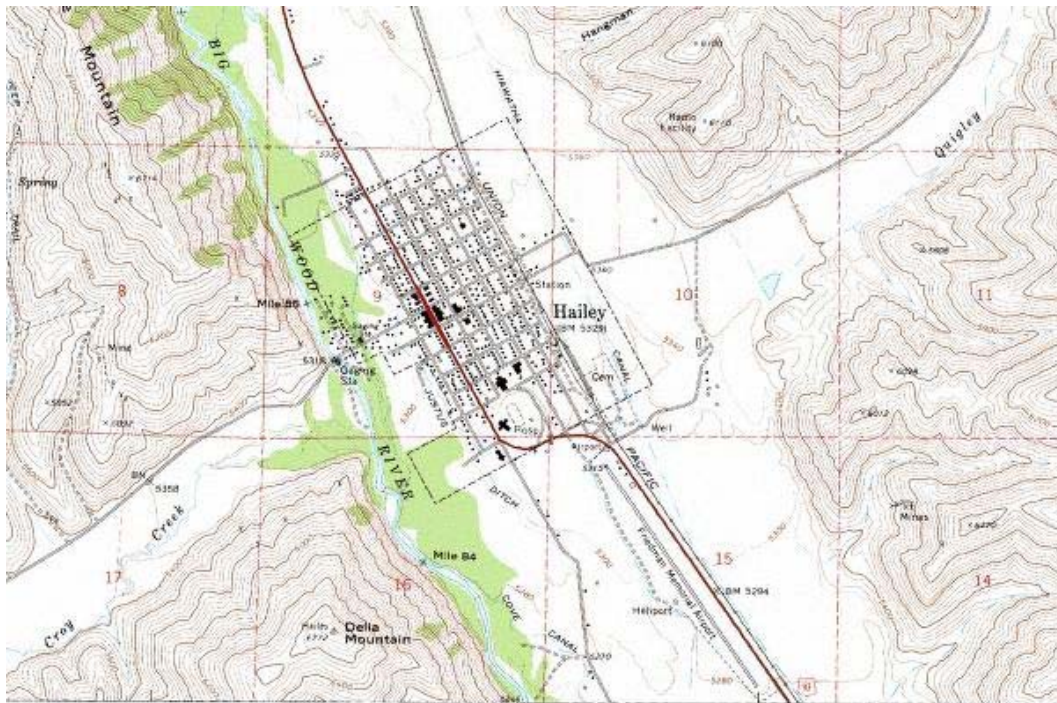


Prototype Land Use Fiscal Impact Analysis

Prepared for:

City of Hailey, Idaho

September 20, 2002



Prepared by



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I. EXECUTIVE SUMMARY

A. Assignment

Tischler & Associates, Inc. (TA) is under contract with the City of Hailey to conduct a fiscal impact analysis of six residential and four nonresidential development “prototypes”. In a prototype land use fiscal analysis, a “snapshot” approach is used that determines the costs and revenues for various land use prototypes in order to understand the impacts each prototype has independently on the City’s budget. The six residential prototypes include four variations of single family-detached units reflecting different zoning classifications (LR-1, LR-2 GR and ½ acre lots and greater), duplex/townhouse units and apartments. The four nonresidential prototypes are office, commercial, hotel and industrial space. These prototypes are described in more detail in Section II of this report. The net surplus or deficit for each prototype is determined by subtracting costs necessary to serve each land use from the revenues generated. Limitations to this approach are the reliance on average costing, particularly for one-time capital costs, and the lack of consideration to the geographic location of new development in terms of capital facility requirements.

B. Cost and Revenue Assumptions

For this analysis, the net surplus or deficit generated by the residential and nonresidential land use prototypes has been determined by subtracting General Fund and Capital Expansion Budget costs necessary to serve these land uses from the General Fund revenues generated by each land use. The cost and revenue factors have been determined based on the FY2002 City budget and *current levels of service*.

To derive the costs, revenues, and service levels, TA interviewed department staff and reviewed the current budget and other financial and socio-economic data. The result of this assessment and the methodologies used to project the costs and revenues are described in the level of service, cost and revenue assumptions contained in the Appendix.

C. Summary Results

As indicated in the table and chart on the following page, five of the six *residential* prototypes generate annual net *deficits* and all four *nonresidential* prototypes generate annual net *deficits*. The net results for all prototypes reflect, to a large extent, the importance of assessed value, as property tax is the primary growth-related revenue accruing to the City.

Fiscal Impact Analysis



Capital Facility Analysis



Impact Fees



Growth Policy Planning



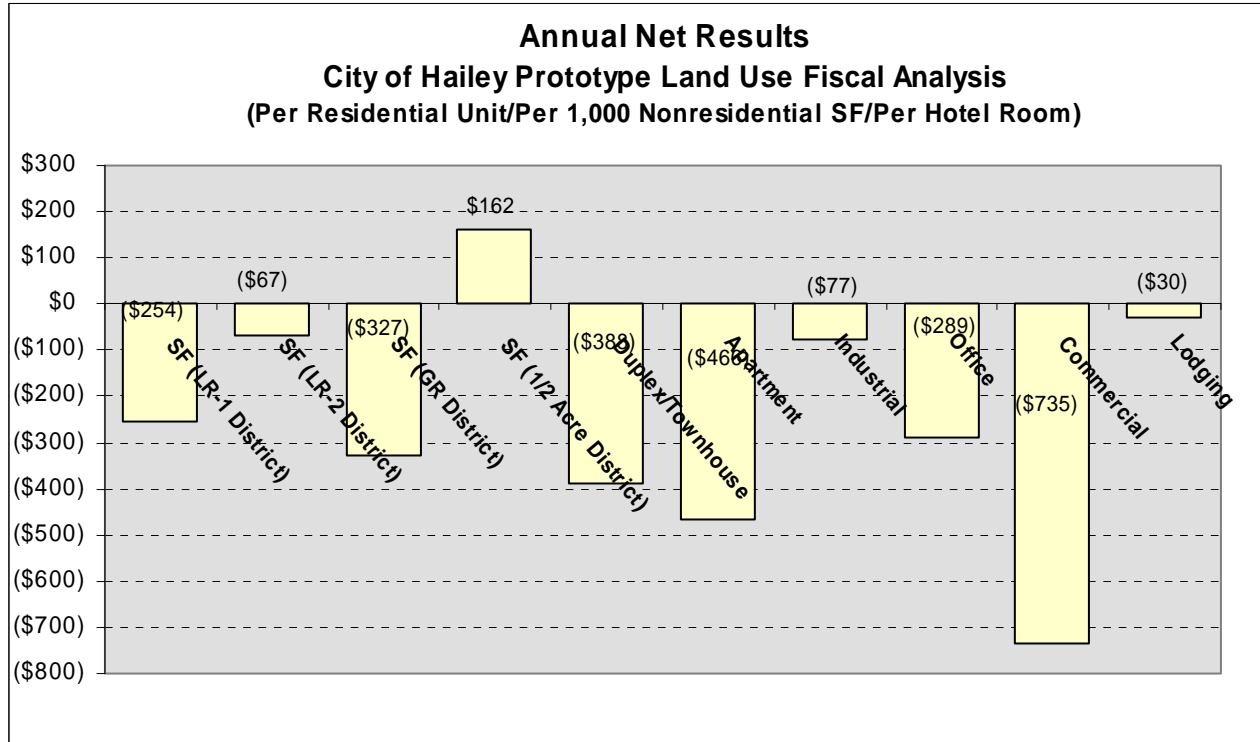
Economic and Market
Analysis



Fiscal and Economic Software

Annual Net Results
City of Hailey Prototype Land Use Fiscal Analysis

	RESIDENTIAL (Per Unit)						NONRESIDENTIAL (Per 1,000 SF)			
	SF-Det. LR-1 District	SF-Det. LR-2 District	SF-Det. GR District	SF-Det. 1/2 Acre+	Duplex/ Townhouse	Apartment	Industrial	Office	Com.	Lodging
Revenue	\$831	\$1,095	\$643	\$1,380	\$484	\$416	\$168	\$358	\$270	\$130
Costs	\$1,085	\$1,161	\$970	\$1,219	\$872	\$882	\$245	\$647	\$1,005	\$160
Net Result	(\$254)	(\$67)	(\$327)	\$162	(\$388)	(\$466)	(\$77)	(\$289)	(\$735)	(\$30)



Single family-detached units on lots 1/2 acre or more generate the best result of the residential prototypes with annual net revenue of \$162 per unit. The lowest annual net deficit is generated by single family-detached units in the LR-2 district at \$67 per unit, followed by single family-detached units in the LR-1 district (\$254 per unit). Single family-detached units in the GR district and duplex/townhouse units generate similar results, with annual net deficits of \$327 and \$388 per unit, respectively. The greatest annual net deficit is generated by the apartment prototype at \$466 per unit.

Hotel rooms and industrial space generate the least annual net deficits at \$30 per room and \$77 per 1,000 square feet, respectively. The office prototype generates the next best result with annual net deficits of \$289 per 1,000 square feet. The worst fiscal results are generated by the commercial prototype with annual net deficits of \$735 per 1,000 square feet.

D. Reasons for the Results

The following points highlight the major reasons for the results. Please refer to Section IV for cost and revenue details.

- Single family-detached units on lots ½ acre or more is the only prototype that generates a positive result, annual net *revenue* of \$162 per unit. This is because of the importance of property tax to the City’s revenue structure discussed above. This prototype is assumed to have an assessed value of almost \$420,000, which is significantly higher than what is typically found in the City for single family-detached units. Single family-detached units in the LR-2 district, which also has a relatively high assessed value of \$319,901, generate the lowest annual net *deficit* at \$67 per unit.
- Single family-detached units in the LR-1 and GR districts generate similar costs due to the same average household size. However, units in the LR-1 district tend to have a higher assessed value (\$227,532) and therefore generate a lower annual net *deficit*, \$254 per unit compared to \$327 per unit in the GR district, which has an assessed value of \$161,956.
- The duplex/townhouse and apartment prototypes generate the poorest residential results with annual net *deficits* of \$388 and \$466 per unit, respectively. Although these prototypes generate lower costs, revenue is less as well due to low assessed values, \$58,534 for apartment units and \$133,517 for duplex/townhouse units.
- The hotel and industrial prototypes generate the lowest deficits for the nonresidential land uses, annual net *deficits* of \$30 per room and \$77 per 1,000 square feet, respectively. The substantially lower costs generated by these prototypes resulting from lower employment densities and average daily vehicle trip rates offset the fact these prototypes generate the least amount of revenue due to their relatively low assessed values, \$43,682 per room and \$51,630 per 1,000 square feet, respectively.
- The office prototype generates the greatest revenue of the nonresidential prototypes due to its high assessed value (\$111,820 per 1,000 square feet). However, this revenue is not enough to offset the relatively high costs generated by this prototype, particularly for fire protection. As a result, annual net *deficits* of \$289 per 1,000 square feet are generated.
- The commercial prototype, with an assessed value of \$84,390 per 1,000 square feet, generates significantly poorer results than the other nonresidential prototypes, annual net *deficits* of \$735 per 1,000 square feet, because of significantly higher costs for police protection and road construction.

E. Fiscal Implications

Based on the results, the following conclusions can be made.

- The negative results for all land use prototypes but one indicate the City’s present revenue structure cannot provide current levels of service to new development without finding new

revenue sources or raising existing rates. A primary reason is the reliance on property tax and to a certain extent, state shared revenue. In the FY2002 budget, property tax *and* state shared revenue comprise 72% of total operating revenues.

- Contributing to this revenue structure problem is that state shared revenue, which comprises 23% of total operating revenues, is allocated to municipalities using a population-based formula. As a result, the only revenue of significance generated by nonresidential development is property tax.
- In the context of the previous bullet point, the results for the industrial and office prototypes should not be viewed negatively. Employment in the above sectors can provide residents with high wage jobs that allow many residents the ability to afford housing within the City. If additional revenue sources were to be implemented by the City, it is probable that the office and industrial prototypes, if not all nonresidential prototypes, would generate net revenues. Potential revenue sources the City should consider implementing is discussed in a separate *Strategies and Recommendations* memorandum.
- In light of the fiscal results for the most affordable housing, single family-detached units in the GR district, duplex/townhouse units and apartment units, to the extent the City continues to be a source of affordable housing, levels of service are likely to decline unless current revenue rates are increased and/or new sources implemented. Again, this is further discussed in a separate *Strategies and Recommendations* memorandum.
- It is important to acknowledge that fiscal issues are only one concern when evaluating land uses, as virtually all communities will have contributors and recipients. Non-fiscal issues such as the environment, housing affordability, jobs/housing balance and quality of life must also be considered. The emphasis should be on achieving an appropriate mix of land uses.

II. PROTOTYPES

City of Hailey staff and TA developed six residential and four nonresidential land use prototypes to evaluate. These land use prototypes are briefly discussed in the sections below.

A. Residential Prototypes

The residential prototypes include four variations of single family-detached units reflecting variations in zoning districts, duplex/townhouse units and apartments. These prototypes are meant to represent future residential development expected in the City. The table below outlines the residential prototypes and their associated characteristics. The estimated persons per unit, average assessed value, average daily vehicle trips and estimated road frontage are shown in the table for each prototype. These factors will be used to calculate the associated cost and revenue factors described in Section IV (Appendix). Persons per unit were developed using 1990 and 2000 US Census data. Average assessed value assumptions are based on Blaine County assessment data for recent construction. Average daily vehicle trip factors are from the Institute of Transportation Engineers and road frontage assumptions are based on information provided by the Planning Department. These factors are discussed in more detail in the Appendix.

Residential Prototypes
City of Hailey Prototype Land Use Fiscal Analysis

Prototype	Persons Per Unit (1)	Avg. Assessed Value Per Unit (2)	Vehicle Trip Rate Per Unit (3)	Road Frontage Per Unit (4)
SF-Detached (LR-1 District)	2.77	\$227,532	9.57	90
SF-Detached (LR-2 District)	2.77	\$319,901	9.57	110
SF-Detached (GR District)	2.77	\$161,956	9.57	60
SF-Detached (1/2 acre +)	2.77	\$419,680	9.57	125
Duplex/Townhouse	2.10	\$133,517	5.86	40
Apartment	2.13	\$58,534	6.59	40

(1) Based on 1990 and 2000 Census data. See Supporting Documentation Section in the Appendix for details.

(2) Based on a sample of recent construction using Blaine County assessment data. Does not include the \$50,000 homestead exemption, which is reflected in the fiscal results for all prototypes except apartments.

(3) Based on ITE Trip Generation 6th Edition.

(4) Based on information provided by the Planning Department.

B. Nonresidential Prototypes

The four nonresidential prototypes include office, commercial and industrial space, as well as hotel rooms. The table below outlines the nonresidential prototypes and their associated characteristics. Assumptions for square feet per employee were developed using information from the Institute of Transportation Engineers and Urban Land Institute. Average assessed value

assumptions are based on Blaine County assessment data for recent construction. Average daily vehicle trip factors are from the Institute of Transportation Engineers. These factors are described in more detail in the Appendix.

Nonresidential Prototypes
City of Hailey Prototype Land Use Fiscal Analysis

Prototype	Employees Per 1,000 SF/Room (1)	Avg. Assessed Value Per 1,000 SF/Room (2)	Vehicle Trip Rate Per 1,000 SF/Room (3)	Road Frontage
Industrial	2.31	\$51,630	6.97	0
Office	4.39	\$111,820	22.64	0
Commercial	3.33	\$84,390	111.82	0
Lodging	0.57	\$43,682	8.92	0

- (1) Based on ITE trip generation and ULI data.
- (2) Based on a sample of recent construction using Blaine County assessment data.
- (3) Based on ITE Trip Generation 6th Edition.

III. FISCAL IMPACT RESULTS

A. Annual Revenue

The table below summarizes annual revenue for each prototype based on the methodologies discussed in the level of service assumptions contained in the Appendix.

Revenues per Prototype
City of Hailey Prototype Land Use Fiscal Analysis

Revenue	RESIDENTIAL (Per Unit)						NONRESIDENTIAL (Per 1,000 SF)			
	SF-Det. LR-1 District	SF-Det. LR-2 District	SF-Det. GR District	SF-Det. 1/2 Acre+	Duplex/ Townhouse	Apartment	Ind.	Office	Com.	Lodging
Property Taxes	\$507.95	\$772.24	\$320.33	\$1,057.73	\$238.96	\$167.48	\$147.72	\$319.94	\$241.46	\$124.98
Sales Tax Revenue-County	\$16.82	\$16.82	\$16.82	\$16.82	\$12.75	\$12.95	\$0.00	\$0.00	\$0.00	\$0.00
Penalty and Interest-Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Motor Vehicle Fines	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Alcoholic Beverage Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Animal Transport Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Auto Transportation Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Police Security Assistance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Building Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Licenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.33	\$12.04	\$9.13	\$1.56
Encroachment Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Idaho Power Franchise Fees	\$9.91	\$9.91	\$9.91	\$9.91	\$7.51	\$7.63	\$3.67	\$6.98	\$5.30	\$0.91
Cable TV Franchise Fees	\$8.54	\$8.54	\$8.54	\$8.54	\$6.48	\$6.58	\$0.00	\$0.00	\$0.00	\$0.00
Intermountain Gas Franchise Fees	\$10.11	\$10.11	\$10.11	\$10.11	\$7.66	\$7.79	\$3.75	\$7.12	\$5.40	\$0.92
IRES Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Library Fines and Memberships	\$4.14	\$4.14	\$4.14	\$4.14	\$3.14	\$3.19	\$0.00	\$0.00	\$0.00	\$0.00
Library Room Rentals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Park Reservation Fees	\$1.63	\$1.63	\$1.63	\$1.63	\$1.23	\$1.25	\$0.00	\$0.00	\$0.00	\$0.00
Banner Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
RV Dump Box Donations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sign Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fire Code Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zoning Applications	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Copies & Misc. Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Earned	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Refunds and Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mutual Aid Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
W&S Legislative Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State Liquor Tax Apportionment	\$24.24	\$24.24	\$24.24	\$24.24	\$18.38	\$18.68	\$0.00	\$0.00	\$0.00	\$0.00
State Sales Tax	\$122.03	\$122.03	\$122.03	\$122.03	\$92.51	\$94.00	\$0.00	\$0.00	\$0.00	\$0.00
State Shared Highway Tax	\$108.75	\$108.75	\$108.75	\$108.75	\$82.44	\$83.77	\$0.00	\$0.00	\$0.00	\$0.00
Police Department Grants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
County Animal Control	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Lease and Rent Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rubbish Bookkeeping	\$16.43	\$16.43	\$16.43	\$16.43	\$12.45	\$12.66	\$6.09	\$11.57	\$8.78	\$1.50
TOTAL	\$831	\$1,095	\$643	\$1,380	\$484	\$416	\$168	\$358	\$270	\$130

Overall, the greatest revenue source for each of the prototypes is property taxes. Other significant revenue sources for *residential* prototypes include state sales tax and state shared highway tax. As discussed in more detail in the Appendix, state sales tax is allocated to municipalities based on population, as is state shared highway tax. The *nonresidential* prototypes generate revenue from four other categories, but none of any significance when compared to the amount of property tax generated per 1,000 square feet. There are numerous revenue sources that are relatively minor in nature and/or discussions with City staff indicate aren't necessarily attributable to new growth and development, and are therefore considered fixed (in constant dollars) relative to new growth. Other, such as building permits, is reflected against related expenditures.

Of the six residential prototypes, the four variations of the single family-detached prototype generate the greatest annual revenue. As discussed above, the majority of revenue generated by the residential prototypes is property tax and single family-detached units have higher assessed values than other types of housing. Single family-detached units on ½ acre lots or more generate the greatest annual revenue at \$1,380 per unit, due to its assessed value of almost \$420,000. Single family-detached units in the LR-2 district (assessed value of \$319,901) generate annual revenue of \$1,095 per unit, followed by single family-detached units in the LR-1 district (assessed value of \$227,532) at \$831 per unit and single family-detached units in the GR district (assessed value of 161,956) at \$643 per unit. The duplex/townhouse and apartment prototypes generate similar revenue on an annual basis, at \$484 per unit and \$416 per unit, respectively. Although the apartment prototype has a larger average household size, the duplex/townhouse prototype generates slightly higher revenue due to its higher assessed value (\$133,517).

Similar to the residential prototypes, the amount of annual revenue generated by the nonresidential prototypes is a function of assessed value. The office prototype has the highest assessed value and generates annual revenue of \$358 per 1,000 square feet. Commercial space generates annual revenue of \$270 per 1,000 square feet, followed by industrial space (\$168 per 1,000 square feet) and hotel space (\$130 per room).

B. Annual Operating Expenditures

The table below summarizes the annual operating costs for each prototype based on the methodologies discussed in the level of service assumptions contained in the Appendix.

Operating Expenditures per Prototype
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure	RESIDENTIAL (Per Unit)						NONRESIDENTIAL (Per 1,000 SF)			
	SF-Det. LR-1 District	SF-Det. LR-2 District	SF-Det. GR District	SF-Det. 1/2 Acre+	Duplex/ Townhouse	Apartment	Ind.	Office	Com.	Lodging
Legislative	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Chief Executive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Legal	\$12.69	\$12.69	\$12.69	\$12.69	\$9.62	\$9.78	\$4.71	\$8.94	\$6.78	\$1.16
City Engineer	\$9.14	\$9.14	\$9.14	\$9.14	\$6.93	\$7.04	\$3.39	\$6.44	\$4.88	\$0.84
Finance Department	\$54.08	\$54.08	\$54.08	\$54.08	\$41.00	\$41.66	\$20.05	\$38.10	\$28.90	\$4.95
Planning Department	\$57.56	\$57.56	\$57.56	\$57.56	\$43.63	\$44.34	\$21.34	\$40.55	\$30.76	\$5.26
Building Department	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fire Department	\$44.71	\$44.71	\$44.71	\$44.71	\$33.90	\$34.44	\$17.26	\$96.55	\$89.93	\$13.70
Police Department	\$152.66	\$152.66	\$152.66	\$152.66	\$268.96	\$268.96	\$49.80	\$161.74	\$447.36	\$63.73
Animal Control	\$18.56	\$18.56	\$18.56	\$18.56	\$14.07	\$14.30	\$0.00	\$0.00	\$0.00	\$0.00
Library	\$88.40	\$88.40	\$88.40	\$88.40	\$67.01	\$68.10	\$0.00	\$0.00	\$0.00	\$0.00
Public Works	\$29.65	\$29.65	\$29.65	\$29.65	\$22.47	\$22.84	\$10.99	\$20.89	\$15.84	\$2.71
Streets Department	\$344.51	\$421.07	\$229.68	\$478.49	\$153.12	\$153.12	\$0.00	\$0.00	\$0.00	\$0.00
Parks Department	\$17.49	\$17.49	\$17.49	\$17.49	\$13.26	\$13.47	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$829	\$906	\$715	\$963	\$674	\$678	\$128	\$373	\$624	\$92

As shown in the table above, the greatest annual operating expenditures for the residential prototypes are for the Streets Department, followed by Police and the Library. There are no costs for Legislative and Chief Executive functions, as discussions with City staff indicate that these expenditures are fixed (in constant dollars) relative to new growth. In addition, one-time

costs for the Building Department are covered by the one-time revenues derived from permit fees. These assumptions are discussed further in the Appendix.

Of the six residential prototypes, the four variations of the single family-detached prototype generate the greatest annual operating expenditures. This is a result of two factors: 1) larger average household size, and 2) greater road frontage, which impacts street maintenance costs. Due to the amount of road frontage associated with large-lot development, single family-detached units on ½ acre lots or more generate the greatest annual operating expenditures at \$963 per unit. Single family-detached units in the LR-2 district generate the next greatest costs at \$906 per unit annually, followed by single family-detached units in the LR-1 district (\$829 per unit) and single family-detached units in the GR district (\$715 per unit). The apartment and duplex/townhouse prototypes generate similar operating expenditures on an annual basis, at \$678 per unit and \$674 per unit, respectively. Expenditures are greater for the apartment prototype due to a slightly larger household size.

The greatest annual operating expenditures for the nonresidential prototypes are for Police and Fire. Commercial space generates the highest annual operating expenditures at \$624 per 1,000 square feet. This is the result of the significantly higher police costs attributable to this prototype, which as discussed further in the Appendix, is based on calls for service data. Office space generates annual operating expenditures of \$373 per 1,000 square feet. With the exception of Police, this prototype generates the highest expenditures for each department due to its high employment density per 1,000 square feet. The industrial prototype generates annual operating expenditures of \$128 per 1,000 square feet. This prototype has lower costs due to its relatively low employment density and low impact on police protection. The hotel prototype generates the lowest annual operating expenditures (\$92 per room).

C. Annualized Capital Expenditures

The table below summarizes the annualized costs for each prototype for the Capital Expansion Budget, which is used to account for the acquisition or construction of major capital facilities and infrastructure in the City. The cost factors are from TA's recently completed Annexation Fee Study prepared for the City. The Annexation Fee Study calculates a one-time cost for new development's fair share of *growth-related* capital facilities, equipment and furnishings based on current levels of service provided by the City. Since the operating cost and revenue factors in this analysis are *annual* amounts, the maximum supportable annexation fee calculations are amortized over a ten-year period to derive an annualized capital cost. This is discussed further in the Appendix.

Annualized Capital Expenditures per Prototype
 City of Hailey Prototype Land Use Fiscal Analysis

Expenditure	RESIDENTIAL (Per Unit)						NONRESIDENTIAL (Per 1,000 SF)			
	SF-Det. LR-1 District	SF-Det. LR-2 District	SF-Det. GR District	SF-Det. 1/2 Acre+	Duplex/ Townhouse	Apartment	Ind.	Office	Com.	Lodging
Roads	\$46.80	\$46.80	\$46.80	\$46.80	\$28.71	\$32.29	\$34.15	\$110.94	\$241.08	\$43.71
Police	\$10.70	\$10.70	\$10.70	\$10.70	\$18.90	\$18.90	\$3.39	\$11.01	\$23.94	\$4.34
Fire	\$48.10	\$48.10	\$48.10	\$48.10	\$36.54	\$37.13	\$78.30	\$148.80	\$112.80	\$19.30
Municipal Vehicles	\$1.94	\$1.94	\$1.94	\$1.94	\$1.47	\$1.49	\$1.62	\$3.07	\$2.33	\$0.40
Parks	\$69.50	\$69.50	\$69.50	\$69.50	\$52.71	\$53.56	\$0.00	\$0.00	\$0.00	\$0.00
Library	\$78.30	\$78.30	\$78.30	\$78.30	\$59.43	\$60.39	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$255	\$255	\$255	\$255	\$198	\$204	\$117	\$274	\$380	\$68

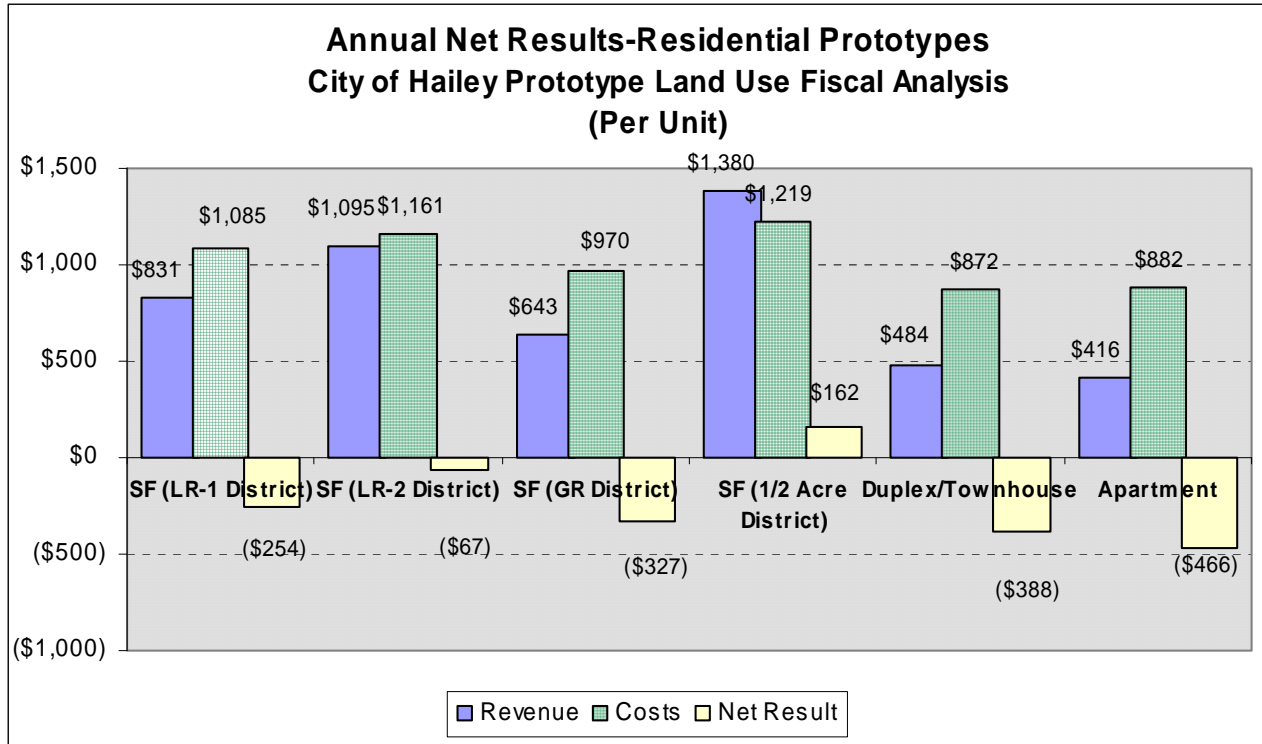
Because of the average cost approach utilized in a prototype land use fiscal analysis, average household size and vehicle trip generation rates drive the overwhelming majority of costs for the residential prototypes. As a result, the four single family-detached prototypes generate the greatest annualized capital costs, which are the same (\$255 per unit) for each variation of this prototype since each prototype has the same household size and vehicle trip rate. As a result of smaller household sizes, the apartment and duplex/townhouse prototypes generate the lowest per unit annualized capital costs, at \$204 and \$198, respectively. Costs are slightly higher for the apartment prototype due to a higher vehicle trip generation rate.

Of the four nonresidential prototypes, commercial space generates the greatest annualized capital expenditures at \$380 per 1,000 square feet. Costs are greater for the commercial prototype due to the costs for road improvements, which are significantly higher than the other prototypes based on average daily vehicle trip generation. The office prototype generates annualized capital costs of \$274 per 1,000 square feet. This prototype generates the greatest costs in all categories with the exception of roads and police due to its high employment density. The office prototype generates lower costs for police and roads than the commercial prototype due to a lower vehicle trip generation rate. The industrial prototype generates annualized capital expenditures of \$117 per 1,000 square feet. This prototype has lower costs due to its relatively low employment density. The hotel prototype generates the lowest annualized capital expenditures (\$68 per room) due to the lowest employment density.

D. Annual Net Results

Residential

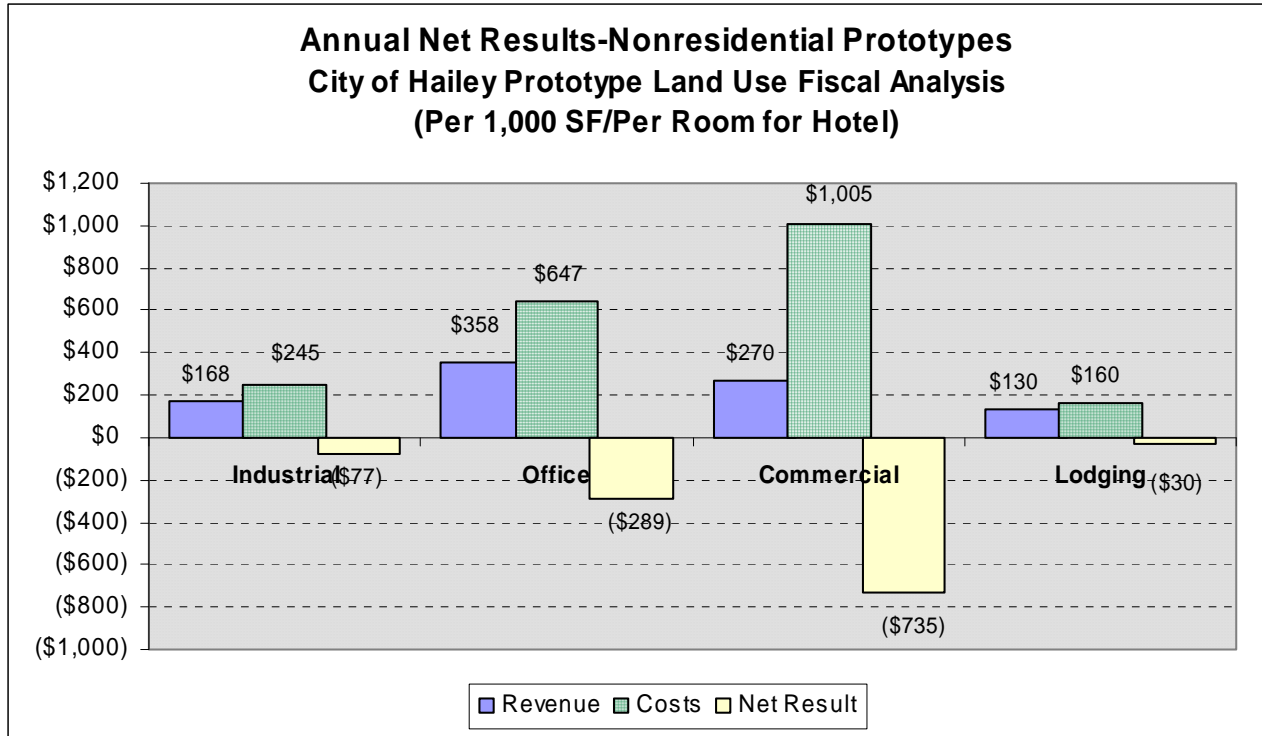
The chart below summarizes the revenue, costs, and net result for each of the *residential* prototypes. As the chart indicates, five of the six residential prototypes generate annual net *deficits*.



Because of its high assessed value (\$419,680), single family-detached units on lots ½ acre or more generate annual net *revenue* of \$162 per unit. Single family-detached units in the LR-2 district generate a modest annual net *deficit* of \$67 per unit, a result of its relatively high assessed value (\$319,901). Single family-detached units in the LR-1 and GR districts generate similar costs. However, units in the LR-1 district generate more revenue due to a higher assessed value, resulting in a lower annual net *deficit*, \$254 per unit compared to \$327 per unit. The duplex/townhouse and apartment prototypes generate the poorest results, annual net *deficits* of \$388 and \$466 per unit, respectively. Although these two prototypes generate the lowest costs, revenue is lower as well due to low assessed values relative to the single family-detached prototypes.

Nonresidential

The chart below summarizes the revenue, costs, and net result for each of the *nonresidential* prototypes. As the chart indicates, all four nonresidential prototypes generate annual net *deficits*.



The hotel prototype generates the lowest annual net *deficit* at \$30 per room, followed by the industrial prototype at \$77 per 1,000 square feet. This is due to the lower costs, particularly for police/fire protection and road improvements, resulting from low employment densities and average daily vehicle trip rates. The office prototype generates the greatest revenue due to its high assessed value, but generates relatively high costs because of its high employment density. As a result, annual net *deficits* of \$289 per 1,000 square feet are incurred. The commercial prototype generates annual net *deficits* of \$735 per 1,000 square feet due to significantly higher costs, particularly for police protection and road construction.

IV. APPENDIX – SUPPORTING DATA

This section reflects the characteristics of the existing development base of Hailey, as well as the cost and revenue factors used in this evaluation. The costs and revenue factors were determined using the FY2002 budget and current levels of service. To derive an accurate assessment of costs, revenues, and service levels, TA interviewed department staff and reviewed the current budget and other financial and socio-economic data. The results of this research and the methodology and supporting rationale that are used in this analysis are described in this section.

In general, an average cost approach is used that divides the current budget numbers by the current population (and/or employment) in the City, in addition to other relevant demand bases. This enables the current level of service to be determined and applied to the various residential and nonresidential prototypes. Some costs and revenues are not necessarily attributable to new growth and development, and are therefore considered fixed in the context of this analysis. For example, new growth is not likely to necessitate the need for additional City Council seats.

A. Existing Conditions

1. Population, Housing Units and Employment

The table below summarizes the current housing units, population, employment and nonresidential building area in Hailey. These values are used to determine many of the cost and revenue factors summarized in the sections below. The number of housing units in Hailey is estimated at 2,684. This estimate is based on the number of units contained in the 2000 U.S. Census and historical permit activity. The current population is estimated at 6,810 persons.

Employment in Hailey is estimated at 2,918. Employment estimates are from data published by Claritas, Inc. and adjusted to jobs reported by the Idaho Department of Labor. Square feet per employee multipliers (discussed further below) have been used to estimate nonresidential floor area. Currently, Hailey has an estimated 1.2 million square feet of nonresidential development.

**2002 Demographic and Employment Conditions
City of Hailey Prototype Land Use Fiscal Analysis**

Residential	
<i>Housing Units (1)</i>	
Single Family	1,825
All Other Residential	859
<i>Total</i>	<i>2,684</i>
<i>Population (1)</i>	<i>6,810</i>
Nonresidential	<i>Employees (2)</i>
<i>Nonresidential Square Footage (2)</i>	
Commercial	244,000
Office	145,000
Industrial	347,000
Institutional	480,000
<i>Total</i>	<i>1,216,000</i>
<i>Employment (2)</i>	
Commercial	814
Office	636
Industrial	802
Institutional	665
<i>Total Employment</i>	<i>2,918</i>

(1) Based on U.S. Census and historical building permit information

(2) Estimated using data from Claritas, Inc. and adjusted to jobs reported by the Idaho Department of Labor

2. Persons per Household

Household size is an important demographic factor that helps account for variations in service demand by type of housing. In 1990, Hailey had 1,480 housing units and the blended, or weighted average, household size for all housing types was 2.65 persons per household. Summary data currently available from the 2000 Census indicates the current household size to be 2.56 persons per household. The household size estimates for 2000 were determined by decreasing the household sizes by type of unit in 1990 by the percentage decrease (3.4%) in the overall occupied housing unit size in 2000.

Units in Structure	Owner-Occupied			Renter-Occupied			Combined			Housing Units
	Persons	Hsehlds	PPH	Persons	Hsehlds	PPH	Persons	Hsehlds	PPH	
1-Detached	2,250	780	2.88	441	158	2.79	2,691	938	2.87	1,003
1-Attached	88	42	2.10	39	17	2.29	127	59	2.15	69
Two	15	8	1.88	41	17	2.41	56	25	2.24	27
3-4	8	6	1.33	258	117	2.21	266	123	2.16	132
5-9	22	11	2.00	255	98	2.60	277	109	2.54	116
10 or more	7	4	1.75	123	68	1.81	130	72	1.81	79
Mobile Homes	34	19	1.79	41	15	2.73	75	34	2.21	39
Other	7	4	1.75	20	11	1.82	27	15	1.80	15
Total	2,431	874	2.78	1,218	501	2.43	3,649	1,375	2.65	1,480

Source: 1990 US Census data from STF1A. Vacant Units => 105
Residential Vacancy Rate => 7.1%

Persons Per Household by Type in 1990

	Persons	Hsehlds	PPH	Hhld Mix
Single Family-Detached	2,691	938	2.87	68%
Duplex/Townhouse	183	84	2.18	6%
Apartment	673	304	2.21	22%
All Other	102	49	2.08	4%
TOTAL	3,547	1,326		

Persons Per Household by Type in 2000

	Persons	Hsehlds	PPH	Hsg Units
Single Family-Detached	4,507	1,630	2.77	
Duplex/Townhouse	306	146	2.10	
Apartment	1,127	528	2.13	
All Other	171	85	2.01	
Total Less Group Quarters	6,111	2,389	2.56	2,557
Group Quarters	89			
TOTAL	6,200			

Source: U.S. Census Bureau, Census 2000.

3. Building Area per Employee

The square feet per employee assumptions for the nonresidential prototypes were selected using the factors shown in the table below. These factors are used to convert per employee costs into costs per thousand square feet (KSF) of nonresidential floor area. In Hailey, the Light Industrial category (@433 square feet per employee) is an appropriate prototype for the industrial prototype. New office development in Hailey is typically located in scattered, small-scale buildings. Therefore, a general office building of approximately 10,000 square feet is a suitable prototype for the office prototype. This size office building has an average of 228 square feet per employee. For the commercial prototype, a shopping center of approximately 25,000 square feet or less has been selected as a representative proxy. A commercial development of this size will have approximately 300 square feet per employee. For the hotel prototype, it assumed there is an average of 1,754 square feet per employee.

Land Use (ITE code)	Wkdy Trip Ends Per 1,000 Sq Ft*	Wkdy Trip Ends Per Employee*	Emp Per 1,000 Sq Ft	Sq Ft Per Emp**
Commercial/ Shopping Ctr (820)				
25K gross leasable area	111.82	na	3.33	300
50K gross leasable area	87.31	na	2.86	350
100K gross leasable area	68.17	na	2.50	400
200K gross leasable area	53.22	na	2.22	450
Medical-Dental Office (720)	36.13	8.91	4.05	247
Hospital (610)	16.78	5.17	3.25	308
General Office (710)				
10K gross floor area	22.64	5.16	4.39	228
25K gross floor area	18.31	4.53	4.04	247
50K gross floor area	15.59	4.11	3.79	264
100K gross floor area	13.27	3.72	3.57	280
200K gross floor area	11.30	3.37	3.35	298
High School (530)	13.27	19.98	0.66	1,506
Average School	12.65	16.56	0.79	1,299
Elementary School (520)	12.03	13.13	0.92	1,091
Business Park (770)***	12.76	4.04	3.16	317
Light Industrial (110)	6.97	3.02	2.31	433
Warehousing (150)	4.96	3.89	1.28	784
	<i>Per Room</i>		<i>Per Room</i>	
Hotel (310)	8.23	14.34	0.57	

* Trip Generation, Institute of Transportation Engineers, 1997.

** Square feet per employee calculated from trip rates except for Shopping Center data, which are derived from Development Handbook and Dollars and Cents of Shopping Centers, published by the Urban Land Institute.

*** According to ITE, a Business Park is a group of flex-type buildings served by a common roadway system. The tenant space includes a variety of uses with an average mix of 20-30% office/commercial and 70-80% industrial/warehousing.

4. Average Daily Vehicle Trips

The table below provides a summary of the average daily vehicle trips calculations used in this analysis. As the table indicates, there is an average of 23,452 vehicle trips generated by existing development in Hailey on an average weekday. Residential development generates 11,563 vehicle trips compared to 11,889 vehicle trips generated by nonresidential development.

Average weekday vehicle trip ends are from the reference book, Trip Generation, 6TH Edition, published by the Institute of Transportation Engineers (ITE), in 1997. A “trip end” represents a vehicle either entering or exiting a development (as if a traffic counter were placed across a driveway). Trip rates have been adjusted to avoid over estimating the number of actual trips because one vehicle trip is counted in the trip rates of both the origination and destination points. A simple factor of 50% has been applied to the Residential, Office and Industrial categories. The Commercial category has a trip adjustment factor less than 50% because this type of development attracts vehicles as they pass-by on arterial and collector roads. For example, when someone stops at a convenience store on their way home from work, the convenience store is not their primary destination.

**Vehicle Trips on an Average Weekday
Hailey, Idaho**

<i>Residential Units</i>	<i>Assumptions</i>	
Single Family	1,825	
All Other Residential	859	
<i>Average Weekday Vehicle Trip Ends per Unit**</i>	<i>Trip Factor</i>	
Single Family	9.57	50%
All Other Residential	6.59	50%
<i>Residential Vehicle Trip Ends of an Average Weekday</i>		
Single Family	8,733	
All Other Residential	2,830	
Total Residential Trips	11,563	

Nonresidential Vehicle Trips on an Average Weekday

<i>Nonresidential Gross Floor Area*</i>	<i>Assumptions</i>	
Commercial	244,000	
Office	145,000	
Industrial	347,000	
Institutional	480,000	
<i>Average Weekday Vehicle Trips Ends per 1,000 Sq. Ft.**</i>	<i>Trip Factors</i>	
Commercial	111.82	22%
Office	22.64	50%
Industrial	6.97	50%
Institutional	12.65	50%
<i>Nonresidential Vehicle Trips on an Average Weekday</i>		
Commercial	6,002	
Office	1,641	
Industrial	1,209	
Institutional	3,036	
Total Nonresidential Trips	11,889	

TOTAL RESIDENTIAL AND NONRESIDENTIAL TRIPS 23,452

*Floor area estimates were derived using sq. ft. per employee factors from ULI and ITE

**Trip rates are from the Institute of Transportation Engineers(ITE) Trip Generation Manual (1997)

B. General Fund Revenue Projection Methodologies

The projection methodologies for General Fund revenue are discussed in Parts 1 through 9 below.

**FY2002 General Fund Revenue Summary
City of Hailey, Idaho**

Revenue	Amount	Percent
Property Taxes	\$1,222,800	49%
Sales Tax	\$341,340	14%
State Revenue	\$326,955	13%
Licenses and Fees	\$26,500	1%
Permits	\$200,318	8%
Franchise Fees	\$79,591	3%
Reimbursements	\$33,213	1%
Fines	\$55,183	2%
Miscellaneous Revenue	\$195,245	8%
TOTAL	\$2,481,145	100%

1. Property Taxes

Property Taxes total \$1,222,800 in FY2002. This includes current and delinquent tax, as well as penalties and interest and collection fees. For purposes of this analysis, a marginal approach is used that multiplies the assessed value per prototype times the current City tax rate of .002390504 and bond rate of .000470693. The assessed value assumptions are shown above in Section II. The Homestead Exemption will be applied to all residential prototypes with the exception of apartment units.

2. Sales Taxes

Sales Tax totals \$341,340 in FY2002 and is comprised of sales tax received from Blaine County, as well as the State. Since the formula used to distribute these revenues is based on population, a per capita methodology that divides the budgeted amount by the current population is used in the analysis.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Sales Tax Revenue-County	\$41,340	Population	\$41,340	N/A	6,810	N/A	\$6.07	N/A
State Sales Tax	\$300,000	Population	\$300,000	N/A	6,810	N/A	\$44.05	N/A

3. State Revenue

Revenue from the State totals \$326,955 in FY2002. This revenue is comprised of a liquor tax apportionment and shared highway tax. Similar to sales tax, the formulas used to distribute this revenue are based on population. Therefore, a per capita methodology is used in the analysis.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
State Liquor Tax Apportionment	\$59,605	Population	\$59,605	N/A	6,810	N/A	\$8.75	N/A
State Shared Highway Tax	\$267,350	Population	\$267,350	N/A	6,810	N/A	\$39.26	N/A

4. Licenses and Fees

Licenses and Fees revenue totals \$26,500 in FY2002. This revenue consists of alcoholic beverage licenses, business licenses, park reservation fees transportation fees and licenses and banner fees. Park reservation fees are allocated using a per capita approach. Business licenses are a function on employment. Discussions with City staff indicate the remaining revenue sources are relatively minor in nature and/or aren't necessarily attributable to new growth and development. Therefore, they are considered fixed relative to new growth.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Alcoholic Beverage Licenses	\$10,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
Animal Transport Fees	\$1,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
Auto Transportation Licenses	\$1,500	Fixed	N/A	N/A	N/A	N/A	NA	NA
Business Licenses	\$8,000	Jobs	N/A	\$8,000	N/A	2,918	N/A	\$2.74
Park Reservation Fees	\$4,000	Population	\$4,000	N/A	6,810	N/A	\$0.59	N/A
Banner Fees	\$2,000	Fixed	N/A	N/A	N/A	N/A	NA	NA

5. Permits

Permit revenue totals \$200,318 in FY2002. Many of these revenue sources are one-time in nature and come from construction and development activity. As discussed further in Section C, new residential and nonresidential growth is essentially covering the one-time cost generated by its construction. Therefore, neither one-time building permit fees nor costs will be factored in the analysis. The remaining revenue sources are relatively minor in nature and aren't necessarily attributable to new growth and development. Therefore, they are considered fixed relative to new growth.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Building Permits	\$175,000	Not Factored	N/A	N/A	N/A	N/A	N/A	N/A
Encroachment Permits	\$3,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
IRES Permits	\$2,270	Fixed	N/A	N/A	N/A	N/A	NA	NA
Sign Permits	\$500	Fixed	N/A	N/A	N/A	N/A	NA	NA
Fire Code Permits	\$1,478	Fixed	N/A	N/A	N/A	N/A	NA	NA
Zoning Applications	\$18,070	Fixed	N/A	N/A	N/A	N/A	NA	NA

6. Franchise Fees

The table below summarizes Franchise Fees collected in Hailey. For FY2002, this revenue amounts to \$79,591. Franchises fees paid to the City based on gross earnings from utility companies. As shown in the table below, Cable TV tax is attributable to population. Idaho

Power and Intermountain Gas fees are attributable to *general* growth in Hailey, represented by both population *and* jobs as a proxy.

To determine the proportionate share of Idaho Power and Intermountain Gas franchise fees attributable to residential and nonresidential development, TA recommends the current ratio of population to non-resident workers. The recommended allocation is a variation of the population and jobs allocation method, with an adjustment to avoid double counting the estimated number of Hailey residents that also work within Hailey. According to 1990 Census data (this detail is not yet available from the 2000 Census), 900 Hailey residents worked within the City, or approximately 24% of the population. Applying this percentage to the 2002 population estimate of 6,810 yields an estimated 1,634 people that both live and work in Hailey. Deducting resident workers from the estimated number of jobs in 2002 (2,918) leaves 1,284 non-resident workers. This approach allocates 84% of the revenue to residential development and 16% to nonresidential development. The population and job factors used in this analysis were calculated by multiplying growth-related revenue by the appropriate residential and nonresidential proportionate share factors discussed above. These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Idaho Power Franchise Fees	\$29,000	Population and Jobs	\$24,360	\$4,640	6,810	2,918	\$3.58	\$1.59
Cable TV Franchise Fees	\$21,000	Population	\$21,000	N/A	6,810	N/A	\$3.08	N/A
Intermountain Gas Franchise Fees	\$29,591	Population and Jobs	\$24,856	\$4,735	6,810	2,918	\$3.65	\$1.62

7. Reimbursements

Reimbursements total \$33,213 in FY2002. This revenue consists of reimbursements from mutual aid agreements and other sources. For purposes of the analysis, it is assumed these reimbursements are covering the cost of service provided, and are therefore considered fixed, or not factored.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Refunds and Reimbursements	\$4,993	Fixed	N/A	N/A	N/A	N/A	NA	NA
Mutual Aid Reimbursements	\$2,500	Fixed	N/A	N/A	N/A	N/A	NA	NA
W&S Legislative Reimbursement	\$25,720	Fixed	N/A	N/A	N/A	N/A	NA	NA

8. Fines

Fines total \$55,183 in FY2002. This revenue source is comprised of motor vehicle fines and library-related fines. Since motor vehicle fines aren't necessarily attributable to new growth and development and are dependent to large degree in the level of enforcement, this revenue source is considered fixed relative to new growth. Library fines are allocated on a per capita basis.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Motor Vehicle Fines	\$45,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
Library Fines and Memberships	\$10,183	Population	\$10,183	N/A	6,810	N/A	\$1.50	N/A

9. Miscellaneous

Miscellaneous revenue totals \$195,245 in FY2002. This revenue consists of various relatively minor sources such as lease and rent revenue, animal control fees and interest. Discussions with City staff indicate that rubbish bookkeeping revenue is driven by *general* growth in Hailey, represented by both population *and* jobs as a proxy. The residential and nonresidential prototype factors used in this analysis were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed previously (84% residential, 16% nonresidential). These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below. The remaining revenue sources are relatively minor in nature and/or aren't necessarily attributable to new growth and development. Therefore, they are considered fixed relative to new growth.

General Fund Revenues and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Revenue Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonresidential Share	Residential Divisor	Nonresidential Divisor	Residential Prototype Factor	Nonresidential Prototype Factor
Police Security Assistance	\$1,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
Library Room Rentals	\$1,500	Fixed	N/A	N/A	N/A	N/A	NA	NA
RV Dump Box Donations	\$250	Fixed	N/A	N/A	N/A	N/A	NA	NA
Copies & Misc. Revenue	\$2,000	Fixed	N/A	N/A	N/A	N/A	NA	NA
Interest Earned	\$62,834	Fixed	N/A	N/A	N/A	N/A	NA	NA
Police Department Grants	\$44,100	Fixed	N/A	N/A	N/A	N/A	NA	NA
County Animal Control	\$20,980	Fixed	N/A	N/A	N/A	N/A	NA	NA
Lease and Rent Revenue	\$14,500	Fixed	N/A	N/A	N/A	N/A	NA	NA
Rubbish Bookkeeping	\$48,081	Population and Jobs	\$40,388	\$7,693	6,810	2,918	\$5.93	\$2.64

C. General Fund Expenditure Projection Methodologies

The table below summarizes the FY2002 General Fund operating expenditures by department. These expenditures total \$2,599,319. The cost allocation methodologies to be used in the prototype fiscal analysis are discussed in Parts 1 to 14 below.

**FY2002 General Fund Operating Expenditure Summary
City of Hailey, Idaho**

Expenditure	Amount	Percent
Legislative	\$31,479	1%
Chief Executive	\$17,818	1%
Legal	\$37,151	1%
City Engineer	\$26,749	1%
Finance Department	\$160,687	6%
Planning Department	\$168,455	6%
Building Department	\$118,498	5%
Fire Department	\$257,367	10%
Police Department	\$679,511	26%
Animal Control	\$46,635	2%
Library	\$229,137	9%
Public Works	\$86,766	3%
Streets Department	\$696,066	27%
Parks Department	\$43,000	2%
TOTAL	\$2,599,319	100%

1. Legislative

Expenditures for Legislative functions fund the activities of the City Council, which acts as the policy-making and legislative body within the City’s government. The FY2002 operating budget for Legislative functions total \$31,479. These expenditures are primarily for the salaries of Council members and given that additional Council members/districts will not be added as a result of new growth, the Legislative budget is considered fixed relative to new growth.

2. Chief Executive

Expenditures for the Chief Executive fund the Mayor’s salary and minor expenses such as training and travel. The FY2002 operating budget for the Chief Executive totals \$17,818. Similar to Legislative expenditures, this budget is considered fixed relative to new growth.

3. Legal

The Legal Department acts as the legal advisor to the City Council, City departments and appointed boards and commissions. The General Fund operating budget for the Legal Department total \$37,151 in FY2002. Discussions with City staff indicate these expenditures are necessary to support the various government functions throughout the City and will be impacted by *general* growth in Hailey, represented by both population *and* jobs as a proxy.

To determine the proportionate share of General Fund operating expenditures attributable to residential and nonresidential development, TA recommends the current ratio of population to non-resident workers. The recommended allocation is a variation of the population and jobs cost

allocation method, with an adjustment to avoid double counting the estimated number of Hailey residents that also work within Hailey. According to 1990 Census data (this detail is not yet available from the 2000 Census), 900 Hailey residents worked within the City, or approximately 24% of the population. Applying this percentage to the 2002 population estimate of 6,810 yields an estimated 1,634 people that both live and work in Hailey. Deducting resident workers from the estimated number of jobs in 2002 (2,918) leaves 1,284 non-resident workers. This approach allocates 84% of the cost to residential development and 16% to nonresidential development. The population and job factors used in this analysis were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed above. These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Legal	\$37,151							
Personnel/Benefits	\$34,984	Population and Jobs	\$29,387	\$5,597	6,810	2,918	\$4.32	\$1.92
Operating Expenses	\$2,167	Population and Jobs	\$1,820	\$347	6,810	2,918	\$0.27	\$0.12
Capital Replacement	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

4. City Engineer

The Engineering Department is responsible for a variety of activities including review and inspection of development plans, various engineering studies and stormwater management. The total FY2002 budget for Engineering is \$80,232. Of this amount, \$26,749 is budgeted in the General Fund, with the remaining \$53,483 budgeted in the Water and Wastewater Enterprise Funds, which were not factored as part of this analysis. Discussions with City staff indicate that *general* growth in Hailey, represented by both population *and* jobs as a proxy, will impact the functions performed by this department. The residential and nonresidential prototype factors used in this analysis were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed previously (84% residential, 16% nonresidential). These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
City Engineer	\$26,749							
Personnel/Benefits	\$24,882	Population and Jobs	\$20,901	\$3,981	6,810	2,918	\$3.07	\$1.36
Operating Expenses	\$1,867	Population and Jobs	\$1,568	\$299	6,810	2,918	\$0.23	\$0.10
Capital Replacement	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

5. Finance

The Finance Department is responsible for accounting and management of the City’s financial assets and resources, as well as providing support to all City departments. The total FY2002 budget for Finance is \$398,742. Of this amount, \$160,687 is budgeted in the General Fund, with

the remaining \$238,055 budgeted in the Water and Wastewater Enterprise Funds, which were not factored as part of this analysis. Discussions with City staff indicate these expenditures support the various government functions throughout the City and will most likely increase as a result of *general* growth in Hailey, represented by both population *and* jobs as a proxy, if current levels of service are to be maintained. The residential and nonresidential prototype factors were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed previously (84% residential, 16% nonresidential). These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Finance Department	\$160,687							
Personnel/Benefits	\$89,432	Population and Jobs	\$75,123	\$14,309	6,810	2,918	\$11.03	\$4.90
Operating Expenses	\$68,855	Population and Jobs	\$57,838	\$11,017	6,810	2,918	\$8.49	\$3.78
Capital Replacement	\$2,400	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

6. Planning

The Planning Department develops and implements ordinances and regulations related to land development through plats, zoning, comprehensive plans and urban design. The FY2002 General Fund operating budget for Planning is \$168,455. Given the *general* growth-related nature of these activities, represented by both population *and* jobs as a proxy, these expenditures are projected to increase if current levels of service are to be maintained. The residential and nonresidential prototype factors were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed previously (84% residential, 16% nonresidential). These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Planning Department	\$168,455							
Personnel/Benefits	\$147,495	Population and Jobs	\$123,896	\$23,599	6,810	2,918	\$18.19	\$8.09
Operating Expenses	\$20,960	Population and Jobs	\$17,606	\$3,354	6,810	2,918	\$2.59	\$1.15
Capital Replacement	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

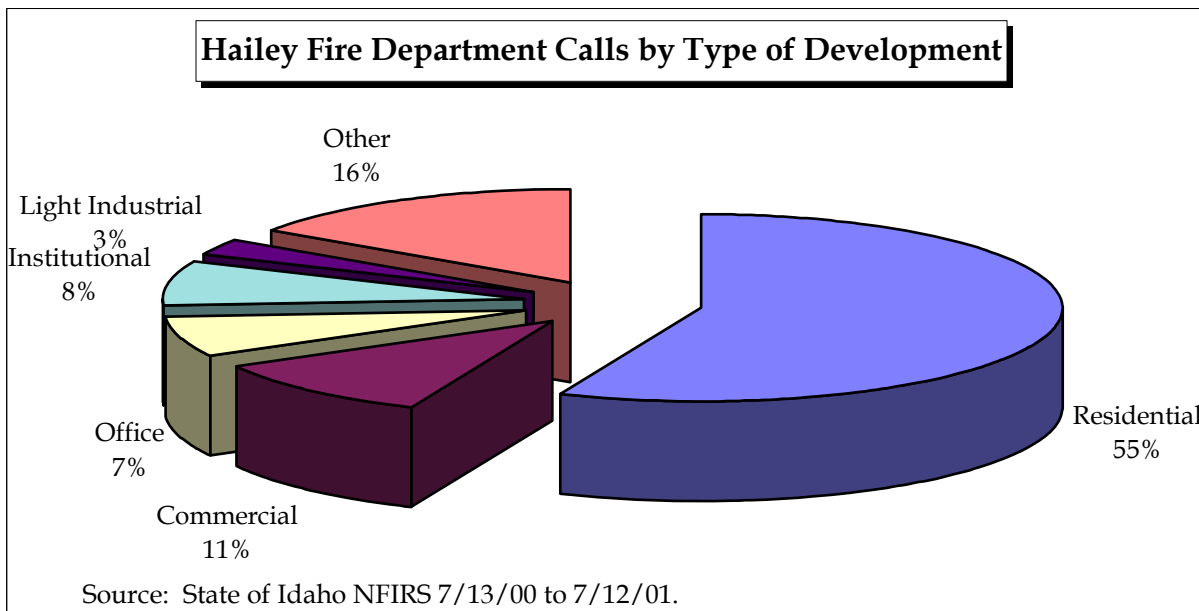
7. Building

The Building Department enforces the City’s building code through a permitting and inspections system. The FY2002 budget for this department is \$118,498. Since the budgeted amount of revenue for the various one-time building permit fees total \$175,000 in the FY2002 budget, it can be argued that new residential and nonresidential growth is covering the one-time cost generated by its construction. Given the one-time nature of these costs, as well as the fact that revenue is covering costs, this activity is considered a “wash” and is not factored in the analysis.

8. Fire

The Fire Department provides both fire and emergency medical services to the citizens and businesses of Hailey from its downtown station through a combination of paid and volunteer staff. The FY2002 General Fund operating budget for the Fire Department is \$257,366. Discussions with City staff indicate that continued residential and nonresidential growth in the City, particularly on the outskirts and through annexation, will increase Fire Department costs either through additional paid personnel and/or an additional station and apparatus.

The State of Idaho tracks calls for service data by type of development. Therefore, calls for service data was used to determine the proportionate share of General Fund operating expenditures attributable to residential and nonresidential development. As shown in the chart below, residential development accounted for 55% of the calls for service over a one-year period. In Hailey, the proportionate share factor for nonresidential development is 45% of the demand for fire and emergency medical service.



Using this calls for service data, TA calculated cost factors for each type of land use by multiplying growth-related expenditures by the proportionate share factors for each land use. These proportionate share factors are then divided by the current estimate of each demand unit (i.e. population, number of retail jobs, etc.). For example, the share of Fire Department costs attributable to industrial land uses totals \$5,996, which is divided by the current estimate of industrial jobs (802) for a per job cost of \$7.47. This is shown in the table below.

Fire Department Custom Methodology
 Growth-Related Fire Department Expenditures **\$199,867**

Calls by Land Use	Share of %	Costs	2002		Cost Factor
			Demand Units		
Industrial	3%	\$5,996	802	Jobs	\$7.47
Institutional	8%	\$15,989	665	Jobs	\$24.03
Office	7%	\$13,991	636	Jobs	\$21.99
Commercial	11%	\$21,985	814	Jobs	\$27.01
Residential	55%	\$109,927	6,810	Persons	\$16.14
Other	16%	\$31,979	N/A	N/A	N/A

9. Police

The Police Department provides for the safety and security of citizens and businesses in the City. These services include proactive patrol and enforcement, investigative services and public safety education. The FY2002 General Fund operating budget for the Police Department totals \$679,511, all of which is expected to be impacted by additional residential and nonresidential growth in the City.

Proportionate share factors were determined using data from the Police Department’s Annual Report, which indicates that single family detached housing accounts for 41% of the demand law enforcement services, with all other housing types accounting for 34% of the demand for service. Nonresidential development accounts for 25% of the demand for law enforcement services. Using this calls for service data, TA calculated cost factors for each type of land use by multiplying growth-related expenditures by the proportionate share factors for each land use. These proportionate share factors are then divided by the current estimate of each demand unit. For example, the share of Police Department costs attributable to single family-detached units totals \$278,600, which is divided by the current estimate of single family-detached housing units (1,825) for a per unit cost of \$152.66. Since specific records for calls for service by nonresidential land use type are not available, average daily nonresidential vehicle trips are used as a proxy because this methodology reflects the reality that the greatest calls for service on a per square foot basis are for commercial, then office and then industrial/flex. Other possible nonresidential demand indicators, such as employment or floor area, do not accurately reflect the demand for police protection. If employees per thousand square feet were used as the demand indicator, police costs would be too high for office/institutional development. If floor area were used as the demand indicator, police costs would be too high for industrial development. This is shown in the table below.

Police Department Custom Methodology
 Police Department Expenditures **\$679,511**

Calls by Land Use	Share of %	Costs	2002		Cost Factor
			Demand Units		
SF-Detached	41%	\$278,600	1,825	Housing Units	\$152.66
All Other Residential	34%	\$231,034	859	Housing Units	\$268.96
Nonresidential	25%	\$169,878	11,889	Vehicle Trips	\$14.29

10. Animal Control

The FY2002 General Fund operating budget for Animal Control totals \$46,635. Discussions with City staff indicate these expenditures are impacted by population growth within Hailey. Therefore, a per capita methodology is utilized, which determines the cost factor by dividing growth-related expenditures by the current estimate of residents in Hailey. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Animal Control	\$46,635							
Personnel/Benefits	\$41,020	Population	\$41,020	N/A	6,810	N/A	\$6.02	N/A
Operating Expenses	\$4,615	Population	\$4,615	N/A	6,810	N/A	\$0.68	N/A
Capital Replacement	\$1,000	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

11. Library

Library services are provided from the downtown library. The FY2002 General Fund operating budget for the Library totals \$229,137. Discussions with City staff indicate that Library expenditures will be impacted through additional population growth, primarily through increased utilization of the existing Library. Therefore, a per capita methodology is utilized, which determines the cost factor by dividing growth-related expenditures by the current estimate of residents in Hailey. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Library	\$229,137							
Personnel/Benefits	\$194,512	Population	\$194,512	N/A	6,810	N/A	\$28.56	N/A
Operating Expenses	\$22,807	Population	\$22,807	N/A	6,810	N/A	\$3.35	N/A
Capital Replacement	\$11,818	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

12. Public Works

The Public Works Department is responsible for maintenance of City grounds and facilities, as well as fleet maintenance activities. The total FY2002 budget for the Public Works Department is \$137,619. Of this amount, \$86,766 is budgeted in the General Fund, with the remaining \$50,853 budgeted in the Water and Wastewater Enterprise Funds, which were not factored as part of this analysis. Given the *general* growth-related nature of these activities, represented by both population *and* jobs as a proxy, these expenditures are projected to increase if current levels of service are to be maintained. The residential and nonresidential prototype factors were calculated by multiplying growth-related expenditures by the appropriate residential and nonresidential proportionate share factors discussed previously (84% residential, 16% nonresidential). These proportionate share factors are then divided by the current estimate of population and jobs, respectively, in the City. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Public Works	\$86,766							
Personnel/Benefits	\$85,216	Population and Jobs	\$71,581	\$13,635	6,810	2,918	\$10.51	\$4.67
Operating Expenses	\$1,550	Population and Jobs	\$1,302	\$248	6,810	2,918	\$0.19	\$0.08
Capital Replacement	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

13. Streets

The Streets Department is responsible for maintenance of streets within the City limits. The FY2002 General Fund operating budget for the Streets Department is \$696,066. These costs are considered growth-related and discussions with City staff indicate that these costs are impacted primarily by additional road frontage added to the City’s road system as a result of new development. The City currently maintains 34.57 miles of road. When this is compared to the expenditures of \$696,066, the cost per road mile is \$20,135. This factor will be applied against the front foot assumptions for local roads attributable to residential uses shown in Section II. It is assumed that nonresidential space does not add local road frontage as commercial uses typically access existing public roads and office and industrial development is typically located on private streets.

14. Parks

The Parks budget accounts for the operating supplies and materials associated with maintaining various park facilities. There are no personnel expenditures in this budget since the City does not operate a recreation department. The FY2002 General Fund operating budget for Parks totals \$43,000. Discussions with City staff indicate these expenditures will be impacted through additional population growth, primarily through increased utilization of existing facilities. Therefore, a per capita methodology is utilized, which determines the cost factor by dividing growth-related expenditures by the current estimate of residents in Hailey. This is shown in the table below.

General Fund Operating Expenditures and Fiscal Factors
City of Hailey Prototype Land Use Fiscal Analysis

Expenditure Category	FY 2002 Amount	Prototype Methodology	Residential Share	Nonres. Share	Residential Divisor	Nonres. Divisor	Residential Prototype Factor	Nonres. Prototype Factor
Parks Department	\$43,000							
Personnel/Benefits	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A
Operating Expenses	\$43,000	Population	\$43,000	N/A	6,810	N/A	\$6.31	N/A
Capital Replacement	\$0	Fixed	N/A	N/A	N/A	N/A	N/A	N/A

D. Capital Expansion Budget Projection Methodologies

The Capital Expansion Budget is used to account for the acquisition or construction of major capital facilities and infrastructure in the City, as well as minor growth-related items such as computer equipment and software. The majority of revenue in this budget is from bond proceeds, fund balance and small amount of General Fund grant money. The cost factors used in the prototype land use fiscal analysis are from TA’s recently completed Annexation Fee Study prepared for Hailey. The Annexation Fee Study calculates a one-time cost for new development’s fair share of *growth-related* capital facilities, equipment and furnishings based on current levels of service provided by the City. Since the operating cost and revenue factors in this analysis are *annual* amounts, the maximum supportable annexation fee calculations are amortized over a ten-year period to derive an annual capital cost factor. An amortization period of ten years is used because the annexation fee calculations are based on facilities and improvements constructed over the next ten years. These annualized cost factors are shown in the table below.

Annualized Capital Costs for Land Use Prototype
Per Unit for Residential & Per 1,000 SF/Room for Nonresidential

Prototype	Roads	Police	Fire	Municipal Vehicles	Parks	Library
SF-Detached (LR-1 District)	\$47	\$11	\$48	\$2	\$70	\$78
SF-Detached (LR-2 District)	\$47	\$11	\$48	\$2	\$70	\$78
SF-Detached (GR District)	\$47	\$11	\$48	\$2	\$70	\$78
SF-Detached (1/2 acre +)	\$47	\$11	\$48	\$2	\$70	\$78
Duplex/Townhouse	\$29	\$19	\$37	\$1	\$53	\$59
Apartment	\$32	\$19	\$37	\$1	\$54	\$60
Industrial	\$34	\$3	\$78	\$2	\$0	\$0
Office	\$111	\$11	\$149	\$3	\$0	\$0
Commercial	\$241	\$24	\$113	\$2	\$0	\$0
Lodging	\$44	\$4	\$19	\$0	\$0	\$0

*Costs are based on data contained in the Annexation Fees report prepared by Tischler & Associates, Inc.