Revenues

When preparing a fiscal evaluation, most fiscal analysts start with an examination of the jurisdiction’s operating budget. The operating budget includes both revenues and expenditures. Operating expenses for most local governments include personnel, benefits, supplies, administrative costs, and minor capital costs (typically under \$10,000). Operating revenue includes general taxes (i.e., sales, property, and income), franchise taxes, user fees and charges, state and federal revenues, and interest.

TABLE 6.3. PROPERTY TAX REVENUES, WILSON, NORTH CAROLINA

<i>Property Tax:</i>		
<i>Current Year</i>		
<i>Prototype</i>	<i>Taxable Value (\$)¹</i>	<i>General Fund Tax Rate 0.515 (\$)</i>
<i>Residential (per unit)</i>		
Single Family (Low)	110,900	571
Single Family (Mid)	190,677	982
Town House	466,200	2,401
Duplex (Rental)	75,061	387
Multifamily (Age Restricted)	54,911	28
Single Family (Infill)	205,110	1,056
<i>Nonresidential (per 1,000 square feet)</i>		
Big Box Retail	61,900	319
Community-based Shopping Center	81,130	418
Industrial Park	53,240	274
Hotel	38,723	199

Source: TischlerBise

¹Based on assessed valuation data provided by City of Wilson

Cumulative Units Developed																				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
400	800	1,200	1,600	2,000	2,400	2,800	3,200	3,600	4,000	4,400	4,800	5,200	5,600	6,000	6,400	6,800	7,000	7,000	7,000	
135	270	405	540	675	810	945	1,080	1,215	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	
20	40	59	79	99	119	139	158	178	198	218	238	257	277	297	317	337	356	376	396	

Cumulative Acreage and Square Footage Developed																				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	

Cumulative Units Developed																				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
250	500	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000	
100	200	300	400	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	

Source: TischlerBise

Disaggregating revenue and determining projection factors. Determining the revenue factors to be used in an FIA depends on the methodology employed as well as the revenue structure of the community. If property tax is part of the local revenue structure, the revenue factors are typically the same regardless of methodology. The same holds true for sales tax as well. The analysis will determine the likely assessed value of the various development types being analyzed and apply the current property-tax rate to the assessed values. In the example from Wilson, North Carolina, in Table 6.3, the general

fund property tax rate is 0.515 per \$100 of assessed value, which is applied to the assessed value assumptions.

In the case of sales tax, revenue factors are largely dependent on how sales tax is derived. (See Chapter 5.) In those communities that use a point-of-sale distribution formula, the analysis will use a sales-per-square-foot figure which is then applied to the sales tax rate to determine the revenue factor. This is shown in Table 6.4 on page 40. In places where the state redistributes local revenue on the basis of population, analysis would

**TABLE 6.4. HALF-CENT SALES TAX REVENUES
WILSON, NORTH CAROLINA**

Prototype	Sales per Square Foot ¹ (\$)	Tax Rate 0.5 (%)
Big Box Retail	422	2.11
Community Scale Shopping Center	397	1.99

Source: TischlerBise

¹Derived from average retail sales from 2003 to 2005 from CAFR

divide the sales tax revenue by current population to determine the amount of sales tax per capita.

Property tax and sales tax generally constitute most local governments' major growth-related revenue sources.

In a few states, such as Maryland and Ohio, income tax is a major growth-related local revenue source. The remaining revenue categories include franchise taxes for gas, electric, and cable utilities; intergovernmental revenue (typically from the state); user fees (building permits, recreation fees, etc.); fines and forfeitures (typically court-related); and miscellaneous revenue (interest, sale of surplus equipment, etc.). An example from Oklahoma City, Oklahoma, is shown in Table 6.5.

Many of these revenue sources tend to be overstated in fiscal impact studies, particularly those prepared using an average-cost, or per capita, methodology. The

TABLE 6.5. LOCAL GOVERNMENT REVENUE SOURCES, OKLAHOMA CITY, OKLAHOMA

Revenue Category	Revenue Name	Base Year Budget Amount (\$)
Taxes	Sales Tax	153,466,536
	Use Tax	18,761,458
	Excise Tax	3,600,000
	Alcoholic Beverage Tax	686,047
	Remington Park Admissions Tax	22,276
	Utility Fees—Water	1,088,000
	Utility Fees—Wastewater	865,000
	Utility Fees—Solid Waste	540,491
	Franchise Fees	Oklahoma Natural Gas
Oklahoma Gas & Electric		14,573,600
Caddo Electric Cooperative		18,255
Oklahoma Electric Cooperative		220,482
Tri-Gen		305,000
Southwestern Bell		1,500,012
Cox Cable		4,237,179
Cox Fiernet		354,056
Cox Telephone, McCloud, Chickasaw & Primel		32,194
Licenses, Permits, and Fees	Fire Prevention Permits	52,605
	Alarm Permits	598,106
	Oil and Gas Well Inspections	226,000
	General Licenses	702,980
	Building Permits	3,858,968
	Electrical Wiring Permits	1,166,170
	Plumbing Permits	1,014,530
	Boiler and Elevator Permits	57,349
	Offsite Wagering Fee	86,988
	Prequalification Application Fee	47,800
	Refrigeration/Forced Air Permits	612,689
	Sidewalk and Paving Fees	329,053
	Paving Cut Fees	68,782
	Hunting and Fishing Permits	154,916
	Mixed Beverage/Bottle Club License	454,374
	Vending Stamps	194,992
	Garage Sale Permits	77,772

TABLE 6.5. (continued)

Administrative Charges	Airport Administrative Payments	656,776
	Airport Police Payments	2,285,212
	Water/Wastewater Administrative Payments	5,750,515
	Federal Fund Administrative Payments	180,000
	Drainage Utility Administrative Payment	559,747
	Solid Waste Administrative Payment	786,272
	Convention and Tourist Administrative Payment	139,627
	Zoo Administrative Payment	106,000
	Golf Administrative Payment	270,000
	Bond Fund Administrative Payment	1,270,294
	Other Administrative Payment	99,733
	Risk Management Administrative Payment	206,256
	Transit Administrative Payment	658,802
	Parking Administrative Payment	248,274
	IT Administrative Payment	850,605
	Print Shop Administrative Payment	118,764
Fleet Services Administrative Payment	25,131	
Other Service Charges	OCMAPS Chargebacks	535,733
	OCMAPS Engineering Chargebacks	315,000
	Hazmat Cost Recovery	10,000
	Animal Shelter Fees	355,551
	Engineering Fees	1,525,753
	Planning Fees	753,706
	Fire Service Recovery	28,000
	Police Fees	1,854,484
	Parking Meters	887,433
	Recreation Fees	646,134
	Myriad/Civic Center	1,059,315
	Myriad Gardens Revenue	441,764
	Fines	Traffic Fines
Parking Fines		1,205,971
Court Fees		558,397
Court of Record, Jury Division		10,863,589
Criminal Court		209,326
Juvenile Fines		165,371

Source: TischlerBise

overstating of revenue occurs because many of these average-cost studies consider all revenue to be variable or growth-related. While many revenue sources will increase with growth, it is unrealistic to expect that all revenue will increase. The case-study marginal approach accounts for growth-related revenue more realistically, since the projection methodology is based on interviews with local finance staff and is more specific to the circumstances in the community.

In the example from Oklahoma City in Table 6.5, most franchise fees will increase with new development. However, the oil and gas well-inspection revenue shown under the licenses, permits, and fees category will increase only if additional wells are constructed, which has nothing

to do with additional residential or nonresidential construction. Similarly, court fees (under the fines category) may or may not be considered growth-related revenue, depending on the jurisdiction. For example, the amount of cases heard by the local court system may be a function of the number of judges, which may be controlled by the state. Therefore, the case volume remains the same regardless of new development. In other jurisdictions, the case volume may increase with the addition of judges or expansion of hours to include night courts.

Step 4: Determining Operating Cost Factors

New development almost always results in increased demand for services. The difficult part is translating

the estimated population, number of schoolchildren (if applicable), and employment changes into public service and facility costs. As discussed, the average-cost method simply calculates the average cost per unit of service and multiplies this cost by the number of new units (housing, pupils, workers) generated by the project. Thus, for example, the parks and recreation department total annual operating budget would be divided by population to obtain an average cost per person. This is shown in Table 6.6 in an example from a fiscal model prepared for Hillsborough County, Florida, which had a population of 1,055,617 at the time.

related school costs is additional schoolchildren resulting from new development. In Table 6.7, which depicts parks and recreation costs for Hillsborough County, there are several demand units used to project growth-related costs depending on the program area. For example, discussions with staff indicate that certain activities (e.g., the equestrian program) are not affected by growth and are considered fixed in the fiscal impact model. The table also indicates that some of the department's activities are affected by countywide population and others are affected only by population growth in the unincorporated

TABLE 6.6. DETERMINATION OF PER CAPITA PARKS AND RECREATION COSTS, HILLSBOROUGH COUNTY, FLORIDA

		FY03				
Expenditures		General Fund (\$)	Unincorporated Service (\$)	Special Revenue (\$)	Total All Funds (\$)	Per Capita Amount (\$)
572	Parks/Recreation	482,120	-39,800	16,315,170	16,757,490	18.36
573	Cultural Services	3,136,122	9,070,409	5,692,760	17,899,291	19.61
579	Other Culture/Recreation			9,966,613	9,966,613	10.92

Source: TischlerBise

To illustrate the differences in how to evaluate parks and recreation costs using a marginal approach, we can look at another study from Hillsborough County, Florida, which was prepared on behalf of the independent Hillsborough County City/County Planning Commission. Table 6.7 illustrates the level of detail that is examined using marginal costing. As the figure indicates, there are many divisions, or program areas, within the Hillsborough County Parks and Recreation Department. Under the marginal-cost approach, interviews by the consultant or internal project leader would help determine several items:

- *Organizational structure:* What division or program areas exist within the department?
- *Fixed versus variable costs:* What components of the operating budget will remain the same regardless of new development? For example, the planning director salary is a fixed cost because it will be incurred regardless of whether the community's population is 10,000 or 1,000,000. Variable costs refer to those that are affected by new development. For example, discussions may indicate that additional planners will be needed as development occurs or additional areas are annexed.
- *Drivers of demand (i.e., the demand units) for each functional area:* The driver of demand refers to the demand indicator resulting from new development. For example, the demand indicator for growth-

areas of the county. This is because the City of Tampa provides duplicative services in some areas. Finally, the bottom of the table indicates the marginal operating cost associated with constructing additional types of parks and recreation facilities in the county. It is important to note that when using the marginal-cost approach, staffing is projected separately; all growth-related cost factors shown in Table 6.7 are for nonsalary operating costs.



EXCLUDED ENTITIES

Utility infrastructure and operations such as sewer and water (and sometimes electricity) are usually excluded from traditional fiscal impact analyses. These entities are financed using enterprise funds, the operations of which are conducted in a manner similar to private business enterprises. The intent of the governing body is to finance or recover the cost (including depreciation) of providing goods or services on a continuing basis to the general public through user fees and charges. Historically, this has been construed to mean that users of the service are billed only for what they actually use: no more, no less. This is substantially different than the local government's general fund, which is fiscally constrained by the political nature of tax rates. ◀

TABLE 6.7. DETAILED MARGINAL COSTING FOR PARKS AND RECREATION COSTS, HILLSBOROUGH COUNTY, FLORIDA

Expenditure Name	Base Year Budget Amount (\$)	Project Expenditure Factor	Demand Unit Multiplier	Level-of-Service Standard \$ per Demand Unit
Administration	1,411,904	Fixed	0.30	0
Countywide Parks	7,010,403	County Population	0.32	6.64
Equestrian Program	314,666	Fixed	0.19	0
Physical Therapeutics	606,582	County Population	0.15	0.57
Fiscal Control	2,013,017	Fixed	1.00	0
Project Management	617,190	Unincorporated Population	0.03	0.90
Construction	983,702	Unincorporated Population	0.23	1.43
Maintenance	6,054,465	See Direct Entry	0.35	0
Recreation Services	12,845,155	County Population	0.14	12.17
Operation Cleanup	50,135	Fixed	1.00	0
Arts and Crafts	110,312	Unincorporated Population	0.39	0.16
Ed Radice Sports Complex	547,190	Fixed	0.61	0
Youth Sports	1,127,058	Unincorporated Population	0.92	1.64
Adult Sports	838,994	Unincorporated Population	0.38	1.22
Owens Pass Park	101,028	Fixed	1.00	0
Teen Program	718,522	Unincorporated Population	0.47	1.04
Special Parks	408,540	Fixed	1.00	0
Roadway Landscaping	990,017	Vehicle Trips	0.58	0.35
Balm-Boyette Monitoring	103,037	Fixed	0.05	0
Plant Control Task Force	57,618	Fixed	0.09	0
Fun with Nature	87,352	Fixed	0.16	0
Neighborhood Park Operating Costs	0	Direct Entry	1.00	243,000
Trail Operating Costs	0	Direct Entry	1.00	35,000
Recreation Center Operating Costs	0	Direct Entry	1.00	174,690
Sports Complex Operating Costs	0	Direct Entry	1.00	403,000
TOTAL	36,996,887			

Source: TischlerBise

Table 6.8 on page 44 indicates the various positions by type, the indicator of demand, and current level of service for each position.

Step 5: Determining the Capital Impact

It is important for planners to understand the long-term consequences of costs associated with growth-related capital improvements and facilities. There are two basic approaches for estimating the impact of new development on a jurisdiction's capital budget. The first is the average-cost method; the second approach reflects the marginal-cost approach.

Average Costing of Facilities. The development of average-cost capital-facility cost factors is an excellent example of how fiscal impact analysis can be viewed as both an art and a science. There is much leeway given to the analyst, and cost factors can be developed in many different ways, depending on what the analyst is trying to show. However, the basic average-cost concept remains the same. The first step of the average-costing approach is to determine

the number of infrastructure units per demand unit (e.g., per person or per job) multiplied by the cost per infrastructure unit.

In cases where capital facilities are typically paid for with bonds or other debt mechanisms designed to spread the cost over time, the debt-service cost per person is determined by dividing the jurisdiction's existing debt service by its current population (i.e., demand units). Another method involves dividing the total cost (or value) of the jurisdiction's existing capital facilities by current demand units to determine the capital cost per person. In both cases, the result is then multiplied by the anticipated new population or number of units in the proposed development to determine the portion of capital costs that may be attributed to the development.

There are several potential drawbacks to these approaches to estimating capital costs per person; they may understate costs in several ways. First, the debt-service payments may extend past the analysis period. The second problem is that the cost basis used for

TABLE 6.8. PARKS AND RECREATION STAFFING INPUT, HILLSBOROUGH COUNTY, FLORIDA

Category	Base Year		Current Demand Units Served per Position
	Full-Time-Equivalent Positions	Which Demand Base?	
Accounting Clerk	2	Fixed	0
Clerk	5	Unincorporated Population	137,791
Construction Equipment Operator	4	Fixed	0
Crew Leader	9	Fixed	0
Custodian	44	Recreation SF	6,526
Director, Parks and Recreation	1	Fixed	0
Electrician	1	Fixed	0
Engineer	3	Fixed	0
Environmental Scientist	2	Fixed	0
Environmental Specialist	9	Unincorporated Population	76,550
Environmental Supervisor	1	Fixed	0
Environmental Technician	5	Unincorporated Population	137,791
Equipment Operator	38	Unincorporated Population	18,130
General Crew Leader	2	Fixed	0
General Manager	4	Fixed	0
Head Custodian	6	Fixed	0
Landscape Gardener	6	Fixed	0
Managers, Divisions/Programs	7	Fixed	0
Multitrades Worker	39	Recreation SF	7,363
Painter	1	Fixed	0
Park Manager	20	Park Acres	124
Park Ranger	78.2	Park Acres	32
Personnel Clerk	1	Fixed	0
Project Director	1	Fixed	0
Receptionist	1	Fixed	0
Recreation Area Supervisor	8	Fixed	0
Recreation Leader	131	County Population	8,060
Recreation Specialist	47	County Population	22,464
Recreation Therapist	5	County Population	211,161
Recreation Therapist Assistant	1	Fixed	0
Refrigeration/AC Mechanic	2	Fixed	0
Architect	2	Fixed	0
Buyer	1	Fixed	0
Secretary	4	Unincorporated Population	172,238
Groundskeeper	12	Park Acres	207
Senior Manager	5	Fixed	0
Personnel Assistant	1	Fixed	0
Trades Helper	9	Recreation SF	31,904
Trades/Maintenance Supervisor	3	Recreation SF	95,713

Source: TischlerBise

new capital facilities (either for debt service or existing facility value) is based on the cost of construction several years earlier (or the debt-service cost related to their construction)—thus, these amounts are rarely representative of current costs. And third, if the analysis uses current debt service as the sole basis for determin-

ing the cost factor, that amount may be understated if the jurisdiction financed capital facilities (or portions thereof) through current revenues.

Levels of service also must be factored into the determination of capital-facility impacts. Most FIAs strive to evaluate the costs to maintain present levels of service.

The analyst must be sensitive to the concern that new development will not be assumed to receive higher and more costly levels of service than the jurisdiction currently provides. Conversely, the analyst should also be mindful that the capital-cost factors used in the analysis do not result in a declining level of service. Although many jurisdictions try to base facility needs on level-of-service goals, the harsh reality is that many jurisdictions are unable to maintain desired levels of service across the board, as many capital budgets are fiscally constrained by the amount of revenue available. There is therefore a better-than-average chance that the debt-service cost per demand unit used in the FIA is artificially low.

To avoid issues related to levels of service, an alternative average-cost approach called the “incremental expansion method” can be used. This method develops a cost factor based on the current level of service for each type of public facility in both quantitative and qualita-

assumptions that are developed by the analyst can be quite specific. One way to factor capital needs is to simply use “direct entries.” For example, if it is known through the capital improvement plan that a particular facility will be constructed, the year and cost to construct can be entered into the fiscal impact model. This method is particularly useful in the short term but can be difficult over the long term as most jurisdictions do not have facility plans that span a 10- to 20-year period for every infrastructure category.

When not using direct entries, projecting capital facilities on a marginal basis can become quite complicated. As discussed, the case-study marginal-cost approach involves an extensive evaluation of facilities, levels of service, and existing capacities. As a result, the fiscal impact models developed for these evaluations can project when new facilities are needed, based on delivery criteria provided by the user. They can also recognize capacities of existing facilities and useful life spans, thus

TABLE 6.9. AN INCREMENTAL-EXPANSION APPROACH TO DETERMINING COST FACTORS FOR CULTURE AND RECREATION SERVICES

CULTURE/RECREATION			Residential %	Demand Unit	Population	Per Capita Capital Cost over 20 Years	Annualized Per Capita Cost	
SENIOR SERVICES			100%				20	
Senior Citizens Center (Alamo)	2,000	\$200						
Senior Citizens Center (Panaca)	2,400	\$200						
Senior Citizens Center (Pioche)	2,000	\$200						
		<u>\$1,280,000</u>						
			\$1,280,000	POPULATION	4,184	\$305.93	\$15.30	
LIBRARY								
Library	1,638	\$200	\$327,600	POPULATION	4,184	\$78.30	\$3.91	
Culture/Recreation Annual per Capita								\$19.21

Source: TischlerBise

tive measures, based on an existing service standard such as square feet per capita or park acres per capita. This approach is essentially a snapshot of current levels of service for infrastructure; it assumes that there are no existing infrastructure deficiencies or surplus capacity.

The incremental expansion method is similar to the approach used to establish impact fees and is not based on a specific facility plan. Using current level-of-service data, a factor reflecting the cost to provide existing development with capital facilities is derived and applied to future development. The amounts are annualized to reflect the one-time nature of these expenditures. For buildings, costs are divided by 20 years. The annualized amounts for vehicles and equipment are divided by shorter time periods, depending on type. An example of this approach (shown for Culture and Recreation) is shown in Table 6.9.

Marginal Costing of Facilities. Marginal capital-cost factors can also be developed in several different ways. Since the marginal-cost approach involves much more detailed interaction with staff, the

providing a time frame for when the purchase of new facilities will be necessary. When the local government knows the timing of delivery, it can also identify lead or lag times, providing for funding needs at times before or after actual delivery, as may be needed for construction or ordering processes.

The timing of debt payments may also be similarly adjusted relative to actual delivery. Funding, bonding, and debt mechanisms and terms, including direct funding (“pay as you go”), are entirely at the discretion of the user or analyst. An example of this is shown in Table 6.10, for parks and recreation athletic complexes in an analysis for Lawrence, Kansas. The analyst can input the percentage of the facility cost to be debt financed (in this case 100 percent), as well as the interest rate and bond term. (These inputs areas are not shown in this illustration.) The analyst also has the option of selecting how much lag or lead time there is between the funding of the facility and its actual construction. For example, it often takes several years to construct a school. Therefore, the bond may be issued in

TABLE 6.10. PARKS AND RECREATION CAPITAL FACILITIES STANDARDS AND COSTS, LAWRENCE, KANSAS

Facility Type		Base Year Inventory	Need for Facility Based on	Citywide Level of Service by Capital Facility	Current Demand Units Served per Facility	Current Cost/Unit (\$000s)	Inflation Adjustment (+/-)
Athletic Complexes	Acres	81	Population Capacity Factors	0.00091	16,396	2,950	0%
Useful Facility Life	New Facility (years)	30	Prototype Facility Size (acres)		15.0		
			Estimate of Available Facility Capacity		75%		
			Remaining Capacity/Initial Construction Threshold (acres)		11.25		

Source: TischlerBise

This table shows the timing of debt payments for parks and recreation athletic complexes.

year 1, but the 1,200 additional student seats do not come online for three years.

Another version of the marginal-cost approach involves determining required capital facilities based on the service or design capacity of individual facilities. For example, a

jurisdiction may be providing a library for every 25,000 residents. If it is determined that the prototype library will cost \$3,500,000, the fiscal impact model will be designed to construct a new library (at a cost of \$3,500,000) when the demand threshold of an additional 25,000 persons is met.

Fiscal Impact Analysis in Practice



This section includes five case studies that illustrate different applications of fiscal analysis. The first three look at growth alternatives that reflect different mixes of land uses, alternative development patterns, and socioeconomic and demographic changes. In addition to evaluating growth alternatives, the fourth case study also addresses revenue and implementation strategies. The last example explains a basic cost-of-land-uses fiscal impact analysis that can be applied to smaller, rural jurisdictions that are interested in understanding fiscal issues affecting their communities.

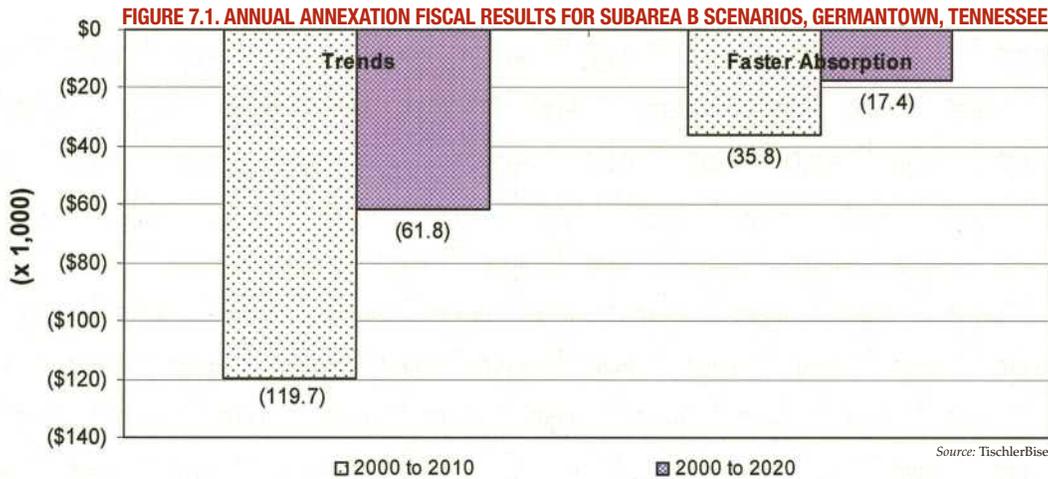
GERMANTOWN, TENNESSEE: EVALUATION OF LAND-USE AND ANNEXATION ALTERNATIVES

Germantown (pop. 43,000), a suburb of Memphis, evaluated the fiscal impact of four future land-use alternatives and several annexation alternatives. The four growth scenarios evaluated within the city included a “trends” scenario based on the existing land-use plan, a “higher density” scenario that assumed a mix of town house and senior living units, and two nonresidential scenarios. The latter two scenarios assumed the city would succeed at capturing office development and, to a lesser extent, retail development. One of the nonresidential scenarios considered the amount of Class A office development that might be captured, and the other considered Class B office development.

the potential to yield 349 additional single-family units, with 1,130 additional persons, and that 311,000 square feet of retail space would be developed between 2000 and 2010. A second scenario projected this growth to occur by 2005. The average annual fiscal impact results for these two growth scenarios, projected over both a 10-year and 20-year time frame, are shown in Figure 7.1.

Subarea D was projected to accommodate 5.8 million square feet of office space and 2.7 million square feet of retail activity by 2020. Three increasingly less-optimistic scenarios were developed showing absorption of 75 percent, 50 percent, and 25 percent of the by-right office space.

Annexation of Subarea B would represent a net loss of revenue for the city unless new revenue sources were



The study confirmed that the city was in a good position to accommodate new growth within the existing city limits under its current land-use pattern that emphasized low-density single-family housing. This was a result of several factors: (1) no major capital expenditures other than parks were required to serve new development; (2) new development had high market values; and (3) the existing revenue structure benefited from higher market values (namely, property tax) and population growth (state revenue sharing). The analysis also indicated that the city would clearly benefit from attracting additional economic development (i.e., nonresidential square footage) and encouraging higher-density housing.

Germantown also analyzed the fiscal impact of annexation of two new areas: subareas B and D. Subarea B was primarily residential in nature. Analysis showed that the remaining developable land in Subarea B had

found, existing rates increased, or different zoning put in place. Annexation of Subarea D was projected to generate average annual net revenues over the long term under all four scenarios, although costs might outweigh revenues in the short term.

HOWARD COUNTY, MARYLAND: PLANNING FOR BUILD OUT

Howard County, Maryland, a suburban county located between Baltimore and Washington, D.C., conducted a two-phase fiscal impact analysis as part of its 2000 comprehensive plan. Phase 1 determined whether revenue generated by four different growth scenarios between 1999 and 2020 would cover the costs for additional services and facilities. Phase 2 added the costs and revenues generated by the existing development base and evaluated how various economic, socioeconomic, real estate, infrastructure-replacement, and related factors

TABLE 7.1. PROJECTED POPULATION INCREASES, HOWARD COUNTY, MARYLAND

Scenario	Fiscal Analysis Zone					Total County
	Columbia	Elkridge	Ellicott City	Southeast	West	
Aging in Place	420	7,100	11,670	13,960	10,730	43,880
High Mobility	10,740	10,970	18,280	18,690	15,660	74,340

Source: TischlerBise

would affect county finances as the county approaches build out. This was done in the context of two growth scenarios: one in which the population ages in place and one where there is an influx of new population (high mobility).

The number of housing units is the same under both scenarios, but as shown in Table 7.1, the population increase under the high-mobility scenario is 30,460 persons greater than under the scenario of aging in place.

Although the Phase 1 analysis indicated that new growth would bring net surpluses to the county, the Phase 2 analysis (which looked at the county's overall fiscal structure and policies) indicated average annual net deficits. The primary reason was that the county relies partly on income tax revenues. While strong financial markets boosted these revenues and contributed to a \$26.4 million surplus in the county's FY1999 budget, the fiscal analysis could not assume similar revenue levels for the future. (In March 2000, shortly after this analysis was prepared, the stock market took a nosedive, confirming the wisdom of the analysis.) Meanwhile, however, capital program costs would continue because the county is required to maintain current levels of service. The modest annual net surpluses generated by new growth indicated in Phase 1 were not enough to sustain the FY2000 level of spending.

These net deficits increase when an infrastructure replacement program is factored in, to reflect costs to maintain or replace county buildings and facilities, roads, stormwater infrastructure, sidewalks, curbs and gutters, and parks and recreation facilities.

This fiscal impact evaluation resulted in several recommendations: that the county adjust the ratio of debt to pay-as-you-go funding for capital projects, enhance the economic vitality of older areas (by combating crime and blight), and monitor the direction and magnitude of demographic shifts and county revenue patterns so that it can develop policies to address future budgetary and service level impacts.

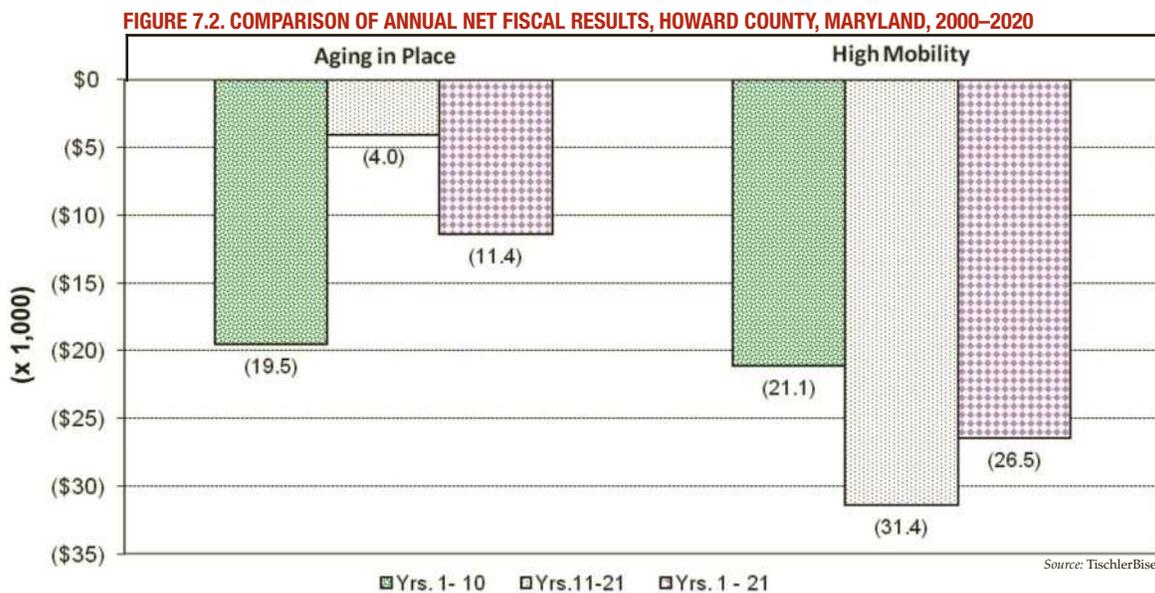
CHAMPAIGN, ILLINOIS: EVALUATING GROWTH ON THE FRINGE

The City of Champaign, Illinois, was interested in evaluating the cost to serve new development in the future, particularly as growth occurs near the city fringe areas. Two scenarios were evaluated as part of this analysis:

Scenario 1: Growth Within the Service Area. All growth occurs within the current sanitary-sewer service area.

Scenario 2: Growth Beyond the Service Area. Growth occurs both within and outside of the current sanitary-sewer service area.

The two scenarios are intended to show the fiscal implications of public policy decisions about key planning issues and their impacts on broad land-use patterns. The



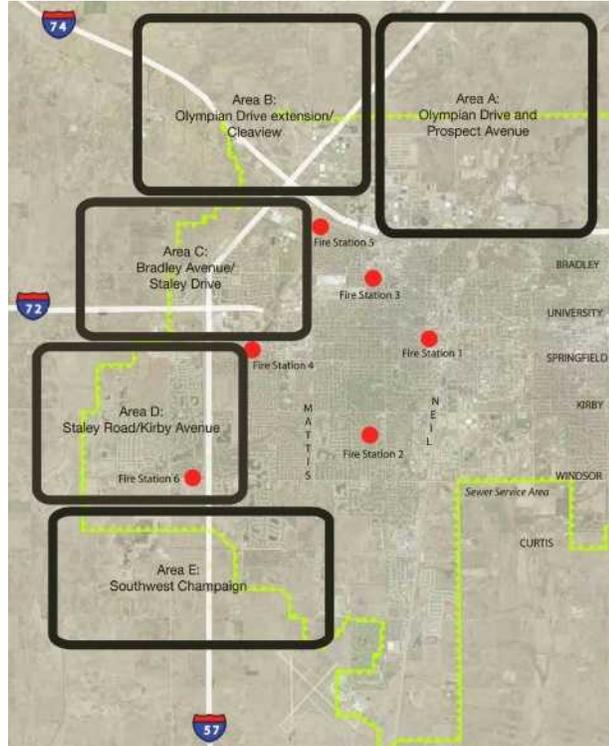
The analysis (see Figure 7.2) also shows that if the national trend of an aging population and decreasing household size continues in Howard County, the costs are less than if household sizes remain the same. The loss of income-tax revenue and higher aging-related costs are more than offset by lower education costs if lower numbers of school-age children are generated. This is an important fiscal finding.

first scenario assumes that no new sewer projects will be completed to serve the fiscal analysis zones (FAZs). Additionally, the only infrastructure specific to each FAZ required is road construction. The second scenario assumes that the sanitary-sewer service area will be extended with four capital projects.

While the pace of growth in each scenario is very similar, the mix of land uses varies, as does the amount

of growth in each of the fiscal analysis zones. Land uses are based on approved developments as well as the assumptions in the Champaign Tomorrow plan. Growth within each of the two scenarios is allocated to seven different FAZs, defined by transportation nodes in the city. These FAZs are shown in Figure 7.3.

FIGURE 7.3. FISCAL ANALYSIS ZONES (FAZS), CHAMPAIGN, ILLINOIS



Source: TischlerBise

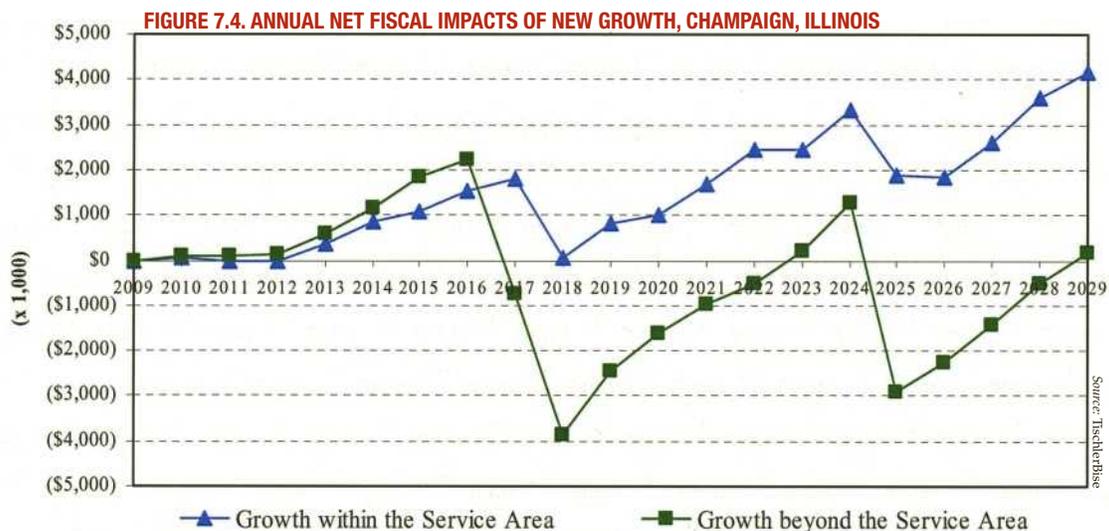
As Figure 7.4 shows, the largest changes in the net fiscal impact from one year to another for each of the growth scenarios are triggered by capital projects and the associated operating costs. By showing the results annually, the magnitude, rate of change, and timeline of deficits and revenues can be observed. The “bumpy” nature of the annual results during particular years represents the opening of capital facilities or the incurring of major operating costs.

Data points above the \$0 line represent positive annual results; points below it represent annual deficits. Each year’s result is not carried forward into the next year. This enables a comparison from year to year of the net results without distorting the revenue or cost side of the equation. In reality, those positive impacts would be carried forward or deficits would be funded through other means, such as debt financing for capital improvements.

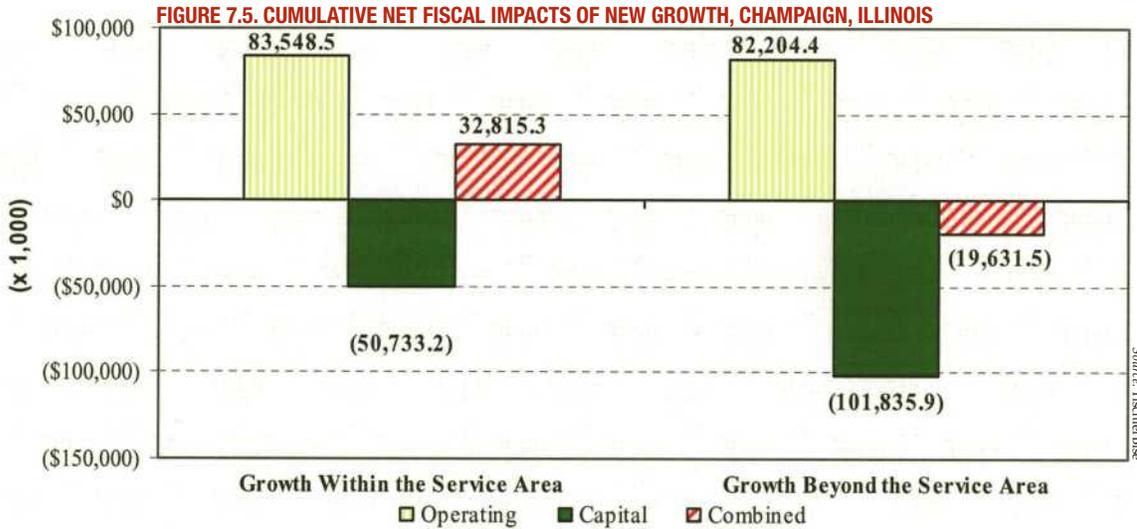
In FY2017, there is a significant decrease in the net fiscal impact for the Growth Within the Service Area scenario, which is caused by the beginning of road projects; additional road projects begin in FY2025. An accompanying downturn in the net fiscal impact is seen that year as well. The slight leveling of the net fiscal impact between FY2019 and FY2020 and FY2025 and FY2026 is caused by the triggering of new street-maintenance workers and new snow-removal trucks coupled with added police officers and vehicles. However, the net fiscal impact remains positive in all years except FY2017.

The decrease in the net fiscal impact begins in FY2016 for the Growth Beyond the Service Area; this decrease is caused by the beginning of road projects. The net deficit increases in FY2017, when the new fire station opens and another fire station moves. Another significant decrease in the net fiscal impact occurs in FY2025 when the second set of road projects begins.

The cumulative fiscal results comparing the net operating and net capital impacts make this even clearer. The relative size of each of these cumulative net positive and negative results as well as a comparison of the cumulative net fiscal impact can be seen in Figure 7.5. As the figure indicates, cumulative fiscal results for the city are \$52 million more favorable for the first scenario than in the second scenario. The net fiscal impact of the first scenario is a \$32.8 million positive impact while it is a \$19.6 million deficit for the second scenario. This is driven primarily by the higher infrastructure costs associated with development occurring beyond the Service Area. Note that the acreage available for development under the Growth Beyond the Service Area scenario is



Source: TischlerBise



more than double that of the Growth Within the Service Area scenario. This larger development area leads to a more scattered and leapfrog approach to development, which requires the expansion of fire-service areas as well as of the road network. The fiscal impact results confirm that this is an inefficient development pattern.

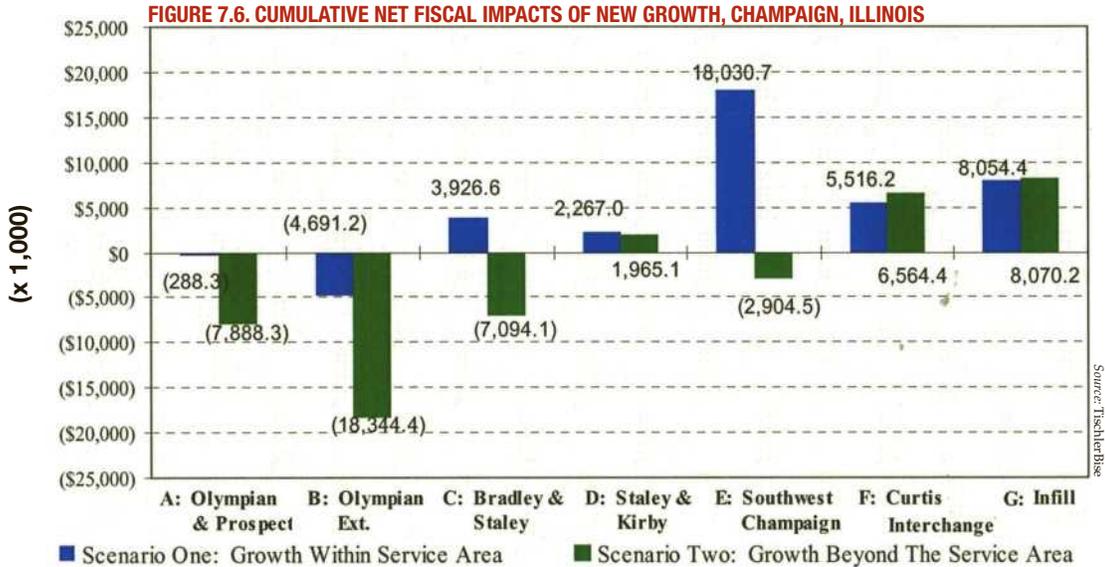
Three additional factors must be considered when analyzing these fiscal results:

- The fiscal impact analysis results for each scenario are a snapshot based on the FY2009 budget and levels of service. Thus, it is assumed that these current levels of service will continue over the 20-year analysis period. If any levels of service are insufficient or the city raises any levels of service, costs will increase, reducing the net fiscal impacts.
- Road projects and fire-station construction are assumed to be debt financed over a period of 20 years. Thus, the debt payments extend beyond the time period of this analysis. Remaining debt service for

the Growth Within the Service Area scenario totals \$52.5 million, eliminating the positive impact of this scenario, while the remaining debt service for the Growth Beyond the Service Area totals \$96.4 million, creating a more extreme deficit.

- The Growth Beyond the Service Area also requires expansion of the sanitary-sewer service area with four projects, including the extension of interceptor sewers and new lift stations. These sewer-project costs have not been captured in this analysis because sanitary-sewer service is not provided by the city but by the Urbana-Champaign Sanitary District. These costs and the difficulty of the projects should be considered in addition to the net fiscal impact. However, the city often carries the cost of sewers and is reimbursed as development occurs.

The analysis also indicated that three of the FAZs with positive net cumulative results in the first scenario—Staley and Kirby, Curtis Interchange, and Infill—maintain positive results in the second scenario. (See Figure 7.6.)



In fact, the Curtis Interchange and Infill FAZs show very little difference in fiscal impact in the two scenarios and maintain net positive impacts in each year of the analysis. Two FAZs—Olympian and Prospect, as well as Olympian Extended—have net deficits in both scenarios. Only the Bradley and Staley and Southwest Champaign FAZs change from a net positive result to a net deficit.

Summarizing the Impacts

Olympian and Prospect FAZ. The positive operating impact does not outweigh the capital deficit in this area due to the high cost of road projects and the mix of development. Most residential development is lower-valued multifamily housing coupled with far more industrial and office development than retail. While the property tax generated can cover the operating expenditures, without the boost from retail-generated sales tax the capital costs cannot be offset.

Staley and Kirby FAZ. A cumulative net surplus generated under both scenarios, as the positive operating impact is large enough to make up for the capital deficit. This is primarily due to two factors. One, the scenarios assume a significant amount of neighborhood retail, which generates sales tax. Second, road capital costs are relatively low, due to the limited area available for new development in this FAZ.

Southwest Champaign FAZ. This area generates the largest net positive impacts under Scenario One and the second best result under Scenario Two. Residential development is a balance of all housing unit types, and this area generates sales tax due to the amount of neighborhood retail.

Curtis Road Interchange FAZ. This FAZ generates cumulative net positive impacts under both scenarios. Like the Bradley and Staley FAZ, arterial road improvements were not identified for this area. As a result, the operating surpluses are large enough to make up the capital deficits.

IMAGE REMOVED BY THE PUBLISHER

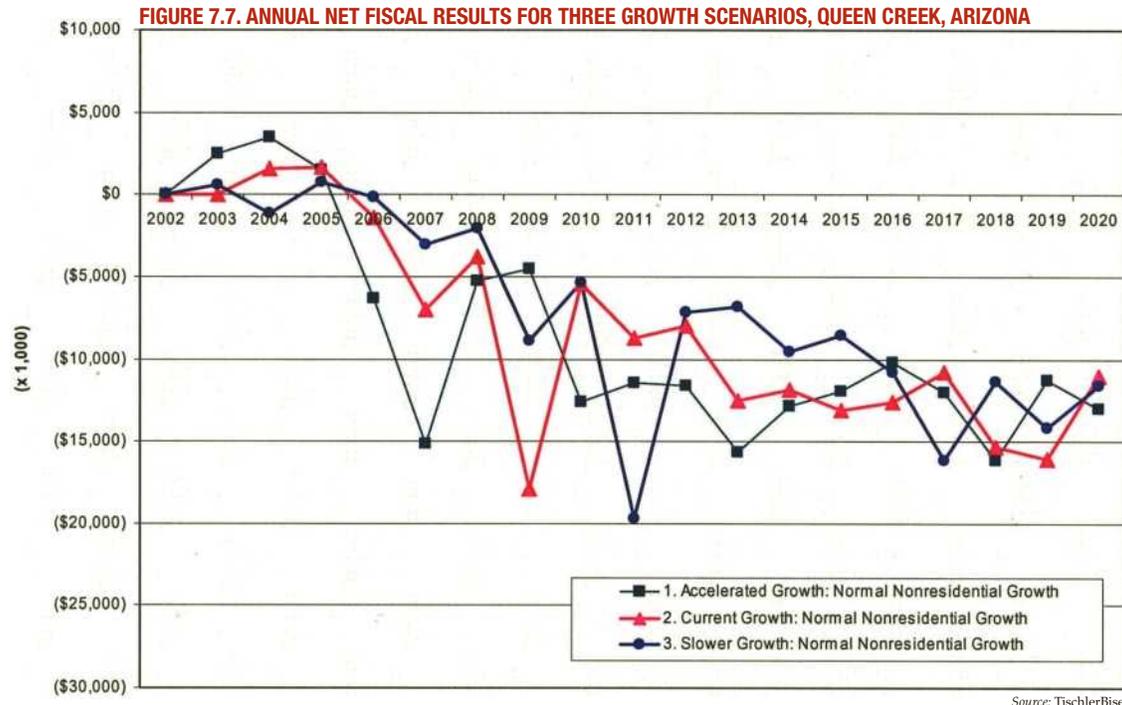
Olympian Extended FAZ. This area generates the largest cumulative net deficit. Most (88 percent) of the nonresidential development is offices, which results in this FAZ generating the lowest level of sales tax revenue. This makes it difficult to generate a significant enough operating surplus to offset capital deficits created by the cost of road construction.

Bradley and Staley FAZ. Cumulative net positive impacts are generated under Scenario One, as this area does not require arterial road improvements under this scenario. A significant cumulative deficit is generated under Scenario Two (Growth Beyond the Service Area) due to the arterial road improvements required.

Infill FAZ. As development increases over the 20-year period, the net positive impact increases. Infill development does not require capital infrastructure, and the balance of retail and higher value multifamily housing units creates a positive net impact.

QUEEN CREEK, ARIZONA: EVALUATING THE TOTAL COST OF GROWTH

The Town of Queen Creek, a Phoenix suburb with a current population of 20,479, is expected to increase by more than 55,000 persons within the next 15 years. As a first step in evaluating the total cost of growth, the town had an impact (i.e., development) fee analy-



sis prepared for municipal facilities and equipment, including police, parks, recreation, roads, library, and fire services. The town's existing fees were the highest in the Phoenix area at \$10,200 per single-family housing unit.

Queen Creek's fiscal impact analysis included all revenues, capital costs, and operating expenses. The town's major revenue source is a point-of-sale sales tax. (In Arizona property taxes are levied by counties, not municipalities.) However, many big-box stores and a regional mall lie just outside the town's boundaries, so it is unlikely to capture significant new retail space.

While the impact fee study calculated new growth's fair share of future capital facilities, the FIA indicated that new growth would generate insufficient revenue to cover associated operating expenses. This is an important consideration, as by collecting the impact fees the town is committing itself to construct and operate the facilities.

Although the State of Arizona requires the local planning process to consider the cost of development, most jurisdictions use an average cost-per-capita calculation. Queen Creek chose instead to evaluate several growth alternatives, which varied the pace of residential and employment growth. Equally important, it used the case-study marginal approach to model the associated operating costs of new capital facilities as well as the fiscal impacts on an annual basis.

The alternatives evaluated reflected three different rates of residential growth. For each scenario, two non-residential growth rates were evaluated to depict the impact of slowed commercial development.

Scenario 1. Accelerated Growth. Average annual growth of 1500 housing units.

Scenario 2. Current Growth. Average annual growth of 1000 housing units.

Scenario 3. Slower Growth. Average annual growth of 750 housing units.

The FIA indicated that the town will begin to incur deficits in about year 5 under all scenarios, when additional capital facilities are needed and the associated operating costs for those facilities are incurred. The case-study marginal approach used in this analysis forecast the timing and cost of new capital facilities (Figure 7.7). As discussed, construction of these facilities will trigger additional operating expenses.

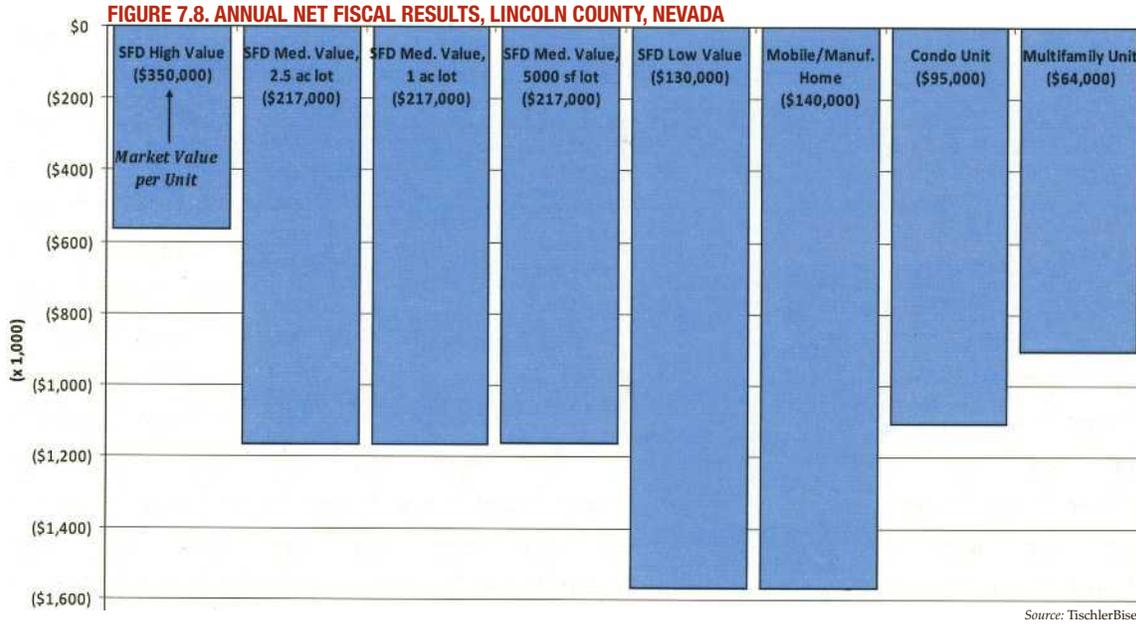
This FIA led to several important policy discussions. First, town officials reviewed and revised the levels of service Queen Creek could provide. They then reviewed and recalculated some of the proposed impact fees since the modified levels of service meant fewer capital facilities would be required. They also created a revenue-strategies committee to continue discussion on the study findings. Finally, the study helped the town educate its citizens on the need for additional revenues to maintain levels of service, with the prime candidate being a property tax.

LINCOLN COUNTY, NEVADA: EVALUATING THE COST OF GROWTH IN A SMALL COMMUNITY

In small communities with limited resources, a cost-of-land-uses FIA can provide a comprehensive overview of

the link between land use and fiscal health. A good example is Lincoln County, Nevada, a large, rural county (over 10,600 square miles) with a population of only 4,500. The county has recently experienced increased development pressure and was interested in better understanding the impact of various land uses.

The Lincoln County cost-of-land-uses FIA found that none of the prototype land uses included in the study generates a positive fiscal impact, given the revenues and costs associated with maintaining current levels of service for each land use. (See Figure 7.8.) For all funds combined, residential prototype land uses pro-



This chart shows the annual net fiscal results for residential prototypes per residential unit.

The county had a cost-of-land-uses FIA prepared that evaluated eight residential prototypes: (1) single-family high value; (2) single-family medium value (2.5 acre lot); (3) single-family medium value (one-acre lot); (4) single-family medium value (5,000 square-foot lot); (5) single-family low value; (6) mobile/manufactured housing; (7) condominium unit; and (8) multifamily apartments. It also evaluated three nonresidential prototypes: (1) retail; (2) office; and (3) industrial.

duce net deficits per unit. For the general fund, road fund, and federal in-lieu tax fund, net surpluses are generated. Net deficits are produced for nonmajor special funds and capital improvements. (See Table 7.2.) The net surpluses generated in those funds are insufficient to offset the deficits to maintain current levels of service.

For all funds combined, all nonresidential land uses generate net deficits per 1,000 square feet of develop-

TABLE 7.2. ANNUAL NET OPERATING AND CAPITAL FISCAL RESULTS, LINCOLN COUNTY, NEVADA

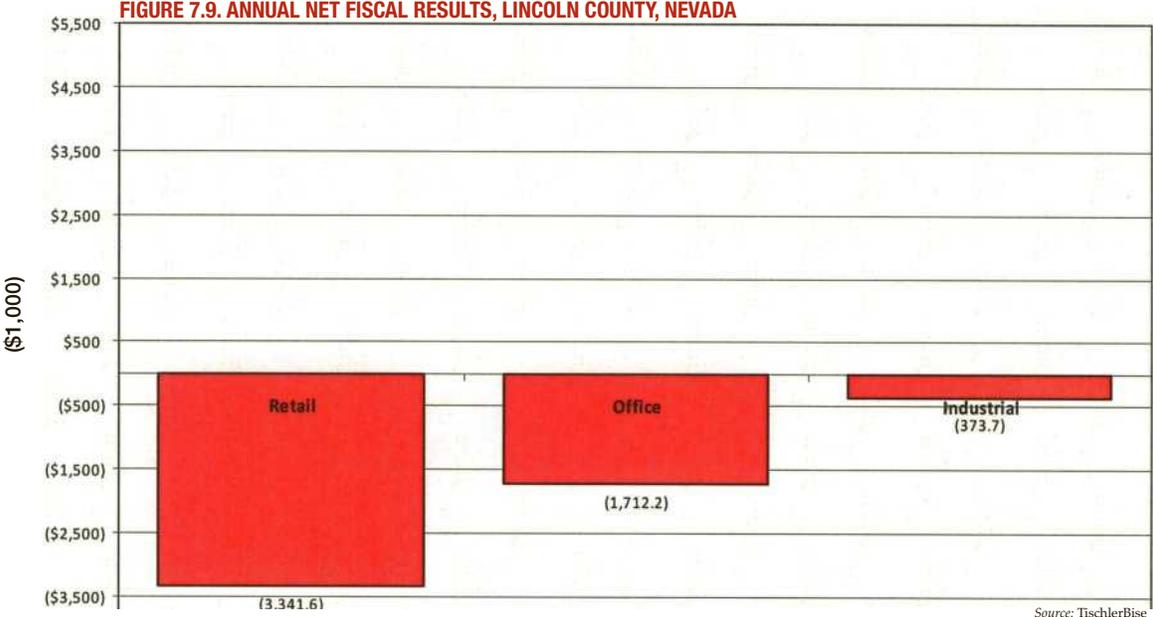
Category	SFD High Value	SFD Medium Value Large Lot (2.5 acres)	SFD Medium Value Medium Lot (1 acre)
<i>Operating Net Fiscal Results by Fund</i>			
General Fund Operating Results	\$382	(\$78)	(\$78)
Road Fund Results	\$29	\$29	\$29
Federal in Lieu Tax Fund Results	\$106	\$106	\$106
Nonmajor Special Funds Results (All Combined)	(\$358)	(\$479)	(\$479)
Subtotal Operating Net Fiscal Results	\$159	(\$422)	(\$422)
<i>Capital Net Fiscal Results</i>			
Subtotal Capital Net Fiscal Results	(\$723)	(\$742)	(\$742)
TOTAL RESULTS	(\$564)	(\$1,164)	(\$1,164)

ment. (See Figure 7.9.) For the general fund, road fund, nonmajor special funds, and capital improvements, net deficits are generated. The federal in-lieu tax fund generates net surpluses. (See Table 7.3 on page 56.)

These results show that existing development is not paying its way in Lincoln County. The primary reasons

has not increased the property tax in many years. The analysis also found that the county has a considerable number of services for which it does not charge user fees (charge for service).

Another important finding is that the county has minimal dedicated capital revenues. Given the fiscal re-



This chart shows the annual net fiscal results for nonresidential uses per 1,000 square feet.

are that the county’s revenue structure is not sufficiently diverse, nor is the county doing its part to ensure fiscal sustainability. Many expenditures in the current budget year, particularly in special funds, are covered by fund balances. This leads to net deficits for these functions since new revenue generation is insufficient to cover the expenditures. This practice has occurred for several years. Despite this situation, the county

results, it was recommended that the county give serious consideration to alternative capital financing sources such as impact fees. On the operating side, the county may also want to evaluate the level of cost recovery for existing user fees and consider additional user fees to cover costs.

As a result of this analysis, the county went forward with a comprehensive revenue enhancement assessment.

Residential (per Unit)				
SFD Medium Value Small Lot (5000 sf)	SFD Low Value	Mobile/Manufactured Home	Condo Unit	Multifamily Unit
(\$78)	(\$386)	(\$379)	(\$321)	(\$171)
\$29	\$29	\$53	\$123	(\$119)
\$106	\$106	\$110	\$82	\$50
(\$479)	(\$560)	(\$576)	(\$439)	(\$263)
(\$422)	(\$812)	(\$792)	(\$555)	(\$503)
(\$741)	(\$755)	(\$774)	(\$550)	(\$402)
(\$1,163)	(\$1,566)	(\$1,566)	(\$1,105)	(\$905)

Source: TischlerBise

[Overall] results show that existing development is not paying its way in Lincoln County, the primary reasons being that the county’s revenue structure is not sufficiently diverse, nor is the county doing its part to ensure fiscal sustainability.

TABLE 7.3. ANNUAL NET OPERATING AND CAPITAL FISCAL RESULTS, LINCOLN COUNTY, NEVADA

Category	Nonresidential (per 1,000 Square Feet)		
	Retail	Office	Industrial
<i>Operating Net Fiscal Results by Fund</i>			
General Fund Operating Results	(\$69)	(\$383)	(\$85)
Road Fund Results	(\$2,102)	(\$857)	(\$186)
Federal in Lieu Tax Fund Results	\$64	\$86	\$24
Nonmajor Special Funds Results (All Combined)	(\$29)	(\$36)	(\$9)
Subtotal Operating Net Fiscal Results	(\$2,135)	(\$1,189)	(\$255)
<i>Capital Net Fiscal Results</i>			
Subtotal Capital Net Fiscal Results	(\$1,206)	(\$523)	(\$119)
TOTAL RESULTS	(\$3,342)	(\$1,712)	(\$374)

Source: TischlerBise

Benefits of Fiscal Impact Analysis



Clearly, fiscal impact analysis has many benefits, whether it is used for budgeting or for land-use, capital, or financial planning. At the same time, there are certain common mistakes in using FIA that planners should be aware of; most can be avoided with careful use of this tool.

BENEFITS OF FISCAL IMPACT ANALYSIS

Encourages Anticipation of Change

One of the major benefits of FIA is that it describes what is likely to happen due to change within a jurisdiction. A fiscal analysis measures the impact of growth (or decline) on a local government's services, including capital facilities, and the resulting costs and revenues. This is different from the preparation of the next year's budget. In most cases, a fiscal analysis does not replicate the budget; it projects marginal changes in the budget given possible land-use, demographic, and employment changes. Fiscal analysis enables local officials to ask "what if" something happens and to consider the effects beyond the next fiscal year. While the resulting data are not necessarily completely accurate, they do provide a clear sense of the likely effects of various policies, which can be crucial to local officials making policy decisions.

Projects Capital Facility Needs

A fiscal impact analysis can incorporate information on the available capacity of current capital facilities and project when additions or new facilities will be needed for each development alternative being evaluated. Fiscal analysis also can be used to help allocate new capital facilities to geographic subareas of the community.

The evaluation of capital facilities needs can be helpful in developing or revising the local government's capital improvement program (CIP). The costs and staging of facilities included in the CIP are often based on the independent best estimates of the departments that have activities or programs affected by the proposed capital improvements. In some cases, the projections made by these departments are similar; at other times, they vary widely. Fiscal analysis can add an additional perspective.

**IMAGE REMOVED
BY THE PUBLISHER**

Helps Define Achievable Levels of Service

The level of service the local government will provide is an important factor in calculating impact fees and other user fees. In order to quantify levels of service, department heads and managers must choose an indicator as a basis: the number of residents or jobs in the community, the number of average daily trips on local roads, or some other appropriate denominator. Defining the level of service promotes discussion about the adequacy of services and enables the local government to determine through fiscal analysis whether the community can afford various levels of service, both in terms of the costs of new or expanded capital facilities and annual operating costs.

In addition, sometimes the CIP contains only those projections for use of capital facilities needed over the next year or two. Fiscal analysis can help the local government forecast capital-facilities needs over a longer period of time and in a more thorough fashion, giving decision makers more information to make better investment decisions.

Clarifies Development Policy Impacts

In most cases, fiscal impact analysis focuses on the effects of growth or development, usually defined in a development scenario. Development scenarios need to be defined for each year of the forecast period in terms of population, employment, housing by type, and non-residential square footage.

Defining development scenarios can be useful. Many local governments never translate their policies or major land-use plan changes into estimates of annual revenues and expenditures. The process of describing in narrative form how and why the numbers were developed is a very important aspect of a fiscal impact analysis, which provides local officials with information to evaluate the logic of the assumptions underlying policies or proposals.

For example, under an optimistic development scenario, a community may project population growth of 25,000 over a 20-year period. The fiscal impact analysis can be used to project how providing the various types of housing that could accommodate this growth (garden apartments, town houses, single-family homes, and condominiums) would affect the need for services over time. Since this scenario projects job growth as well, the fiscal analysis could also assess the fiscal impact of alternative job-growth pictures (e.g., mostly offices with some retail versus industrial growth with some office and retail). Using this process, local officials can review existing and proposed policies from a more informed perspective.

Fiscal impact analysis can help not only local officials but also developers take realistic looks at the viability of proposed development. In one community, a mixed use high-rise development containing residential, office, retail, and hotel activities was proposed. The developer wanted the city to help provide infrastructure. To analyze the costs, the city requested that the project be explained in terms of its effect on growth on an annual basis (rather than at build out, as in the developer's scenario). When the developer projected the absorption of the new residential and commercial space into the local economy on an annual basis, he found that his absorption figures were too optimistic. He presented a revised proposal with a rationale for annual absorption that appeared reasonable to all parties.

Calculates Capital Costs and Operating Expenses

The calculation of capital costs and operating expenses is an obvious benefit of a fiscal impact analysis. If the FIA focuses on the marginal costs associated with growth, rather than using an average-cost approach, the results are more likely to accurately reflect annual needs and therefore will be more useful. The calculation of capital costs and operating expenses associated with service changes clearly shows decision makers how the local government's budget will be affected by growth or redevelopment.

Calculates Revenues; Helps in the Development of Revenue Strategies

A fiscal analysis calculates the additional local government revenues resulting from new development, assum-

ing existing rates and fee structures. A fiscal analysis can show the magnitude of the revenues that would be collected under different development scenarios and can show whether there would be a surplus or deficit of revenues over expenditures on an annual as well as a cumulative basis for each alternative considered. This enables local officials to consider alternative sources of revenues.

Fiscal impact analysis presents a wealth of information that a local government can use to develop revenue strategies. Obviously, if the analysis indicates that existing plans for the community's growth will result in a deficit, the plans may need to be adjusted to arrive at a neutral or positive position. The first area to evaluate is the structure of rates for various revenue sources. Revenue formulas used to set user fees, utility rates, and property taxes should be reviewed as part of developing a revenue strategy. Possible new revenue sources can also be evaluated.

Even if the fiscal analysis projects a surplus of revenues over expenditures as a result of new development, rate structures for revenues such as user fees should be evaluated regularly so that appropriate fees can be applied to new growth.

Encourages "What If" Questions

A good fiscal impact analysis with a narrative explaining all assumptions and inputs encourages managers to ask a number of "what if" questions. Alternative scenarios can be described for service levels, for the cost and revenue factors, for growth itself, or for almost any other aspect of the analysis. Decision makers find that some of the major benefits of fiscal analysis are the explicit defining of all the different service level and cost and revenue factors, as well as the ability to change assumptions and quickly see the impact of the changes. This makes fiscal analysis a very effective policy tool.

RISKS IN USING FISCAL IMPACT ANALYSIS

There are several risks—all avoidable—that local officials should keep in mind so they can use fiscal analysis effectively. Some of these are discussed below.

Garbage in, Garbage out, and Black Box Concerns

Making faulty assumptions or making assumptions based on faulty data leads to faulty results. A fiscal impact analysis must include a clearly written rationale explaining the methodology employed as well as the assumptions behind the level-of-service standards and cost and revenue factors. It is also important to detail the assumptions behind the development scenarios evaluated in the analysis, including information on total development, allocation by subarea (if applicable), and the assumed absorption rate. A narrative that describes the annual as well as cumulative findings and the reasons for them is also necessary.

This information enables users of the analysis to understand the results and raise appropriate questions about basic assumptions. For example, local officials may want to question assumptions about issues such as how the population's demographics will change, how the ratio of residential to nonresidential land use will change over time, or how much revenue will be received from intergovernmental transfers in the future.

Econometric models that use regional or national data can be helpful if the assumptions are understood clearly and are applicable to the local situation. Many communities find such models to be too different from the local situation to be helpful. If the model is too different or too complicated, then local officials should evaluate the results especially carefully.

An example is the increasing desire from the general public and many local governments to preserve open-space lands because of their importance from an agricultural perspective, for recreation and natural hazard mitigation, or because they possess important geological or biological features. Since local governments are heavily dependent on property tax monies for operating revenue, the fiscal and economic implications of open-space preservation decisions are paramount. Conservationists are frequently called upon to demonstrate to local communities the economic value of preserving open space (Fausold and Lillieholm 1996).

The most direct measure of the economic value of open space is its real estate market value. Another way to measure this value is through contingent valuation,

IMAGE REMOVED BY THE PUBLISHER

Political Effects of Making Data Assumptions Explicit

While explaining assumptions is considered a benefit by most people, levels of service as well as many other data inputs can be politically sensitive. Local officials should consider the impact of this information on the public's perception of services in determining how to explain the data and how to involve citizens effectively in discussing levels of service and related issues. For example, if the number of police assigned to a certain sector is controversial, then the number used in the fiscal analysis will most likely generate interest.

Neglecting Other Impacts

Local policy makers may be tempted to focus on the fiscal impacts of alternatives at the expense of other factors less easily quantified, such as environmental and social impacts. Moreover, to the extent that a fiscal analysis encourages all assumptions to be made explicit, there may be pressure to quantify the other factors for comparison. Whether or not other factors can be quantified is an issue that local governments need to consider then when evaluating specific proposals or changes in land-use policies.

which is a survey-based economic technique for the valuation of nonmarket factors, such as the preservation of open space or the impact of contamination. Typically, such a survey asks how much money people would be willing to pay (or willing to accept) to maintain, for example, the existence of open space.

CONCLUSION

The need for planners to evaluate the fiscal impacts of development will only increase in the future. With local governments facing growing financial pressures due to declining state and federal revenues and local resistance to tax increases, the need for new development to be fiscally neutral, at a minimum, is more important than ever. This report has shown that fiscal impact analysis can be a difficult process and can be conducted at various levels of sophistication. In addition, the analysis is only as good as the information used in its preparation. Nevertheless, fiscal impact analysis remains the best available technique for evaluating the impact of development on the provision of local government services and facilities.

References

- Bice, Barbara. 2003. "Review of State Rated Capacity, Actual Class Sizes, and Impact of a Change in State Rated Capacity on School Facilities." Presentation to Maryland Task Force to Study Public School Facilities. December 1. Available at http://mlis.state.md.us/other/education/public_school_facilities_2003/Review%20of%20State%20Rated%20Cap.pdf.
- Bise, L. Carson II. 1999. "Smart Growth and Fiscal Realities." ICMA Smart Growth Network.
- . 2006. "Fiscal Impact Analysis." In *Planning and Urban Design Standards*, 518–20. Hoboken, N.J.: John R. Wiley and Sons.
- . 2007. *Fiscal Impact Analysis: How Today's Decisions Affect Tomorrow's Budget*. ICMA IQ Report. Washington, D.C.: ICMA Press.
- Burchell, Robert W., and David Listokin. 1978. *The Fiscal Impact Handbook: Estimating Local Costs and Revenues of Land Development*. New Brunswick, N.J.: Rutgers University Center for Urban Policy Research.
- . 1980. *The Fiscal Guidebook: A Practitioner's Guide*. Washington, D.C.: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
- Burchell, Robert W., et al. 1994. *Development Impact Assessment Handbook*. Washington, D.C.: Urban Land Institute.
- Burchell, Robert W., George Lowenstein, William R. Dolphin, Catherine C. Galley, Anthony Downs, Samuel Seskin, Katherine Gray Still, and Terry Moore. 2002. *The Cost of Sprawl—2000*. Transportation Research Board, National Research Council. Washington, D.C.: National Academies Press.
- Burchell, Robert W., and Naveed A. Shad. 1998. "A National Perspective on Land Use Policy Alternatives and Consequences at the Rural-Urban Fringe." In *Increasing Understanding of Public Problems and Policies*, Proceedings of the 1998 National Public Policy Education Conference, September 20–23. Farm Foundation. Available at www.farmfoundation.org/news/articlefiles/128-burchell.pdf.
- Burchell, Robert W., Naveed A. Shad, David Listokin, Hilary Phillips, Anthony Downs, Samuel Seskin, Judy S. Davis, Terry Moore, David Helton, and Michelle Gall. 1998. *The Cost of Sprawl—Revisited*. Transportation Research Board, National Research Council. Washington, D.C.: National Academies Press.
- Coyne, William. 2003. *The Fiscal Cost of Sprawl: How Sprawl Contributes to Local Governments' Budget Woes*. Environment Colorado Research and Policy Center report. December. Available at www.impactfees.com/publications%20pdf/fiscalcostofsprawl12_03.pdf.
- Duncan, James E., et al. 1989. *The Search for Efficient Urban Growth Patterns*. Tallahassee, Fla.: Florida Department of Community Affairs.
- Edwards, Mary M. 2000. *Community Guide to Development Impact Analysis*. Madison: University of Madison–Wisconsin. Available at www.aae.wisc.edu/atiod/impactGuide/Development%20Impact%20Analysis%20Guide.pdf.

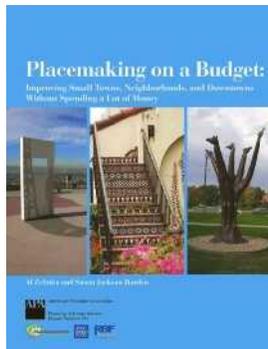
- . 2007. "Public Finance in Planning Education and Practice." *Journal of Planning Education and Research* 27(2): 217–27.
- Edwards, Mary M., and Jack R. Huddleston. 2010. "Prospects and Perils of Fiscal Impact Analysis." *Journal of the American Planning Association* 76(1): 25–41.
- Fausold, Charles J., and Robert J. Lilieholm. 1996. "The Economic Value of Open Space." *Land Lines* 8(5). September. Available at www.lincolnst.edu/pubs/PubDetail.aspx?pubid=505.
- "Fiscal Analysis and Financing Tools." 2007. In *Florida Planning Toolbox*. Fort Lauderdale, Fla.: Center for Urban and Environmental Solutions, Florida Atlantic University. Available at www.cues.fau.edu/toolbox/subchapter.asp?SubchapterID=95&ChapterID=8.
- Fishkind & Associates. 2002. "Fiscal Impact Analysis Model Prototype Model Structure, Examples and Results." State of Florida Department of Environmental Protection Fiscal Impact Analysis Model. See www.fishkind.com/fiam/home.html.
- Frank, James E. 1989. *The Cost of Alternative Development Patterns: A Review of the Literature*. Washington, D.C.: Urban Land Institute.
- Holzheimer, Terry. 1998. "How Has Fiscal Impact Analysis been Integrated into Local Comprehensive Planning?" Presentation at the American Planning Association national conference, Boston.
- Kelsey, Timothy W. 2007. "Fiscal Impacts of Different Land Uses: The Pennsylvania Experience." The Pennsylvania State University, College of Agricultural Sciences, Agricultural Research and Cooperative Extension. Available at <http://pubs.cas.psu.edu/FreePubs/pdfs/ec410.pdf>.
- Real Estate Research Corporation. 1974. *The Costs of Sprawl: Detailed Cost Analysis*. Washington, D.C.: U.S. GAO.
- Rusk, David. 2006. *Annexation and the Fiscal Fate of Cities*. August. Washington, D.C.: Brookings Institution. Available at www.brookings.edu/~media/Files/rc/reports/2006/08metropolitanpolicy_rusk/20060810_fateofcities.pdf.
- Siegel, Michael L. 2000. *Developments and Dollars: An Introduction to Fiscal Impact Analysis in Land Use Planning*. New York: Natural Resources Defense Council. Available at www.nrdc.org/cities/smartgrowth/dd/ddinx.asp.
- WKRN. 2008. "VW Incentive Package Totals \$577 Million." Available at www.wkrn.com/global/Story.asp?s=8924406.



The American Planning Association provides leadership in the development of vital communities by advocating excellence in community planning, promoting education and citizen empowerment, and providing the tools and support necessary to effect positive change.

516. **Jobs-Housing Balance.** Jerry Weitz. November 2003. 41pp.
517. **Community Indicators.** Rhonda Phillips. December 2003. 46pp.
- 518/519. **Ecological Riverfront Design.** Betsy Otto, Kathleen McCormick, and Michael Leccese. March 2004. 177pp.
520. **Urban Containment in the United States.** Arthur C. Nelson and Casey J. Dawkins. March 2004. 130pp.
- 521/522. **A Planners Dictionary.** Edited by Michael Davidson and Fay Dolnick. April 2004. 460pp.
- 523/524. **Crossroads, Hamlet, Village, Town (revised edition).** Randall Arendt. April 2004. 142pp.
525. **E-Government.** Jennifer Evans-Cowley and Maria Manta Conroy. May 2004. 41pp.
526. **Codifying New Urbanism.** Congress for the New Urbanism. May 2004. 97pp.
527. **Street Graphics and the Law.** Daniel Mandelker with Andrew Bertucci and William Ewald. August 2004. 133pp.
528. **Too Big, Boring, or Ugly: Planning and Design Tools to Combat Monotony, the Too-big House, and Teardowns.** Lane Kendig. December 2004. 103pp.
- 529/530. **Planning for Wildfires.** James Schwab and Stuart Meck. February 2005. 126pp.
531. **Planning for the Unexpected: Land-Use Development and Risk.** Laurie Johnson, Laura Dwelley Samant, and Suzanne Frew. February 2005. 59pp.
532. **Parking Cash Out.** Donald C. Shoup. March 2005. 119pp.
- 533/534. **Landslide Hazards and Planning.** James C. Schwab, Paula L. Gori, and Sanjay Jeer, Project Editors. September 2005. 209pp.
535. **The Four Supreme Court Land-Use Decisions of 2005: Separating Fact from Fiction.** August 2005. 193pp.
536. **Placemaking on a Budget: Improving Small Towns, Neighborhoods, and Downtowns Without Spending a Lot of Money.** Al Zelinka and Susan Jackson Harden. December 2005. 133pp.
537. **Meeting the Big Box Challenge: Planning, Design, and Regulatory Strategies.** Jennifer Evans-Crowley. March 2006. 69pp.
538. **Project Rating/Recognition Programs for Supporting Smart Growth Forms of Development.** Douglas R. Porter and Matthew R. Cuddy. May 2006. 51pp.
- 539/540. **Integrating Planning and Public Health: Tools and Strategies To Create Healthy Places.** Marya Morris, General Editor. August 2006. 144pp.
541. **An Economic Development Toolbox: Strategies and Methods.** Terry Moore, Stuart Meck, and James Ebenhoh. October 2006. 80pp.
542. **Planning Issues for On-site and Decentralized Wastewater Treatment.** Wayne M. Feiden and Eric S. Winkler. November 2006. 61pp.
- 543/544. **Planning Active Communities.** Marya Morris, General Editor. December 2006. 116pp.
545. **Planned Unit Developments.** Daniel R. Mandelker. March 2007. 140pp.
- 546/547. **The Land Use/Transportation Connection.** Terry Moore and Paul Thorsnes, with Bruce Appleyard. June 2007. 440pp.
548. **Zoning as a Barrier to Multifamily Housing Development.** Garrett Knaap, Stuart Meck, Terry Moore, and Robert Parker. July 2007. 80pp.
- 549/550. **Fair and Healthy Land Use: Environmental Justice and Planning.** Craig Anthony Arnold. October 2007. 168pp.
551. **From Recreation to Re-creation: New Directions in Parks and Open Space System Planning.** Megan Lewis, General Editor. January 2008. 132pp.
552. **Great Places in America: Great Streets and Neighborhoods, 2007 Designees.** April 2008. 84pp.
553. **Planners and the Census: Census 2010, ACS, Factfinder, and Understanding Growth.** Christopher Williamson. July 2008. 132pp.
554. **A Planners Guide to Community and Regional Food Planning: Transforming Food Environments, Facilitating Healthy Eating.** Samina Raja, Branden Born, and Jessica Kozlowski Russell. August 2008. 112pp.
555. **Planning the Urban Forest: Ecology, Economy, and Community Development.** James C. Schwab, General Editor. January 2009. 160pp.
556. **Smart Codes: Model Land-Development Regulations.** Marya Morris, General Editor. April 2009. 260pp.
557. **Transportation Infrastructure: The Challenges of Rebuilding America.** Marlon G. Boarnet, Editor. July 2009. 128pp.
558. **Planning for a New Energy and Climate Future.** Scott Shuford, Suzanne Rynne, and Jan Mueller. February 2010. 160pp.
559. **Complete Streets: Best Policy and Implementation Practices.** Barbara McCann and Suzanne Rynne, Editors. March 2010. 144pp.
560. **Hazard Mitigation: Integrating Best Practices into Planning.** James C. Schwab, Editor. May 2010. 152 pp.
561. **Fiscal Impact Analysis: Methodologies for Planners.** L. Carson Bise II. September 2010. 68pp.

of Special Interest



Placemaking on a Budget

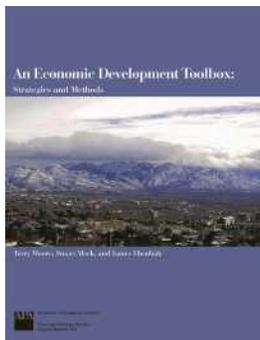
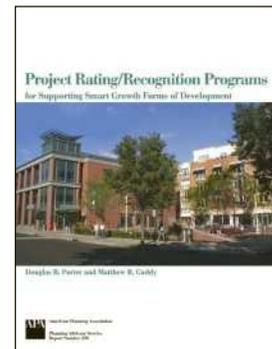
PAS 536. Al Zelinka and Susan Jackson Harden. 2006. 133 pp. \$48.

Does your town lack a distinctive main street? Can visitors distinguish your town from the next? Public spaces are failing in many communities—and they are often the barometers of vitality, social cohesion, and public health. This report offers help for small towns, neighborhoods, and downtowns that need to enhance identity and social connections without spending a lot of money. Find out how citizens can get involved in identifying the history, culture, and resources that make their community unique. Learn how to recognize opportunities for expressing community values.

Project Rating/Recognition Programs

PAS 538. Douglas R. Porter and Matthew R. Cuddy. 2006. 48 pp. \$44.

What is smart growth? Communities that want to implement smart growth need criteria and standards for evaluating the extent to which proposed developments qualify as smart growth. Learn how to create project rating systems that help turn smart growth principles into built projects. This report describes ratings systems used by various organizations and evaluates their effectiveness. It also explains how such systems can be used to educate the public and officials about smart growth, and how to use them in recognition and awards programs.



An Economic Development Toolbox

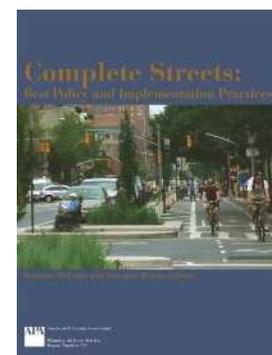
PAS 541. Terry Moore, Stuart Meck, and James Ebenhoh. 2006. 78 pp. \$48.

This practical guide to economic development will help local governments analyze their economies and incorporate economic goals into comprehensive plans.

Complete Streets

PAS 559. Barbara McCann and Suzanne Rynne, eds. 2010. 144 pp. \$60.

Drawing on lessons learned from more than 30 communities around the country, this report provides insight into successful policy and implementation practices that have resulted in complete streets. Readers will learn how to build support for complete streets, adopt a policy, and integrate complete street concepts into plans, processes, and standards. In addition, this report provides insight into design issues, handling costs, and ways of working with various stakeholders. Case studies highlight communities that have adopted and implemented complete streets, and model policy language provides guidance to communities interested in writing and adopting a complete streets policy.



When to Run Fiscal Model:

The following table provides a general guide on when staff should utilize the fiscal model in development review. This should not preclude staff, the Planning Commission or City Council from requesting that the fiscal model be used for any development type if the analysis may be beneficial in the development review process. The intent is to use the fiscal model only when needed to understand the possible impact of land use changes and development on the fiscal health of the City and to understand the funding needed to maintain current levels of City services. The model can also be used to inform City resource and capital planning to accommodate larger scale developments.

Application Type	Yes	No*	Model Type
Comprehensive Plan Policy – Land Use/Density Implications	X		Marginal Cost
Zone Change	X		Marginal Cost Model if more than one lot or Direct/Hybrid Cost Model if one lot
General Development Plan - New	X		Marginal Cost Model
General Development Plan Amendment – Land Use/Density Changes	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
General Development Plan Amendment – No Land Use/Density Changes		X	
Mixed Use Development PUD	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Individual Parcel PUD – by right		X	
Special Review Use		X	
Residential Subdivision – by right, more than two lots created	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Residential Subdivision – by right, no more than two lots created		X	
Non-Residential Subdivision – by right		X	
Civic Buildings		X	

*Any project with a waiver request having a material effect on allowed density should be considered for analysis.

City Council Discussion

June 23, 2020

Fiscal Impact Model Review

Fiscal Impact Model Review Comprehensive Plan Policies



Comprehensive Plan. p. 55, Fiscal Health

A community's fiscal environment can be described as a "three-legged" stool, balancing nonresidential development, municipal services and amenities and residential development. The first "leg" of the stool nonresidential development - provides the vast majority of revenues to support municipal services. Municipal services and amenities, the second "leg," attract residents and maintain their quality of life. The third "leg" residential development generates the spending and employees to support nonresidential business. Fiscal sustainability of the community relies on this type of balance, which must continually be maintained, even through changing economic cycles.

Fiscal Impact Model Review

Comprehensive Plan Policies



Downtown and the Highway 42 Revitalization District

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

McCaslin Boulevard (South of Cherry)

Fiscal Performance: Land use mix demonstrates strong fiscal benefits

McCaslin Boulevard Corridor (North of Cherry Street)

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

Highway 42 and South Boulder Road

Fiscal Performance: Land use mix demonstrates positive fiscal benefits

South Boulder Road and Highway 42 Corridors

Fiscal Performance: Land use mix demonstrates positive fiscal benefits in the urban corridor, and may demonstrate neutral fiscal returns in the suburban corridors

Special Districts (CTC, 96th/Dillon, Phillips 66, Empire Road)

Fiscal Performance: Land use mix demonstrates neutral fiscal benefit and positive economic benefits

Fiscal Impact Model Review

Fiscal Models Can Help:

- Ensure new developments have sustainable funding for City capital and services
- Evaluate fiscal impact of different land use scenarios and changes

Fiscal Models Do Not Evaluate:

- Character and amenities provided by development
- Social and environmental impacts
- Market probability

Fiscal Impact Model Review

Two Fiscal Model Types

Originally Developed in 2014 – Move from Direct Cost to Marginal Cost Models

- Development Impact Model
Marginal/Average Cost Hybrid for Individual Development Proposals
- Area Planning Model
Marginal Cost Model for City-Wide or Area Land Use Scenarios

Fiscal Impact Model Review

2018 Policy and Standard Assumptions

Inputs	Source/Assumption
Persons/Unit	Census/American Community Survey
Unit/Construction Value	Developer/Market Research
Residential Income	Developer/15% of Unit Value
Residential Income Spent on Taxable Items	35% of Income
Residential Spending Captured in City	40%
Vehicle Trips	Institute of Traffic Engineers
Employee Density	Institute of Traffic Engineers
Employee Spending	ICSC/Staff Assumption: Office = \$5,000 & Retail = \$1,200
Retail Tax/Sq. Ft.	<25K = \$100 25K-50K = \$200 > 50K = \$300
Absorptions Rates (Time to Complete the Development)	Developer/Staff Assumption: 7 Year Residential & 20 Year Commercial

2018 Policy and Standard Assumptions

RESIDENTIAL DEVELOPMENT COMPONENT			YES		
Land Use Profile			Potential New Development	Type of Absorption	Annual Absorption/ Percent Absorbed
Residential Low Density	2.57 Persons Per Unit	33 Lin. Ft. Lot Width	1,000 Units	Percent Absorbed ▼	10 Units 10.00%
Market Value:	\$600,000 Per Unit	6.76 Vehicle Trips	50% Adj. Factor		
Construction Value	\$300,000 Per Unit	\$132,000 HH Income	35% on Taxables Items		
Residential Medium Density	1.26 Persons Per Unit	8 Lin. Ft. Lot Width	361 Units	Percent Absorbed ▼	50 Units 14.00%
Market Value:	\$550,000 Per Unit	4.13 Vehicle Trips	50% Adj. Factor		
Construction Value	\$275,000 Per Unit	\$121,000 HH Income	35% on Taxables Items		
Residential High Density	1.38 Persons Per Unit	8 Lin. Ft. Lot Width	0 Units	Percent Absorbed ▼	0 Units 30.00%
Market Value:	\$350,000 Per Unit	4.68 Vehicle Trips	50% Adj. Factor		
Construction Value	\$175,000 Per Unit	\$77,000 HH Income	35% on Taxables Items		

NONRESIDENTIAL DEVELOPMENT COMPONENT					
Land Use Profile			Potential New Development	Type of Absorption	Annual Absorption/ Percent Absorbed
Retail <25k	78.33 Vehicle Trips	28% Adj. Factor	136,618 Sq. Ft.	Percent Absorbed ▼	47,000 Sq. Ft. 10.00%
Market Value:	\$272 Per Sq. Ft.	Construction Value:	\$194 Per Sq. Ft.		
Employment Density:	3.33 Per 1,000 Sq. Ft.	\$150 Sales Per Sq. Ft.	\$0 Spending per Emp.		
Retail 25-50k	61.46 Vehicle Trips	31% Adj. Factor	0 Sq. Ft.	Percent Absorbed ▼	75,000 Sq. Ft. 10.00%
Market Value:	\$259 Per Sq. Ft.	Construction Value:	\$185 Per Sq. Ft.		
Employment Density:	2.86 Per 1,000 Sq. Ft.	\$200 Sales Per Sq. Ft.	\$0 Spending per Emp.		
Hotel	6.33 Vehicle Trips	50% Adj. Factor	206,808 Sq. Ft.	Percent Absorbed ▼	0 Sq. Ft. 10.00%
Market Value:	\$272 Per Sq. Ft.	Construction Value:	\$194 Per Sq. Ft.		
Employment Density:	0.62 Per 1,000 Sq. Ft.	\$52 Sales Per Sq. Ft.	\$1,200 Spending per Emp.		
Office <25k	13.00 Vehicle Trips	50% Adj. Factor	0 Sq. Ft.	Percent Absorbed ▼	0 Sq. Ft. 10.00%
Market Value:	\$272 Per Sq. Ft.	Construction Value:	\$194 Per Sq. Ft.		
Employment Density:	4.13 Per 1,000 Sq. Ft.	\$0 Sales Per Sq. Ft.	\$5,000 Spending per Emp.		

2018 Policy and Standard Assumptions

Fiscal Impact Model Review

Cumulative Combined Funds Results (x\$1,000) - Scenario Comparisons (x\$1,000)

City of Louisville
Fiscal Impact Model

	SCENARIO					
	Urban	%	Suburban	%	Rural	%
Revenue by Fund						
General Fund	\$41,886	61%	\$7,114	62%	\$7,915	66%
Open Spaces & Parks Fund	\$6,084	9%	\$1,022	9%	\$908	8%
Lottery Fund	\$0	0%	\$0	0%	\$0	0%
Historic Preservation Fund	\$2,199	3%	\$371	3%	\$360	3%
Capital Projects Fund	\$18,462	27%	\$3,008	26%	\$2,751	23%
TOTAL REVENUE	\$68,630	100%	\$11,516	100%	\$11,933	100%
Expenditures by Fund						
General Fund	\$25,347	48%	\$4,857	60%	\$9,569	82%
Open Spaces & Parks Fund	\$531	1%	\$51	1%	\$11	0%
Lottery Fund	\$0	0%	\$0	0%	\$0	0%
Historic Preservation Fund	\$0	0%	\$0	0%	\$0	0%
Capital Projects Fund	\$26,571	51%	\$3,204	39%	\$2,037	18%
TOTAL EXPENDITURES	\$52,449	100%	\$8,112	100%	\$11,618	100%
NET FISCAL RESULT BY FUND						
General Fund	\$16,539		\$2,258		(\$1,654)	
Open Spaces & Parks Fund	\$5,552		\$971		\$897	
Lottery Fund	\$0		\$0		\$0	
Historic Preservation Fund	\$2,199		\$371		\$360	
Capital Projects Fund	(\$8,109)		(\$196)		\$713	
NET FISCAL IMPACT	\$16,181		\$3,404		\$316	

Fiscal Impact Model Review

2018 Policy and Standard Assumptions

High/Low Scenarios

- High – Standard Assumptions
- Low – Adjust Several Factors to 80% of Standard and Increase Time for Absorption

Fiscal Impact Model Review

High/Low Example

	High	Low
Residential Units	100	80
House Value	\$600,000	\$450,000
Construction Value	\$300,000	\$225,000
HH Income	\$120,000	\$67,500
Absorption	4 years	8 years
Office	20,000 sq. ft.	16,000 sq. ft.
Market Value	\$300	\$240
Construction Value	\$200	\$160
Worker Spending	\$5,000	\$4,000
Absorption	10 years	20 years
Retail	10,000	8,000
Market Value	\$250/sq. ft.	\$200
Construction Value	\$180/sq. ft.	\$144
Worker Spending	\$1,200	\$960
Sales Per sq. ft.	\$100	\$80
Absorption	10 years	20 years

Fiscal Impact Model Review

High/Low Example

Cumulative Combined Funds Results (x\$1,000) - Scenario Comparisons (x\$1,000)
 City of Louisville
 Fiscal Impact Model

	SCENARIO			
	High	%	Low	%
Revenue by Fund				
General Fund	\$2,416	60%	\$1,003	52%
Open Spaces & Parks Fund	\$309	8%	\$152	8%
Lottery Fund	\$0	0%	\$0	0%
Historic Preservation Fund	\$114	3%	\$56	3%
Capital Projects Fund	\$1,195	30%	\$701	37%
TOTAL REVENUE	\$4,034	100%	\$1,912	100%
Expenditures by Fund				
General Fund	\$1,891	62%	\$883	52%
Open Spaces & Parks Fund	\$93	3%	\$42	3%
Lottery Fund	\$0	0%	\$0	0%
Historic Preservation Fund	\$0	0%	\$0	0%
Capital Projects Fund	\$1,075	35%	\$765	45%
TOTAL EXPENDITURES	\$3,060	100%	\$1,691	100%
NET FISCAL RESULT BY FUND				
General Fund	\$525		\$120	
Open Spaces & Parks Fund	\$216		\$110	
Lottery Fund	\$0		\$0	
Historic Preservation Fund	\$114		\$56	
Capital Projects Fund	\$120		(\$64)	
NET FISCAL IMPACT	\$974		\$222	

Fiscal Impact Model Review

When to Run Model

Application Type	Yes	No*	Model Type
Comprehensive Plan Policy – Land Use/Density Implications	X		Marginal Cost
Zone Change	X		Marginal Cost Model if more than one lot or Direct/Hybrid Cost Model if one lot
General Development Plan - New	X		Marginal Cost Model
General Development Plan Amendment – Land Use/Density Changes	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
General Development Plan Amendment – No Land Use/Density Changes		X	
Mixed Use Development PUD	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Individual Parcel PUD – by right		X	
Special Review Use		X	
Residential Subdivision – by right, more than two lots created	X		Marginal Cost Model or Direct/Hybrid Cost Model depending on scope
Residential Subdivision – by right, no more than two lots created		X	
Non-Residential Subdivision – by right		X	
Civic Buildings		X	

**SUBJECT: ORDINANCE NO. 1795, SERIES 2020 – AN EMERGENCY
ORDINANCE EXTENDING TO AUGUST 30, 2020 THE
REQUIREMENT TO WEAR FACE COVERINGS WITHIN THE
CITY – 1ST AND FINAL READING – PUBLIC HEARING –
Adoption as Emergency Ordinance**

DATE: JUNE 23, 2020

PRESENTED BY: KATHLEEN KELLY, CITY ATTORNEY

SUMMARY:

In response to the COVID-19 pandemic on May 5, the City Council approved Ordinance No. 1793, Series 2020 requiring persons to wear face coverings in public places and outside when a six foot distance cannot be maintained. The ordinance does have specific exceptions for children and for those for whom it may be a health risk. On June 2, 2020, the City approved Ordinance No. 1794, Series 2020 extending such order to June 30, 2020.

The City's ordinance aligns with similar rules from Boulder County and other regional municipalities. In anticipation of the Boulder County Board of Health extending its mask order, if the City Council would like to further extend its ordinance, it will need to approve an extension of Ordinance No. 1794, Series 2020. The attached ordinance will extend the mask requirement until August 30, 2020 as a draft proposal. City Council could also choose another date certain.

FISCAL IMPACT:

None.

RECOMMENDATION:

Approval of extension of Ordinance No. 1795, Series 2020 to August 30, 2020

ATTACHMENT(S):

1. Ordinance No. 1795, Series 2020
2. Ordinance No. 1794, Series 2020
3. Ordinance No. 1793, Series 2020
4. May 26 Boulder County Public Health Regulation Update

STRATEGIC PLAN IMPACT:

<input type="checkbox"/>	 Financial Stewardship & Asset Management	<input checked="" type="checkbox"/>	 Reliable Core Services
<input type="checkbox"/>	 Vibrant Economic Climate	<input type="checkbox"/>	 Quality Programs & Amenities
<input type="checkbox"/>	 Engaged Community	<input checked="" type="checkbox"/>	 Healthy Workforce
<input type="checkbox"/>	 Supportive Technology	<input type="checkbox"/>	 Collaborative Regional Partner

**ORDINANCE NO. 1795
SERIES 2020**

**AN EMERGENCY ORDINANCE EXTENDING TO AUGUST 30, 2020 THE
REQUIREMENT TO WEAR FACE COVERINGS WITHIN THE CITY**

WHEREAS, the Novel Coronavirus 2019 (COVID-19) Pandemic is a public health crisis that continues to cause widespread human and economic impacts within the City of Louisville; and

WHEREAS, on April 26, 2020, Colorado Governor Jared Polis issued Executive Order D2020-044, introducing the “Safer at Home” phase of slightly relaxed regulation, which permitted some non-critical businesses to open with certain restrictions beginning May 1, 2020; and

WHEREAS, in the Safer at Home order, Governor Polis provided that nothing in such order prevents a county or municipality from adopting more protective standards than those contained in the order, including but not limited to stay at home orders, mask wearing requirements in public, or additional protective measures and, if such local measures are adopted, they will become effective within the county or municipality without state approval; and

WHEREAS, the Centers for Disease Control and Prevention (the “CDC”) recommends the wearing of cloth face coverings in public settings where other social distancing measures are difficult to maintain, especially in areas of significant community-based transmission of COVID-19; and

WHEREAS, on May 2, 2020, Boulder County Public Health issued an order requiring facial coverings in public where social distancing cannot be maintained, which order became effective on May 9, 2020 and was to continue in effect until midnight on May 26, 2020; and

WHEREAS, on May 5, 2020, the City Council adopted Ordinance No. 1793, Series 2020, an Emergency Ordinance Requiring the Wearing of Face Coverings within the City, which ordinance became effective at 11:59 p.m. on May 7, 2020 and continued in effect until midnight on June 5, 2020; and

WHEREAS, on May 21, 2020, Boulder County Public Health extended its order requiring facial coverings to June 30, 2020, and on June 2, 2020, the City Council adopted Ordinance No. 1794, Series 2020, an Emergency Ordinance Extending to June 30, 2020 the Requirement to Wear Face Coverings within the City, which ordinance continues in effect until midnight on June 30, 2020; and

WHEREAS, because COVID-19 is still present in the City and surrounding areas, the City Council finds its Emergency Ordinance Requiring the Wearing of Face Coverings within the City should again be extended until August 30, 2020; and

WHEREAS, the City Council finds and declares it has the power and authority to adopt this ordinance pursuant to C.R.S. § 31-15-103 (concerning municipal police powers), C.R.S. § 31-15-401 (concerning municipal police powers), C.R.S. § 31-15-501 (concerning municipal authority to regulate businesses), Article XX of the Colorado Constitution (concerning municipal home rule), and the City of Louisville Home Rule Charter; and

WHEREAS, the City Council finds that an emergency exists because the preservation of public property, health, safety, and welfare requires the City to take immediate action to ensure the health of all City residents, public and private employees, business patrons, and to ensure recipients of government services are protected to the greatest extent possible from transmission of COVID-19 while engaging in commercial and governmental transactions within the City during the Pandemic.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

Section 1. Section 7 of Ordinance No. 1794, Series 2020, is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added underlined):

Section 7. Effective Date This ordinance shall become effective at 11:59 p.m. on Thursday, May 7, 2020 and shall continue in effect until midnight on ~~June 30, 2020~~ August 30, 2020, unless earlier terminated or extended.

Section 2. Except as amended by this Ordinance, all provisions of Ordinance No. 1793, Series 2020 and Ordinance No. 1794, Series 2020, shall continue in full force and effect in accordance with their terms.

Section 3. The City Council herewith finds, determines and declares that this ordinance is genuinely and urgently necessary for the immediate preservation of the public health, safety, and welfare because the COVID-19 Pandemic has presented an urgent need to ensure and provide for the promotion of health and the suppression of disease by preventing the spread of the virus within the City.

INTRODUCED, READ, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE BY TWO-THIRDS OF THE ENTIRE CITY COUNCIL, AND ORDERED PUBLISHED this 23rd day of June, 2020.

Ashley Stolzmann, Mayor

ATTEST:

Meredyth Muth, City Clerk

APPROVED AS TO FORM:

Kelly PC, City Attorney

ORDINANCE NO. 1794
SERIES 2020

**AN EMERGENCY ORDINANCE EXTENDING TO JUNE 30, 2020 THE
REQUIREMENT TO WEAR FACE COVERINGS WITHIN THE CITY**

WHEREAS, the Novel Coronavirus 2019 (COVID-19) Pandemic is a public health crisis that continues to cause widespread human and economic impacts within the City of Louisville; and

WHEREAS, on April 26, 2020, Colorado Governor Jared Polis issued Executive Order D2020-044, introducing the “Safer at Home” phase of slightly relaxed regulation, which permitted some non-critical businesses to open with certain restrictions beginning May 1, 2020; and

WHEREAS, in the Safer at Home order, Governor Polis provided that nothing in such order prevents a county or municipality from adopting more protective standards than those contained in the order, including but not limited to stay at home orders, mask wearing requirements in public, or additional protective measures and, if such local measures are adopted, they will become effective within the county or municipality without state approval; and

WHEREAS, the Centers for Disease Control and Prevention (the “CDC”) recommends the wearing of cloth face coverings in public settings where other social distancing measures are difficult to maintain, especially in areas of significant community-based transmission of COVID-19; and

WHEREAS, on May 2, 2020, Boulder County Public Health issued an order requiring facial coverings in public where social distancing cannot be maintained, which order became effective on May 9, 2020 and was to continue in effect until midnight on May 26, 2020; and

WHEREAS, on May 5, 2020, the City Council adopted Ordinance No. 1793, Series 2020, an Emergency Ordinance Requiring the Wearing of Face Coverings within the City, which ordinance become effective at 11:59 p.m. on May 7, 2020 and continues in effect until midnight on June 5, 2020; and

WHEREAS, on May 21, 2020, Boulder County Public Health extended its order requiring facial coverings to June 30, 2020, and the City Council finds its Emergency Ordinance Requiring the Wearing of Face Coverings within the City should likewise be extended until June 30, 2020; and

WHEREAS, the City Council finds and declares it has the power and authority to adopt this ordinance pursuant to C.R.S. § 31-15-103 (concerning municipal police powers), C.R.S. § 31-15-401 (concerning municipal police powers), C.R.S. § 31-15-501 (concerning municipal authority to regulate businesses), Article XX of the Colorado Constitution (concerning municipal home rule), and the City of Louisville Home Rule Charter; and

WHEREAS, the City Council finds that an emergency exists because the preservation of public property, health, safety, and welfare requires the City to take immediate action to ensure the health of all City residents, public and private employees, business patrons, and to ensure recipients of government services are protected to the greatest extent possible from transmission of COVID-19 while engaging in commercial and governmental transactions within the City during the Pandemic.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

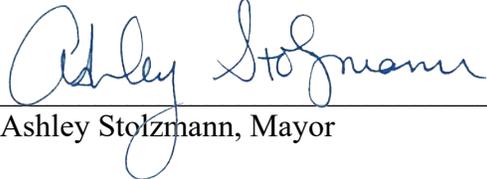
Section 1. Section 7 of Ordinance No. 1793, Series 2020, is hereby amended to read as follows (words to be deleted ~~stricken~~; words to be added underlined):

Section 7. Effective Date This ordinance shall become effective at 11:59 p.m. on Thursday, May 7, 2020 and shall continue in effect until midnight on ~~June 5, 2020~~ June 30, 2020, unless earlier terminated or extended.

Section 2. Except as amended by this Ordinance, all provisions of Ordinance No. 1793, Series 2020, shall continue in full force and effect in accordance with their terms.

Section 3. The City Council herewith finds, determines and declares that this ordinance is genuinely and urgently necessary for the immediate preservation of the public health, safety, and welfare because the COVID-19 Pandemic has presented an urgent need to ensure and provide for the promotion of health and the suppression of disease by preventing the spread of the virus within the City.

INTRODUCED, READ, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE BY TWO-THIRDS OF THE ENTIRE CITY COUNCIL, AND ORDERED PUBLISHED this 2nd day of June, 2020.



Ashley Stolzmann, Mayor

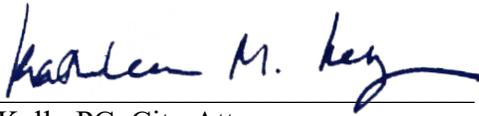
ATTEST:



Meredyth Muth, City Clerk



APPROVED AS TO FORM:



Kelly PC, City Attorney

**ORDINANCE NO. 1793
SERIES 2020**

**AN EMERGENCY ORDINANCE REQUIRING THE WEARING OF FACE
COVERINGS WITHIN THE CITY.**

WHEREAS, the City of Louisville (the “City”) is a home-rule city and municipal corporation duly organized and existing under and pursuant to Article XX of the Colorado Constitution and Charter of the City; and

WHEREAS, the Novel Coronavirus 2019 (COVID-19) Pandemic is causing widespread human and economic impacts to the City of Louisville; and

WHEREAS, on March 15, 2020, the Mayor of the City of Louisville, pursuant to Chapter 2.32 of the Louisville Municipal Code and C.R.S. § 24-33.5-709, executed a Declaration of Local Disaster Emergency in and for the City of Louisville (the “Mayor’s Declaration”); and

WHEREAS, by Resolution No. 27 adopted on March 16, 2020, the City Council continued in effect the Mayor’s Declaration until terminated by resolution of the City Council; and

WHEREAS, on March 25, 2020, Governor Jared Polis issued Executive Order D2020-017 (the “Statewide Stay-at-Home Order”) ordering Coloradans to stay in place through April 11, 2020 due to the presence of COVID-19 in the state, and which Statewide Stay-at-Home Order was extended by the Governor through April 26, 2020; and

WHEREAS, on April 24, 2020, Boulder County Public Health (“BCPH”) issued a Public Health Order Adopting and Extending State Stay-at-Home Orders (the “Boulder County Stay-at-Home Order”), which continued in effect the terms of the Statewide Stay-at-Home order for those persons residing in Boulder County until May 8, 2020; and

WHEREAS, in the Boulder County Stay-at-Home Order, BCPH found “the health conditions that led to the issuance of [the Statewide Stay-at-Home Order] have not abated in Boulder County”; and

WHEREAS, on April 26, 2020, Governor Polis issued Executive Order D2020-044, introducing the “Safer at Home” phase of slightly relaxed regulation, which permits some non-critical businesses to open with certain restrictions beginning May 1, 2020, and which regulation will become effective within the City of Louisville upon the expiration of the Boulder County Stay-at-Home Order; and

WHEREAS, in the Safer at Home order, Governor Polis provided that nothing in such order prevents a county or municipality from adopting more protective standards than those contained in the order, including but not limited to stay at home orders, mask wearing requirements in public, or additional protective measures and, if such local measures are adopted, they will

become effective within the county or municipality without state approval; and

WHEREAS, the Centers for Disease Control and Prevention (the “CDC”) recommends the wearing of cloth face coverings in public settings where other social distancing measures are difficult to maintain, especially in areas of significant community-based transmission of COVID-19; and

WHEREAS the CDC further recommends the use of simple cloth face coverings to slow the spread of COVID-19 and help people who may have the virus and do not know it from transmitting it to others; and

WHEREAS, the CDC has issued guidelines for cloth face coverings that include tutorials for both sewn cloth face coverings and making cloth face coverings out of common household textile items without sewing; and

WHEREAS, while the City Council encourages cloth face coverings meeting the CDC guidelines, “face covering” has been defined herein to increase flexibility for what may constitute a face covering and thus aid in compliance with the requirements of this Ordinance; and

WHEREAS, on April 22, 2020, the Colorado Department of Public Health and Environment (“CDPHE”) issued Public Health Order 20-26 requiring face coverings for employees of critical businesses and critical government functions through May 17, 2020; and

WHEREAS, the City of Louisville is a densely populated city within Boulder County, and the City Council finds that the wearing of face coverings by both employees and patrons of businesses and government facilities as set forth herein will best provide for the promotion of health and suppression of disease within the City; and

WHEREAS, the face coverings required by this Ordinance are not surgical masks or N-95 respirators, which are critical supplies that must continue to be reserved for healthcare workers and first responders, as recommended by current CDC guidance; and

WHEREAS, the CDC recommends face coverings not be worn by children under the age of two (2) years, the CDPHE has issued additional guidelines that face coverings not be worn by children under the age of three (3) years in childcare settings, and the American Academy of Pediatrics has issued further recommendations on the use of face coverings by children, all of which have been considered by the City Council and incorporated as set forth herein; and

WHEREAS, the City Council finds and declares it has the power and authority to adopt this ordinance pursuant to C.R.S. § 31-15-103 (concerning municipal police powers), C.R.S. § 31-15-401 (concerning municipal police powers), C.R.S. § 31-15-501 (concerning municipal authority to regulate businesses), Article XX of the Colorado Constitution (concerning municipal home rule), and the City of Louisville Home Rule Charter; and

WHEREAS, the City Council finds that an emergency exists because the preservation of public property, health, safety, and welfare requires the City to take immediate action to ensure the health of all City residents, public and private employees, business patrons, and to ensure recipients of government services are protected to the greatest extent possible from transmission of COVID-19 while engaging in commercial and governmental transactions within the City during the Pandemic.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOUISVILLE, COLORADO:

Section 1. Definitions. For purposes of this Ordinance, the following words and phrases shall have the following meanings:

A. *Face covering* shall mean a uniform piece of cloth or other similar material that fits snugly but comfortably against the side of the face and covers the nose and mouth and remains affixed in place without the use of one's hands.

B. *Person* shall mean and include a natural person, non-profit corporation, or a business association (however defined by the law).

C. *Place of public accommodation* means a place of business that is open to the public, including an office or other facility where government services may be accessed.

Section 2. Face Coverings Required. It shall be unlawful:

A. For any person to enter a place of public accommodation without wearing a face covering.

B. For any person who owns, or who is in responsible control of, a place of public accommodation to allow or permit to remain within such place of public accommodation any person who is not wearing a face covering.

C. For any person within Louisville, except as specifically exempted below, not to wear a face covering whenever they are outside their residence and unable to maintain, or when not maintaining, social distance of at least six (6) feet from any non-household members.

Section 3. Exceptions. Nothing herein shall require the wearing of face coverings by the following:

A. Children under the age of two (2) years, except in child care environments, where children under the age of three (3) years and children of any age while napping shall not be required to wear face coverings;

B. Any child aged twelve (12) years or younger for whom the only available face covering would pose a possible choking or strangulation hazard; any child aged twelve (12) years

or younger that has difficulty breathing with a face covering or is unconscious, incapacitated, or otherwise unable to remove the face covering without assistance; or any child aged twelve (12) years or younger for whom wearing a face covering would increase the risk of getting exposed to the virus because they are touching their face more often;

C. Persons who have trouble breathing; a person who is unconscious, incapacitated, or is otherwise unable to remove the face covering without assistance; or persons for whom a face covering would cause impairment due to an existing health condition;

D. Persons working in a professional office who do not have any face-to-face interactions with the public; provided, however, if such office is located within a building containing one or more other offices or places of public accommodation, face coverings shall be worn when entering and exiting such building and may only be removed once within the professional office where such person works; and

E. Persons in restaurants that are permitted by state and county regulations to serve food for consumption on the premises, while such person in the act of eating or drinking; provided, however, that face coverings must be worn while entering and exiting the restaurant, while ordering, paying, or otherwise interacting with employees or other customers of the restaurant, and once the food and drink have been consumed.

F. First responders, including police officers, firefighters, and emergency medical technicians, who shall wear face coverings to the extent practicable except when use of a face covering would interfere with their ability to perform their respective duties or would prevent clear communications regarding enforcement actions or direction and when talking on the radio.

Section 4. Required Signage. All places of public accommodation shall display at each entrance a sign provided by the City advising all persons of the requirements of this Ordinance, and that it is unlawful to enter such place of public accommodation without a required face covering.

Section 5. Violations; Penalty. Any person charged with a violation of this Ordinance, upon conviction thereof, shall be subject to the General Penalty in Chapter 1.28 of the Louisville Municipal Code, which provides for incarceration for a period not to exceed three hundred sixty-four (364) days, a fine not to exceed two thousand six hundred and fifty dollars (\$2,650.00), or both such fine and imprisonment. As provided in Section 1.28.010.B, each and every day during any portion of which any violation is committed, continued or permitted shall be a separate violation, and the violator shall be punished accordingly.

Section 6. Violations; License Suspension or Revocation. In addition to the penalties provided in Chapter 1.28 of the Louisville Municipal Code, a violation of this Ordinance may be cause for suspension or revocation of any license issued by the City following notice and hearing before the applicable licensing authority.

Section 7. Effective Date This ordinance shall become effective at 11:59 p.m. on Thursday, May 7, 2020 and shall continue in effect until midnight on June 5, 2020, unless earlier terminated or extended.

Section 8. More Restrictive Requirements Control. To the extent any federal, state, or county regulations, orders, or laws are enacted that are more restrictive than the requirements of this Ordinance, the more restrictive shall control.

Section 9. Provisions Severable. If any portion of this ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each part hereof irrespective of the fact that any one part be declared invalid.

Section 10. The repeal or modification of any provision of the Municipal Code of the City of Louisville by this ordinance shall not release, extinguish, alter, modify, or change in whole or in part any penalty, forfeiture, or liability, either civil or criminal, which shall have been incurred under such provision, and each provision shall be treated and held as still remaining in force for the purpose of sustaining any and all proper actions, suits, proceedings, and prosecutions for the enforcement of the penalty, forfeiture, or liability, as well as for the purpose of sustaining any judgment, decree, or order which can or may be rendered, entered, or made in such actions, suits, proceedings, or prosecutions.

Section 11. All other ordinances or portions thereof inconsistent or conflicting with this ordinance or any portion hereof are hereby repealed to the extent of such inconsistency or conflict.

Section 12. The City Council herewith finds, determines and declares that this ordinance is genuinely and urgently necessary for the immediate preservation of the public health, safety, and welfare because the COVID-19 Pandemic has presented an urgent need to ensure and provide for the promotion of health and the suppression of disease by preventing the spread of the virus within the City.

INTRODUCED, READ, PASSED AND ADOPTED AS AN EMERGENCY ORDINANCE BY TWO-THIRDS OF THE ENTIRE CITY COUNCIL, AND ORDERED PUBLISHED this 5th day of May, 2020.



Ashley Stolzmann, Mayor

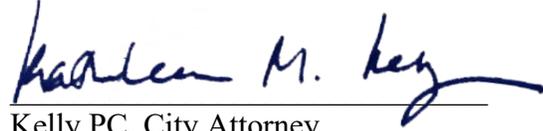
ATTEST:



Meredyth Muth, City Clerk



APPROVED AS TO FORM:



Kelly PC, City Attorney



COVID-19



Public Health Directors Coronavirus Disease Update to Administrators

Boulder County Response to COVID-19

May 26, 2020

Boulder County Call Center: **720.776.0822**

Boulder County Covid-19 website: <https://www.bouldercounty.org/families/disease/covid-19/>

Background

The purpose of this document is to provide weekly updates on Tuesday mornings for Boulder County Administrators. This will include new information from the last week that is important to share with this group.

Boulder County Public Health is working actively with the Colorado Department of Public Health & Environment (CDPHE), the Colorado Association of Local Public Health Officials (CALPHO) and our Front Range counties including:

- Adams
- Arapahoe
- Boulder
- Broomfield
- Denver
- Douglas
- Jefferson
- Larimer
- Weld

We have worked diligently to ensure that the approaches we are taking across the Front Range are aligned and consistent to the maximum extent possible. This is especially true for the [Metro Denver Partnership for Health](#), a standing public health partnership that includes: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson Counties. Metro public health directors have partnered closely with CDPHE and the Governor's Office to ensure coordinated efforts to limit and slow the spread of this disease.

New Information This Week

Safer at Home

The Colorado Department of Public Health & Environment Safer at Home website can be accessed here: <https://covid19.colorado.gov/safer-at-home>

Beginning on May 27, restaurants will be able to open for in-person dining at 50% capacity of the indoor posted occupancy code limit, but they cannot exceed 50 people, whichever is less. They are also encouraged to provide as much outdoor services as possible. Bars will remain closed. Establishments that do not serve food will be evaluated in June. Read the full restaurant guidance [here](#).

Children's day camps and youth sports camps will open on Monday, June 1, 2020. Residential overnight camps will be closed in June. Decisions for July and August overnight camps will be made in mid-June. Children's residential camps that choose to operate as day camps must work with the Colorado Department of Human Services and their local public health agency (LPHA) for approval. Day camps, including mobile, youth sports camps, and outdoor camps, must operate with restrictions and strong precautionary measures, as specified in the [guidance](#).

Social Distancing and Face Covering

The Boulder County Board of Health approved a face covering order extension on Thursday, May 21, 2020 that went into effect on Saturday, May 9, 2020 and remains in effect until May 26, 2020. This is the same order that is currently in effect and will expire this evening at 12:00 a.m. This action just extends the order until June 30, 2020.

BCPH surveyed businesses as well as did an in-person assessment of multiple businesses and found that although social distancing was not being maintained consistently, there was a very high percentage of people wearing face coverings which is good news. We will continue to monitor in the weeks to come for both social distancing and masking. Please continue to stress the importance of social distancing as it is the primary mechanism to slow the spread of the disease.

BCPH is also partnering with the Chambers to do joint messaging about the importance of social distancing and masking as we the Governor's Office continues to slowly lift portions of the orders.

Presentations and Public Information

- You can track our data daily on the BCPH website here: <https://www.bouldercounty.org/families/disease/covid-19/covid-19-illness-and-recovery/>.
- You can track state level data daily here: <https://covid19.colorado.gov/data/case-data>

Presentations this week:

- Longmont City Council

*A good [video](#) from 9News
on why it is important to stay home
to prevent the spread of this disease.*