



COMMUNITY
SOLUTIONS
GROUP



gai consultants

Fiscal Impact Analysis

New Smyrna Beach

November 2019

Overview

- ▶ My Background – GAI Chief Economist, 30-years experience
- ▶ Purpose of Study – Fiscal Impact of Types of Development
- ▶ Methodology – Per Capita Approach
- ▶ Objective of Study
 - Review and validate fiscal costs
 - Estimate operating and capital costs due to density



Fiscal Impact Analysis

| Per Capita Method

Fiscal Impact Analysis

- ▶ No industry standard (i.e. input-output model)
- ▶ Per Capita methods tend to be popular
- ▶ “Devil” is in the details
- ▶ GAI approach
 - Modified per capita (Full-time Equivalent)
 - Comprehensive (all costs – operating and capital)
 - Transparent – direct from CAFR

FTE Per Capita

- ▶ Live and work in New Smyrna – Full-time person
 - FTE = 1.00
- ▶ Live in New Smyrna and work somewhere else
 - FTE = 0.74
 - 24/7 represents 8,763 hours in a year
 - Subtract spending 40 hours a week at a job represents 6,486 hours or 74%

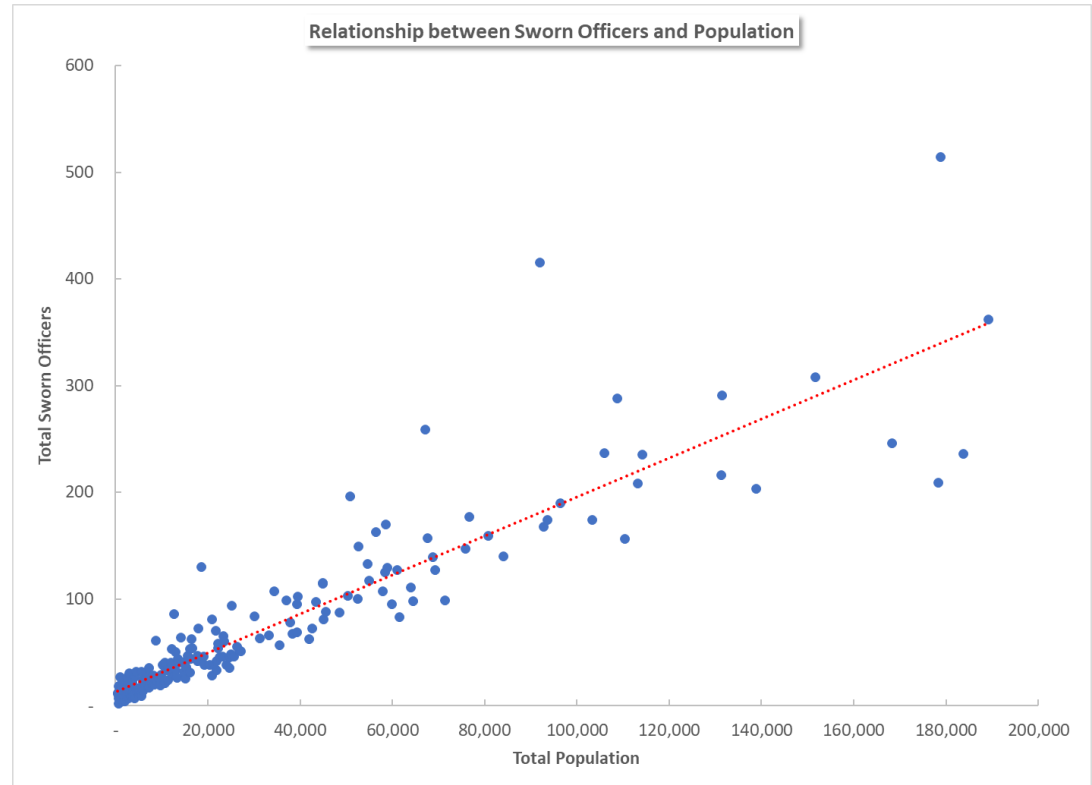
FTE Per Capita

Municipality	Total Population	FTE Population	FTE Ratio	Area (mi ²)	FTE Density
New Smyrna Beach	26,470	36,482	139%	40.8	895
Leesburg *	22,690	30,935	138%	41.9	739
Plant City *	38,715	47,024	122%	28.1	1,675
Winter Haven *	41,280	64,257	158%	39.9	1,609
DeBary *	20,785	19,828	96%	21.8	911
Daytona Beach **	68,055	112,170	173%	68.2	1,645
Ormond Beach *	42,820	53,766	127%	36.9	1,457
Edgewater **	22,400	21,880	98%	22.8	960
Holly Hill **	12,220	13,267	110%	4.6	2,890

* Selected based on land area and density ** Selected based on location

People=Costs

- ▶ 400+ Cities, Towns, and villages in Florida
- ▶ Vast majority small – less than 50,000 population or less than 10 square miles
- ▶ Each provide point of information



Law Enforcement Demand

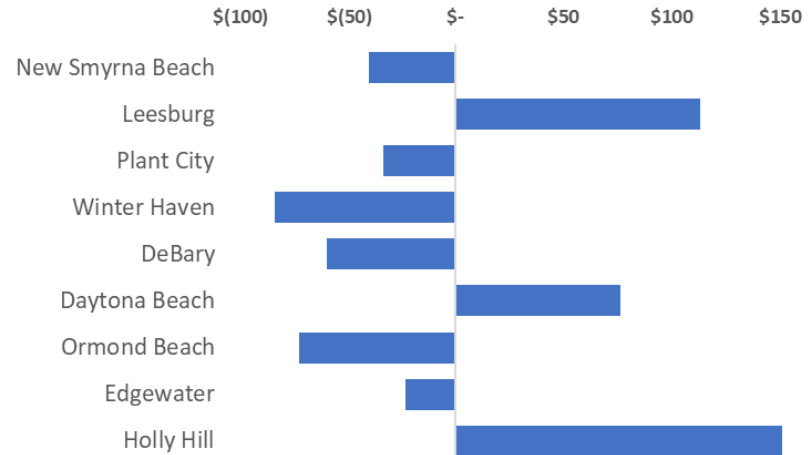
Municipality	2016 Sworn	"Need"	Per Capita	Per FTE
New Smyrna Beach	46	47	1.74	1.26
Leesburg	58	57	2.56	1.87
Plant City	67	86	1.73	1.42
Winter Haven	95	86	2.33	1.48
DeBary	**	36	1.75	1.84
Daytona Beach	259	151	3.80	2.31
Ormond Beach	62	92	1.45	1.15
Edgewater	33	40	1.48	1.51
Holly Hill	32	42	2.62	2.41

- ▶ More than 90% of officer counts explained by population, size of service area, and crime rate

- ▶ Needs analysis includes population, size of service area, and crime rate
- ▶ Adjusting for "FTE" explains more variation

Impact on Cost per FTE

Municipality	Public Safety	Officer Ratio per FTE
New Smyrna Beach	\$ 332	1.26
Leesburg	485	1.87
Plant City	339	1.42
Winter Haven	289	1.48
DeBary	313	**
Daytona Beach	448	2.31
Ormond Beach	300	1.15
Edgewater	349	1.51
Holly Hill	523	2.41
Average	\$ 372	



- ▶ Value of benchmarking is the analysis that helps explain the “why”



Fiscal Costs and Revenues

| Methodology

Statement of Activities

- ▶ Provision of Public Services is accomplished on the basis of “not-for-profit”
- ▶ CAFR – Statement of Activities
 - Cash-basis to a modified accrual basis
 - Equivalent to “for-profit” financial statement
 - All U.S. Governmental Agencies or Organizations
- ▶ Not a budget or fund reconciliation

Operating and Capital

Municipality	Public Safety	Other	Capital	Total
New Smyrna Beach	\$ 332	\$ 438	\$ 138	\$ 908
Leesburg	485	309	145	939
Plant City	339	355	140	835
Winter Haven	289	301	81	670
DeBary	313	347	94	755
Daytona Beach	448	305	69	822
Ormond Beach	300	312	135	748
Edgewater	349	372	95	816
Holly Hill	523	272	81	876
Average	\$ 372	\$ 308	\$ 103	\$ 804

Revenues

Municipality	Direct Revenues	Ad Valorem	Other	Transfer	Total
New Smyrna Beach	\$ 304	\$ 328	\$ 169	\$ 93	\$ 895
Leesburg	149	184	385	581	1,299
Plant City	169	249	431	25	873
Winter Haven	204	179	264	102	750
DeBary	314	229	228	-	771
Daytona Beach	135	240	284	153	811
Ormond Beach	153	265	279	57	755
Edgewater	247	233	255	44	779
Holly Hill	411	194	212	61	879
Average	\$ 193	\$ 236	\$ 288	\$ 128	\$ 845



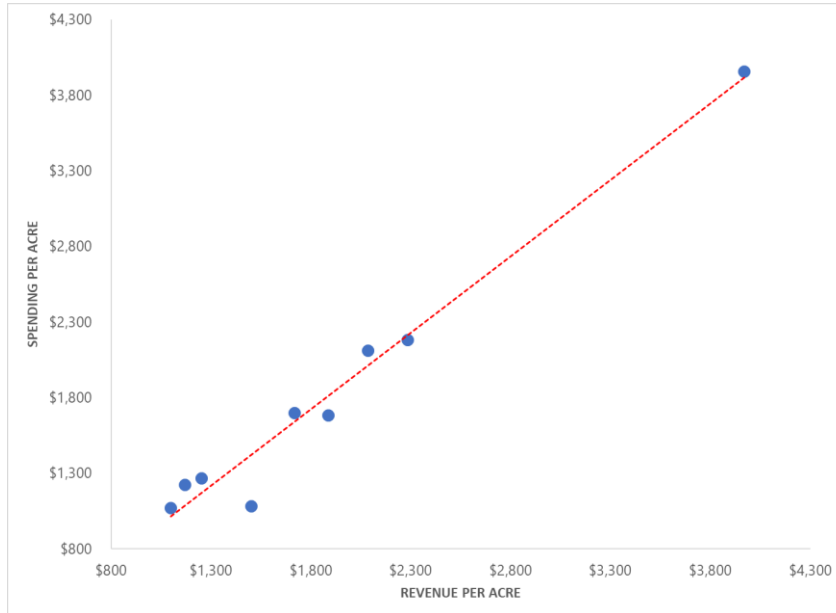
Fiscal Impacts from Density

| Analysis Results

Fiscal Impact of Density

- ▶ Per FTE cost rates used to generate needs
 - All operating costs for public safety and all other services
 - Capital based on replicating all improvements (less Impact Fees)
- ▶ Per FTE revenues (other than ad valorem) used to off-set operating and capital needs
- ▶ Ad valorem revenues based on price points of prototypical development types

Fiscal Impact of Density



Spending	Low Density*	High Density**	% Var
Public Safety	\$ 375	\$ 364	-3.1%
Other	371	314	-15.6%
Capital	123	97	-21.7%
Total	\$ 870	\$ 774	-11.0%

* New Smyrna Beach, Leesburg, Debary, Edgewater; ** Plant City, Winter Haven, Daytona Beach, Ormond Beach

A -0.10 change in cost for each percentage change in density

Prototypical Development

Development Type	Homestead		Non-homestead	
	Low Quality	High Quality	Low Quality	High Quality
<i>Net Fiscal Impact</i>				
Estate homes (large lots)	\$ (775)	\$ (573)	\$ (591)	\$ (389)
Single-family, low density	(891)	121	29	1,042
Townhome, moderate density	(652)	2,271	2,124	3,744
Multi family, high density	3,896	8,534	7,209	11,847
<i>Taxable Value per FTE</i>				
Estate homes (large lots)	\$ 82,895	\$ 97,368	\$ 96,053	\$ 110,526
Single-family, low density	62,657	90,226	87,719	115,288
Townhome, moderate density	93,158	122,105	119,474	148,421
Multi family, high density	84,912	134,035	120,000	169,123

Prototypical Development

Development Type	Sq Ft per Employee	Market Value per Square Foot		
		\$ 45	\$ 90	\$ 135
Office	350	\$ 61,500	\$ 123,000	\$ 184,000
Retail	500	88,000	175,000	263,000
Warehouse	1,000	175,000	351,000	527,000

Conclusion

- ▶ Density appears to provide marginal benefits to fiscal costs
- ▶ Concentrate on taxable value generation per FTE, not average home price
- ▶ Formalize Fiscal Impact measurement in approval process
- ▶ Don't focus solely on new development (save-our-homes)
 - All single-family (69% of total) built before 2000 have a TV of \$157,000
 - Single-family units built after 2012 have a TV of \$245,000

Questions



Steven McDonald, Chief Economist, GAI
321.319.3099 | s.mcdonald@gaiconsultants.com