Proposed Wellborn Annexation
Fiscal Impact Analysis – Revised
7 March 2011

Annexation Area

Approximately 649 acres on the southwest side of the City generally bordered by Capstone Drive, I&GN Road, Koppe Bridge Road, and the existing City limits and bisected by FM 2154 (AKA Wellborn Road).

Short-Term Fiscal Impact

Projected Revenues

Ad Valorem Tax Revenue - The current appraised value of all property in the annexation area is $25,368,620 Based on the current City of College Station tax rate of 44.75 cents per $100 of appraised valuation, the City could expect to receive annual property tax revenues of approximately $113,524 from the area. Based on the current annexation schedule, the City will not begin receiving property tax revenues from the annexation area until late 2012.

Sales Tax Revenue - Several retail establishments and two restaurants currently exist in the annexation area. Following annexation, these establishments will be subject to city sales tax. Staff conservatively estimates the potential sales tax revenue to be $60,000 annually.

Anticipated Costs

Surveying Cost - A survey of the area is required as part of the annexation process. The amount of the surveying contract is $16,800.

Compensation to Emergency Services District (ESD) No. 1 - State law requires cities to provide compensation to Emergency Services District for territory loss due to annexation. The amount of compensation varies based on several factors such as the appraised value of the annexation area and the amount of the district's debt. The proposed annexation area is currently served by ESD No. 1; therefore, the city will need to provide compensation according to state law. While there are several variables that determine the final payment amount, Staff estimates that the City would owe ESD No. 1 approximately $15,000 upon annexation.

Road/Street Maintenance - The City proposes to provide a two-course seal coat for the existing gravel roads and streets within the annexation area. Specifically, McCullough Road, Church Street, Madison Street, Live Oak Street, and Royder Road will receive the two-course seal coat. The estimated cost for said work is $102,710. The funding source for the road/street improvements will likely be the general fund.

Wastewater CIP – The City proposes to provide wastewater infrastructure within the annexation area. Specifically, a gravity main will be installed on the east side of FM 2154, a lift station will be constructed at the intersection of FM 2154 and Greens Prairie

Trail, and a force main will be provided along Greens Prairie Trail. The estimated cost for said work is $3,332,836. Funding for the wastewater CIP will likely be accomplished by issuing bonds, necessitating a slight increase in wastewater utility bills. The estimated debt service for this project is approximately $262,000 per year. Staff estimates that an increase of approximately two percent (2%) would be needed to fund the proposed improvements.

Summary of Short-Term Fiscal Impact

Revenue (annual)	
Property Tax	$113,524
Sales Tax	$60,000
Total Annual Revenue	**$173,524**
Costs (one-time)	
Survey Work	$16,800
Compensation for ESD No.1	$15,000
Seal Coat Roads/Streets	$102,710
Wastewater CIP*	$3,332,836
Total One-Time Costs	**$3,467,346**

***Note**: The annual debt service for this project is approximately $262,000 per year for a twenty year period.

Full Build-Out Scenario

The fiscal-impact analysis used here is a tool that estimates the annual costs and revenues that the City will incur once the identified property is fully developed. This information is provided to help project the need for municipal services, to monitor the costs of land use decisions, and to give officials information for making growth and planning decisions.

For this analysis the Service Standard Method was used[1]. A spreadsheet showing the details is included as Appendix A. This analysis should be treated as an estimate based upon the best data available. In addition, it is important for decision makers using this information to understand the assumptions upon which it is based.

1. In this model it is assumed that the current level of municipal services in College Station will be maintained in the newly-annexed area.
2. This analysis provides estimates for the area once it fully develops. The costs / benefits in the interim will vary but typically costs to the City are higher until the area fully develops.
3. All costs and revenues are in current dollars based on current budget data.
4. The model is based on existing tax and utility rates that may change over time. Future changes to the land use plan may also alter future fiscal impacts.

Demands and Costs

This analysis began by using a combination of the existing land uses and the future land use designations in the proposed annexation area (Rural and Restricted Suburban) to estimate the population for the annexation area. Using existing development as a model, the average number of dwelling units for the residential areas was calculated. Finally, census data for persons per household was used to calculate the projected population.

Existing service levels for the City were then used to estimate the demand for City services in the proposed annexation area. An equal level of service was applied to the annexation area to yield the demand for services. Costs per year for the demanded services were calculated using cost ratios to compensate for the varied nature of service provided by different departments. This resulted in a cost per year to provide the existing level of service to the proposed annexation area at full build out.

Revenues

Revenues were calculated for property taxes, sales taxes, and utility fees. These estimates were determined by applying current revenues from similar areas in the City to the projected development pattern in the annexation areas.

1 - More information on this method is available in *The Fiscal Impact Handbook* by Robert Burchell & Davide Listokin

Conclusions

The following table summarizes the results of the fiscal-impact analysis. Based on the results of the fiscal-impact analysis, annexation will result in annual revenues to the City of $35,510 upon full build-out. It is important to note that this model does not capture any revenue from "one time" charges such as building permit or development fees. As mentioned before, future changes in the Land Use Plan or development patterns may affect these projections.

Summary of Fiscal Impact Analysis
at Full Build-Out

Property Tax Revenues	$113,524
Sales Tax Revenues	$60,000
Utility Revenues	$44,528
Total Revenues*	**$218,052**
Costs (from Appendix A)	$191,502
Total Annual Fiscal Impact**	**$26,550**

***Note:** Potential revenues from building permit fees (not included in the above) constitute a one-time positive impact of $61,620 over the projected life of the development.

****Note**: For the first twenty years, the annual debt service for the wastewater CIP project will be approximately $262,000 per year, resulting is a total annual fiscal impact of ($235,450).

Methodology for Revenue Calculations

Property Taxes

- $173,135 = Average homestead valuation for "Single Family Medium." Value is based on average provided by Brazos County Appraisal District and current city property tax rate (44.75 cents per $100 of appraised value).

Residential Utility Amounts

- $14.40 = Average monthly residential sanitation bill (provided by Utility Customer Service)
- $27.27 = Average Monthly Residential Wastewater Bill (provided by Utility Customer Service)

Retail Sales Tax

- Retail sales tax was estimated by identifying the existing retail and restaurant uses within the annexation area and applying known sales tax revenues from comparable uses currently within the City.

Utility Charges

Electricity

The proposed annexation area is served by Bryan Texas Utilities. No electric utility revenue is anticipated from the area.

Water

The proposed annexation area is served by Wellborn Special Utility District. No water revenue is anticipated from the area.

Wastewater

The city currently provides wastewater service to a portion of the annexation area. It is estimated that, upon build-out, the city will have 50 sewer connections with a monthly rate of $37.49 each.

Sanitation

The proposed annexation area will have City sanitation services. Revenues were calculated by multiplying the monthly residential rate ($14.40) by the estimated number of residential units in each area.

Projected Miscellaneous Revenues

- Single family units were calculated based upon a standardized Building Permit Fee Schedule. An additional $100 is added per unit to represent miscellaneous permit fees such as electrical, mechanical, and plumbing.
- All inputs are based upon average calculated values.

Appendix A

Anticipated Population	Government Function	Number of Employees	Manpower Ratio	Budget 2010-2011	$ Per Employee	Future Employees	Add'l Annual Operating Cost	Capital to Operating	Add'l Annual Capital Cost	Total Cost To Public
205	Fiscal Services	39.50	0.42	$ 3,113,654	$ 78,827	0.09	$ 6,743	0.006	$ 40	$ 6,784
	General Government	113.75	1.20	12,628,149	111,017	0.25	27,348	0.011	301	27,649
	Police	184.50	1.95	14,626,374	79,276	0.40	31,676	0.047	1,489	33,164
Total January	Fire	130.00	1.37	11,899,890	91,538	0.28	25,771	0.029	747	26,518
2011 Population	Streets & Drainage	31.00	0.33	5,087,992	164,129	0.07	11,019	1.361	14,997	26,015
	Wastewater	49.00	0.52	6,151,920	125,549	0.11	13,323	1.021	13,603	26,926
94,660	Sanitation	35.50	0.38	6,300,060	177,466	0.08	13,644	-	-	13,644
	Utility Billing	28.50	0.30	2,258,503	79,246	0.06	4,891	0.011	54	4,945
	Parks	129.00	1.36	9,284,486	71,973	0.28	20,107	0.286	5,751	25,857
Total College Station		740.75		$ 71,351,028		**1.60**	$ 154,521		$ 36,981	**$ 191,502**

General Government includes: General Government, Information Technology, Planning and Development Services, Public Works (Admin, Facilities Maint, Engineering), Fleet Maintenance, and Communications. BVSWMA, Water, and Electric is not included.

Notes:

1. Capital to operating cost ratios from Finance Dept.
2. Future population calculated according to acreage in land use scenarios, then existing population was subtracted.
3. The City will not be providing water service in this area.
3. The City will not be providing electrical service in this area.