

City of Scottsdale Fiscal Sustainability Analysis



Prepared By:



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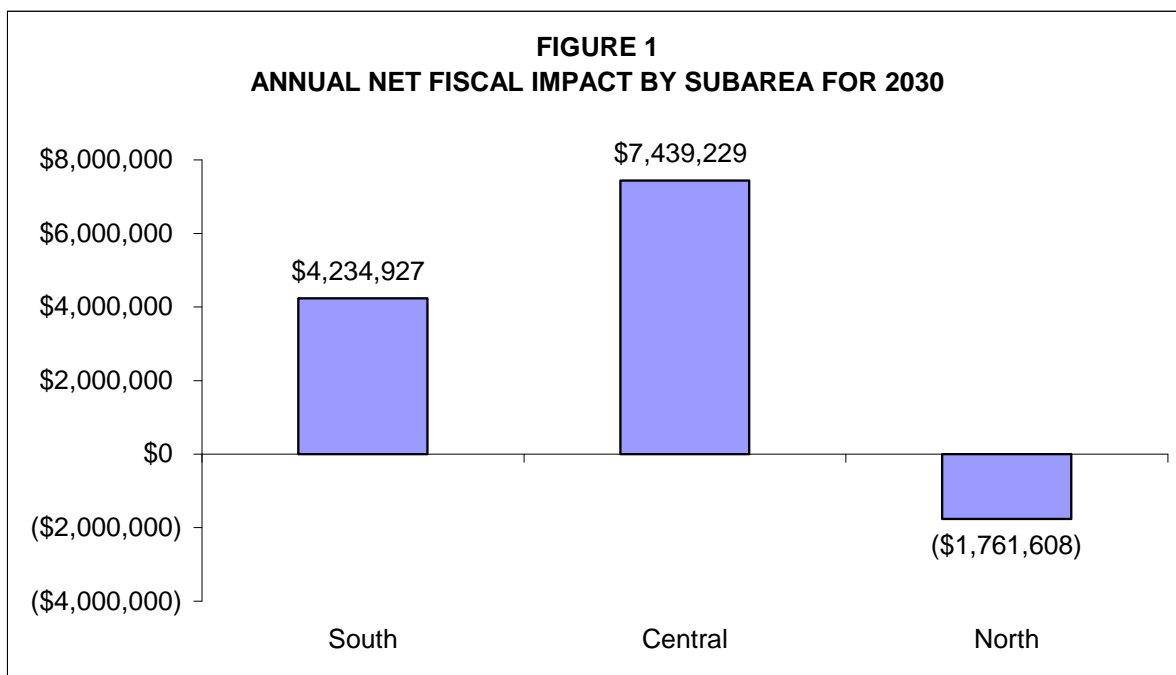
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Executive Summary

This analysis demonstrates the potential socioeconomic and fiscal impacts of current and future land use in the City of Scottsdale based on the Development Forecast. The objective is to determine if the projected mix of future development is fiscally sustainable for the City. For the purpose of this analysis, the City is divided into three subareas.

- The **South** subarea extends from the southern city boundary north up to Indian Bend Road. It is largely built out and includes a significant amount of retail and office space, including Scottsdale Fashion Square.
- The **Central** subarea extends from Indian Bend Road north to the Deer Valley Road alignment. It has a significant amount of existing development, but there is some potential for growth. It includes the Scottsdale Airpark with the majority of the manufacturing and warehouse development, as well as a significant amount of office space. There are also a large number of neighborhood and community retail centers in this subarea. The majority of the city's larger resorts are in the Central subarea as well.
- The **North** subarea extends from Deer Valley Road to the northern city boundary. This area is the least developed and is currently mainly low density residential. Although this area has the most development potential in terms of available land, it will continue to be primarily residential in character with a limited amount of neighborhood and community retail, office and resort development.

The following is a summary of the net fiscal impacts of each of the subareas on the City of Scottsdale. The fiscal impacts include revenues and expenditures in the General Fund and Transportation Fund. The analysis includes two points in time, 2010 and 2030, consistent with the Development Forecast. The long term net impacts for the South and Central subareas are positive. The North subarea is slightly negative due to the limited amount of commercial development, although the positive balance in the other two subareas outweighs the negative impact in the North subarea resulting in a positive annual impact citywide (Figure 1). For all three areas combined, the annual net impacts in 2030 would be approximately \$9.9 million, with revenue exceeding expenditures by about 3 percent. It is important to note that these results are in current dollars and do not account for future inflation as it applies to both revenues and expenditures.



The following is a summary of the fiscal and socioeconomic impacts for each subarea:

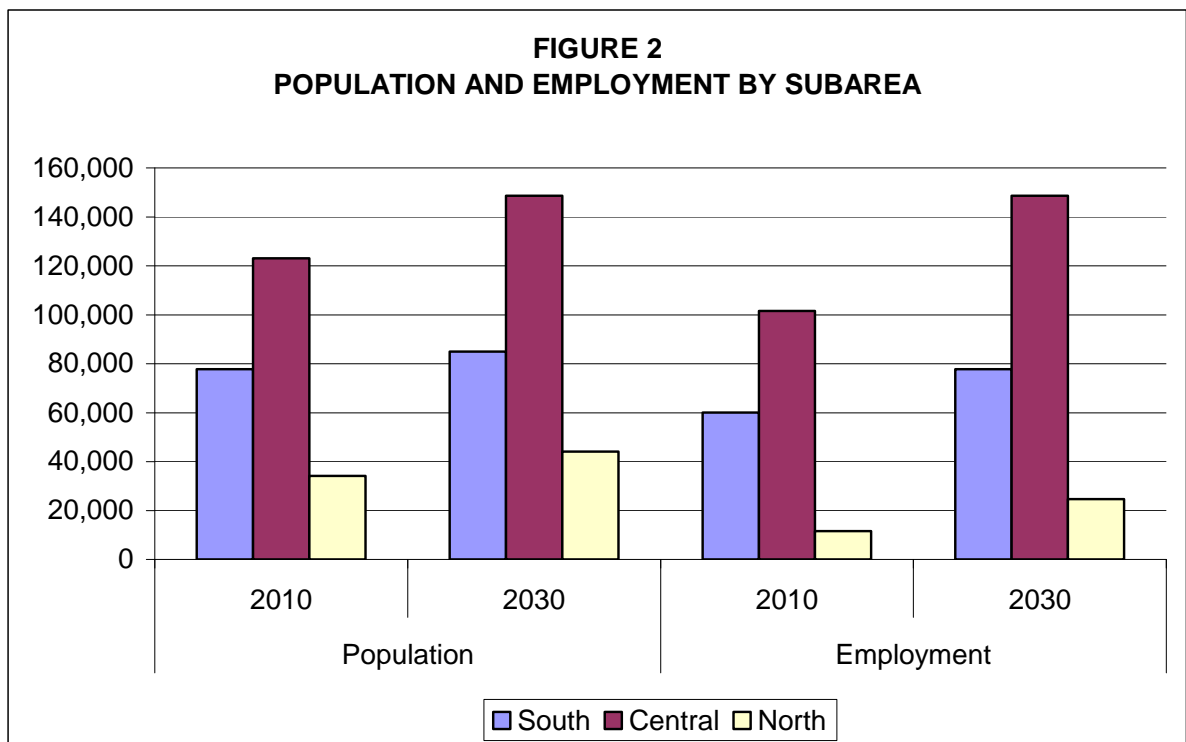
- **South Subarea.** This fully developed subarea includes about 42,200 housing units and 20.6 million square feet of nonresidential space that is predominantly office and retail. The annual net impact for 2010 is estimated at \$3.7 million, due to the significant amount of retail sales coming from this subarea. The area has a large amount of sales attributed to tourism as well as a fully developed local-serving retail base. By 2030, the annual net impact increases slightly to \$4.2 million. The increase is due to projected growth including the addition of 2,400 new high density housing units and 4.1 million square feet of new nonresidential space, which is mostly office space. This area includes a sustainable mix of residential and nonresidential development from a fiscal perspective and benefits from the revenues generated by Scottsdale’s tourism industry.
- **Central Subarea.** The Central subarea is the largest of the three subareas in terms of population and employment and includes a broad mix of both residential and nonresidential development types. The area currently includes about 60,400 housing units and 39.1 million square feet of nonresidential space. The current mix of nonresidential space in the Central subarea is about 30 percent retail and tourism, 41 percent office and 29 percent manufacturing and warehouse. This area generates a significant positive fiscal impact by 2030, primarily due to the large amount of retail space and above average assessed value per capita. The annual net impact in 2010 is estimated at \$312,000 per year, increasing to \$7.4 million per year by 2030 with the addition of 5.6 million square feet of new retail and tourism development, along with about 6.8 million square feet of new office space and 9,400 new urban and suburban housing units.
- **North Subarea.** This primarily residential subarea includes 17,900 housing units and 3.9 million square feet of nonresidential space, primarily office and retail/tourism. However, the current ratio of employment to housing units is much lower than in the other areas at 0.65 jobs per housing unit compared to 1.42 to 1.68 in the other subareas. The amount of

retail square footage per capita is also much lower in this subarea at only 64 square feet per capita versus 97 to 129 square feet per capita in the other subareas. Although assessed value per capita is much higher than in the central or south subareas, the impact of increased assessed value is much less than the impact of increased retail sales would be in terms of revenues to the city. This results in a negative annual net impact in 2010 of (\$1.3 million). This subarea includes a significant amount of vacant land for new development, assuming that parts of the large state land parcels in the north will be developed in the next 20 years. Projected growth includes about 4,500 new housing units, mainly low density, and 3.5 million square feet of new retail and office space. However, given the mix of projected development the jobs housing balance and the amount of retail square feet per capita continue to lag behind the other subareas. As a result, the net annual fiscal impact for 2030 is estimated at (\$1.8 million).

1.0 Introduction

This analysis demonstrates the potential socioeconomic and fiscal impacts of future development in the City of Scottsdale. The city is divided into three subareas (South, Central and North) with varying degrees of development potential and mixes of land uses.

The impact analysis covers a 20 year time period from 2010 to 2030, during which the remaining acreage in all subareas would be mostly absorbed with the exception of the North subarea. Assumptions regarding current and projected development, population and employment are based on the Development Forecast Analysis prepared as part of this study. The analysis extends 20 years through 2030 to illustrate the long term impacts of future development on the City. Based on these projections, the current amount of employment in the city could increase by as much as 52 percent, although population is only projected to increase by 18 percent (Figure 2). Thus the long term changes in the mix of development are significant. The objective is to determine if the projected mix of future development is fiscally sustainable for the City.



The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. Projections made in this report are based on hypothetical assumptions and current public finance policies. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the projections and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the City of Scottsdale

in making decisions relative to the future land use planning. All dollar figures should be interpreted as order of magnitude estimates only.

1.1 General Approach

The impact assessment includes revenues and expenditures associated with existing and new development in the city. It does not specifically include construction costs for new or replacement infrastructure, but does include relevant maintenance costs for items such as existing parks and streets. The analysis includes the General Fund and the Transportation Fund.

The basic approach for the analysis is to determine the level and character of existing and future development (measured in housing units, population, non-residential square footage, employment, road miles, etc.), and then to model the revenues and expenditures likely to be associated with that development. Current and historical budgets for the city were reviewed to identify revenue and expenditure line items that would be impacted by the future development. Once identified, each line item was analyzed to identify socioeconomic factors that could be used to reasonably predict a corresponding impact for each line item. For example, road miles are a good indicator of the cost of street maintenance. Therefore, by knowing the number of new road miles in a particular subarea, one could estimate the related costs in the transportation and street operations departments. Many of the services provided by the city are utilized by both residents and businesses, thus population and employment are both drivers for a number of revenue and expenditure items.

1.2 Report Organization

The balance of this report is divided into two sections. Section 2.0 details the methodology and assumptions used in calculating the development characteristics and the fiscal assumptions used to develop the model. Section 3.0 details the results of the fiscal impact calculations for each subarea for 2010 and 2030. Detailed tables on the fiscal impact results are included in the appendices following Section 3.0

2.0 Methodology

2.1 Development Characteristics

This chapter describes the methodology and assumptions used in developing the fiscal impact model. The annual impact of development can be described in terms of housing units, population, employment, square footage, assessed value, taxable sales, construction expenditures, park acres and street miles, based on assumptions about existing development and the level of growth that could be expected to occur over the next 20 years. The following sections briefly describe the approach used to estimate each of the major characteristics of new development.

Residential development and population. In total, the city currently includes about 120,560 single and multi-family housing units at varying density levels. The number is expected to increase to 136,830 units by 2030, of which 16 percent would be rural residential, 49 percent suburban and 35 percent multi-family urban development. However, the mix of units by type varies significantly by subarea. An occupancy rate of 82 to 89 percent was assumed for 2010 due to current economic conditions, but that rate was increased to 85 to 93 percent for 2030. Values per unit are based on current assessor's data for parcels in each subarea. The following describes the existing residential development each of the subareas.

- **South**– 30 new rural units (1.13 units per acre), 50 new suburban units (5.36 units per acre) and 2,322 new multi-family urban (17.79 units per acre); 2.07 average persons per unit and 92 percent occupancy with a total new population of 7,196; average assessed value per housing unit of \$762,872 per unit for rural, \$214,595 per unit for suburban and \$188,171 per unit for urban (Figure 3).
- **Central**– 925 new rural units (1.07 units per acre), 2,068 new suburban units (4.50 units per acre) and 6,423 new multi-family urban (12.13 units per acre); 2.29 average persons per unit and 93 percent occupancy with a total new population of 25,587; average assessed value per housing unit of \$661,303 per unit for rural, \$349,638 per unit for suburban and \$141,149 per unit for urban (Figure 4).
- **North**– 3,261 new rural units (0.80 units per acre), 818 new suburban units (4.00 units per acre) and 372 new multi-family urban (7.00 units per acre); 2.32 average persons per unit and 85 percent occupancy with a total new population of 10,026; average assessed value per housing unit of \$949,127 per unit for rural, \$458,075 per unit for suburban and \$455,262 per unit for urban (Figure 5).

**FIGURE 3
DEVELOPMENT ASSUMPTIONS
SOUTH SUBAREA**

Land Use	Pop/Emp per Unit/Sq Ft	Units per Acre	Occupancy	Taxable Sales per Sq Ft	Retail Share	Average Value	Annual Lease	Percent Leased*
Residential	Pop. Per Unit					Per Unit		
Urban	2.07	17.79	92%	na	na	\$188,171	\$650	100%
Suburban	2.07	5.36	92%	na	na	\$214,595	na	na
Rural	2.07	1.13	92%	na	na	\$762,872	na	na
Nonresidential	Sq Ft Per Emp	FAR				Per Sq Ft		
Neighborhood & Community Retail	518	0.19	90%	\$300.00	100%	\$182	\$17.30	100%
Regional Commercial and Auto	408	0.36	90%	\$350.00	100%	\$224	\$19.50	75%
Resorts/Tourism	418	0.20	65%	\$0.00	100%	\$213	\$78.11	100%
Commercial Office	247	0.60	80%	\$0.00	0%	\$244	\$20.50	75%
Manufacturing	539	0.19	87%	\$0.00	10%	\$89	\$9.95	50%
Warehouse	976	0.19	82%	\$30.00	10%	\$102	0%	75%
Other Low Density Employment	427	0.19	90%	\$25.00	50%	\$356	\$11.80	50%
Public	563	0.21	100%	\$0.00	0%	\$0	na	0%
Vacant	na	na	na	na	na	Per Acre \$342,000	na	na

*Indicates share of owner occupied versus multi-tenant leased space.

**FIGURE 4
DEVELOPMENT ASSUMPTIONS
CENTRAL SUBAREA**

Land Use	Pop/Emp per Unit/Sq Ft	Units per Acre	Occupancy	Taxable Sales per Sq Ft	Retail Share	Average Value	Annual Lease	Percent Leased*
Residential	Pop. Per Unit					Per Unit		
Urban	2.29	12.13	93%	na	na	\$141,149	\$770	100%
Suburban	2.29	4.50	93%	na	na	\$349,638	na	na
Rural	2.29	1.07	93%	na	na	\$661,303	na	na
Nonresidential	Sq Ft Per Emp	FAR				Per Sq Ft		
Neighborhood & Community Retail	429	0.21	90%	\$300.00	100%	\$191.00	\$17.80	100%
Regional Commercial and Auto	328	0.18	90%	\$350.00	100%	\$169.00	\$20.00	75%
Resorts/Tourism	388	0.12	65%	\$0.00	100%	\$249.00	\$101.67	100%
Commercial Office	265	0.42	80%	\$0.00	0%	\$202.00	\$23.88	75%
Manufacturing	550	0.23	87%	\$0.00	10%	\$161.00	\$9.95	50%
Warehouse	845	0.21	82%	\$30.00	10%	\$207.00	\$9.40	75%
Other Low Density Employment	556	0.21	90%	\$25.00	50%	\$356.00	\$11.80	50%
Public	560	0.16	100%	\$0.00	0%	\$0	na	0%
Vacant	na	na	na	na	na	Per Acre \$683,792	na	na

*Indicates share of owner occupied versus multi-tenant leased space.

FIGURE 5
DEVELOPMENT ASSUMPTIONS
NORTH AREA

Land Use	Pop/Emp per Unit/Sq Ft	Units per Acre	Occupancy	Taxable Sales per Sq Ft	Retail Share	Average Value	Annual Lease	Percent Leased*
Residential	Pop. Per Unit					Per Unit		
Urban	2.32	7.00	85%	na	na	\$455,262	\$770	100%
Suburban	2.32	4.00	85%	na	na	\$458,075	na	na
Rural	2.32	0.80	85%	na	na	\$949,127	na	na
Nonresidential	Sq Ft Per Emp	FAR				Per Sq Ft		
Neighborhood & Community Retail	450	0.15	92%	\$300.00	40%	\$224.00	\$22.75	100%
Regional Commercial and Auto	550	0.15	92%	\$350.00	100%	\$224.00	\$22.05	75%
Resorts/Tourism	401	0.09	70%	\$0.00	100%	\$243.00	\$124.10	70%
Commercial Office	224	0.27	75%	\$0.00	0%	\$205.00	\$24.50	75%
Manufacturing	611	0.15	87%	\$0.00	10%	\$214.00	\$9.95	50%
Warehouse	899	0.15	82%	\$30.00	10%	\$188.00	\$9.40	75%
Other Low Density Employment	187	0.15	90%	\$25.00	50%	\$175.00	\$11.80	50%
Public	553	0.14	100%	\$0.00	0%	\$0	na	0%
Vacant	na	na	na	na	na	Per Acre \$390,632	na	na

*Indicates share of owner occupied versus multi-tenant leased space.

Non-residential absorption and employment. In total, the city currently includes about 63.6 million square feet of nonresidential space, excluding public uses. An increase of 21.1 million square feet is projected with 52 percent of that growth in office, 42 percent in retail and hotel and 6 percent in industrial and warehouse. The amount and mix of new development varies significantly by subarea. Total employment generated by these three areas in 2030 is estimated at approximately 251,125 jobs, up from 173,289 jobs in 2010. These employment estimates are based on the number of acres by land use, assumptions for floor-area ratios (the ratio of building area to land area), occupancy rates and per employee square footage requirements. Note that value assumptions vary by subarea based on Assessor’s data.

- The **South** subarea is largely built out, although there is potential for redevelopment and some infill development with increased density. Since these Development Forecasts are demand-driven they are not constrained by vacant land availability. The majority of the new development would be office space. Projected development for the South subarea includes 509,207 square feet of new community and regional retail, 586,723 square feet of new hotel/resort, 96,739 square feet of new industrial development and 2,883,029 square feet of new office development. This area could support approximately 24.6 million square feet of total nonresidential space by 2030, sustain 77,800 jobs and generate close to \$5.2 billion in nonresidential assessed value.
- The **Central** subarea is the largest of the three subareas in terms of population and employment and is projected to have the greatest increase in nonresidential development through a combination of new and redevelopment. The Central subarea is also the most varied in terms of the mix of development types. The majority of the new development would be office space. Projected development for the Central subarea includes 4.2 million square feet of new community and regional retail, 1.4 million square feet of new hotel/resort, 1.2 million square feet of new industrial development and 6.8 million square

feet of new office development. This area could support approximately 52.7 million square feet of total nonresidential space by 2030, sustain 160,200 jobs and generate close to \$10.5 billion in nonresidential assessed value.

- The **North** subarea has the most developable land, but is projected to remain primarily residential with limited nonresidential growth by 2030. There will be some new office development, primarily local serving, as well as some additional resort development and a limited amount of new retail to support housing growth in the North subarea. Projected development for the North subarea includes 1.0 million square feet of new community retail, 1.1 million square feet of new hotel/resort, 1.3 million square feet of new office development and 60,000 square feet of new industrial and other development. This area could support approximately 7.4 million square feet of total nonresidential space by 2030 which is less than 9 percent of the total nonresidential square footage in Scottsdale. The North subarea is projected to support only about 24,600 jobs and \$1.5 billion in nonresidential assessed value.

In terms of absorption, the analysis assumes that all remaining developable land in the South subarea will be developed by 2030. In the Central subarea, there would be a very small amount of remaining infill properties, estimated at about 1,276 acres. The North subarea, which has currently over 16,800 acres of vacant land, is the only part of the city that is projected to still have any significant vacant land in 2030, estimated at 11,100 acres. However, this is contingent on the sale of state lands in the North subarea. The projected timing of state land sales and subsequent absorption are fairly subjective. A summary of current and future land use by subarea is shown below in Figure 6.

FIGURE 6
CURRENT AND FUTURE LAND USE
CITY OF SCOTTSDALE

	South		Central		North	
	2010	2030	2010	2030	2010	2030
Residential Units	42,218	44,620	60,408	69,824	17,934	22,385
Urban Residential (MF) (6 to 50 units/acre)	17,184	19,506	20,677	27,100	649	1,021
Suburban Residential (2 to 6 units/acre)	24,383	24,433	32,095	34,163	7,624	8,442
Rural Residential (0 to 2 units/acre)	651	681	7,636	8,561	9,661	12,922
Nonresidential Square Feet	20,565,885	24,641,583	39,126,165	52,716,593	3,916,066	7,381,613
Neighborhood & Community Retail	5,459,911	5,800,662	8,590,327	11,171,858	1,456,161	2,014,601
Regional Commercial and Auto Sales	2,176,690	2,345,146	258,122	1,875,748	0	459,967
Resorts/Tourism	2,398,620	2,985,343	3,044,661	4,489,966	739,307	1,819,934
Commercial Office	7,721,330	10,604,359	15,854,414	22,623,322	1,068,892	2,375,102
Manufacturing	1,582,997	1,591,072	7,393,430	8,039,104	265,701	283,317
Warehouse	776,811	824,176	1,965,812	2,072,752	191,417	191,417
Other Employment	449,526	490,825	2,019,400	2,443,844	194,588	237,275
Public/Institutional						
Public Facilities	2,759,589	3,257,295	4,410,215	5,656,231	831,819	1,217,315
Other (acres)						
Parks	390.75	390.75	432.50	482.50	169.00	237.00
Vacant	138	0	4,840	1,276	16,833	11,054
City Maintained Road Lane Miles	412.1	646.3	1,497.8	1,543.8	1,022.1	1,024.0

2.2 Fiscal Assumptions

The fiscal model created to assess the impacts of the Development Forecast was based on current and historical budgets for the City of Scottsdale. Historical trends were analyzed for the 2005-2006 fiscal year through the 2009-2010 fiscal year. Revenue and expenditure line items in the General Fund and Transportation Fund and were included since these funds will be most impacted by the new development. While there are other funds like the Special Programs fund that are also impacted by new development, these types of funds are intended to be self-supporting. The model does not include any construction costs for new infrastructure, which is largely in place except for in the North subarea, but it does include relevant maintenance costs to the city for streets and parks.

Since the City went through a major departmental reorganization in 2009-10, it was necessary to reconstruct general fund expenditures for previous years to match the new structure. Following that, various drivers were tested for each of the revenue and expenditure items in the model. In this way, consistent rates were developed that could be applied to the socioeconomic data for each subarea. In many cases an average of rates over the past several years was used. However, some revenue and expenditure items increased at rates that were less consistent over time, or experienced permanent increases or decreases due to operational or other changes. In these cases, rates from more current budget years were used to accurately reflect current conditions. This budget information was combined with development assumptions that were specific to each subarea to create the fiscal impact projections.

Many of the revenue and expenditure line items are driven by population, or by “service population”, which includes both population and employment. This is because many of the services provided by the City, as well as the various types of revenues that local governments depend on, are proportional to the number of people living and working there. In some cases, population may be weighted more heavily than employment since some services are used proportionally more by residents.

Major line items that are not driven by population or employment include property tax which is a function of assessed value; sales tax which is a function of retail square footage, occupancy and sales and leases per square foot; transient occupancy tax that is a function of resort/tourism sales, and building permit fees that are a function of annual construction activity. On the expenditure side, development services and current planning are a function of annual construction value. Street operations are a function of street lane miles. Fleet management, facilities management, accounting and budget, city auditor, purchasing, human resources and information technology are a function of city staff size. Park maintenance is a function of park acres and preserve planning and administration is a function of preserve acres. Economic vitality is a function of job growth.

Adjustments in rates were also made due to the fact that some expenditure items would not be likely to increase proportionally with the population and employment due to decreasing marginal costs. For example, mayor & council costs do not increase proportionally to the amount of population served. These types of expenditures were impacted at reduced rate from the normal per capita or per service population rate.

These impact results are all in current 2010 dollars and do not incorporate future inflation. If city expenditures increase at a greater rate than property values and taxable sales, this could negatively impact the fiscal projections.

3.0 Fiscal Impact Results

3.1 Impact Results for South Subarea

In 2010, the South subarea shows an annual net impact of \$3.7 million in the general fund and transportation fund combined. By 2030, the South subarea would have an estimated annual net impact on the City of \$4.2 million, based on the assumptions used in this analysis (Figure 7).

This fully developed area has a high level of retail sales per capita and a good balance of residential and nonresidential development, despite having relative low assessed value per capita. There is a substantial amount of resort/tourism development as well as tourism-oriented retail that brings in taxable sales from nonresidents (Figure 8). Given the amount of sales and transient occupancy tax generated by retail and hotel development, this area creates the highest net impact of all the subareas in the analysis in 2010. Although there is limited potential for new development, it is likely that a fair amount of redevelopment will occur in the next 20 years. The mix of high density housing and new nonresidential development, primarily office, results in a modest increase in the annual net impact by 2030. The primary revenues in the general fund are from sales tax, state shared income and sales tax, transient occupancy tax (TOT), and to a much lesser extent property tax. The largest expenditures are for police and fire services, street operations and transportation services. Parks and recreation and parks maintenance are also sizeable given the amount of developed park acreage in this subarea (Appendix A).

FIGURE 7
NET ANNUAL FISCAL IMPACTS BY SUBAREA
CITY OF SCOTTSDALE

	South	Central	North	Total
2010				
Revenues	\$93,533,733	\$147,068,703	\$33,110,949	\$273,713,385
Expenditures	\$89,868,350	\$146,756,624	\$34,423,950	\$271,048,925
Net Impact	\$3,665,383	\$312,079	(\$1,313,001)	\$2,664,461
2030				
Revenues	\$108,458,962	\$201,285,979	\$51,238,551	\$360,983,493
Expenditures	\$104,224,036	\$193,846,751	\$53,000,160	\$351,070,946
Net Impact	\$4,234,927	\$7,439,229	(\$1,761,608)	\$9,912,547

* Includes General Fund and Transportation Fund.

**FIGURE 8
SOCIOECONOMIC IMPACTS
CITY OF SCOTTSDALE**

	South		North		Central	
	2010	2030	2010	2030	2010	2030
Population	77,778	84,974	34,118	44,143	123,118	148,704
Employment	60,097	77,805	11,609	24,615	101,583	160,211
Taxable Sales (millions)	\$2,919.22	\$3,187.13	\$303.47	\$673.64	\$3,573.12	\$5,275.65
Taxable Construction (millions)	\$85.09	\$100.47	\$34.79	\$52.32	\$432.22	\$594.22
Taxable Hotel/Motel Sales (millions)	\$131.15	\$163.23	\$64.22	\$158.10	\$201.22	\$296.73
Assessed Value (millions)	\$13,266.27	\$14,600.21	\$20,384.71	\$22,433.11	\$30,460.69	\$32,762.48

Sources: Applied Economics, 2010.

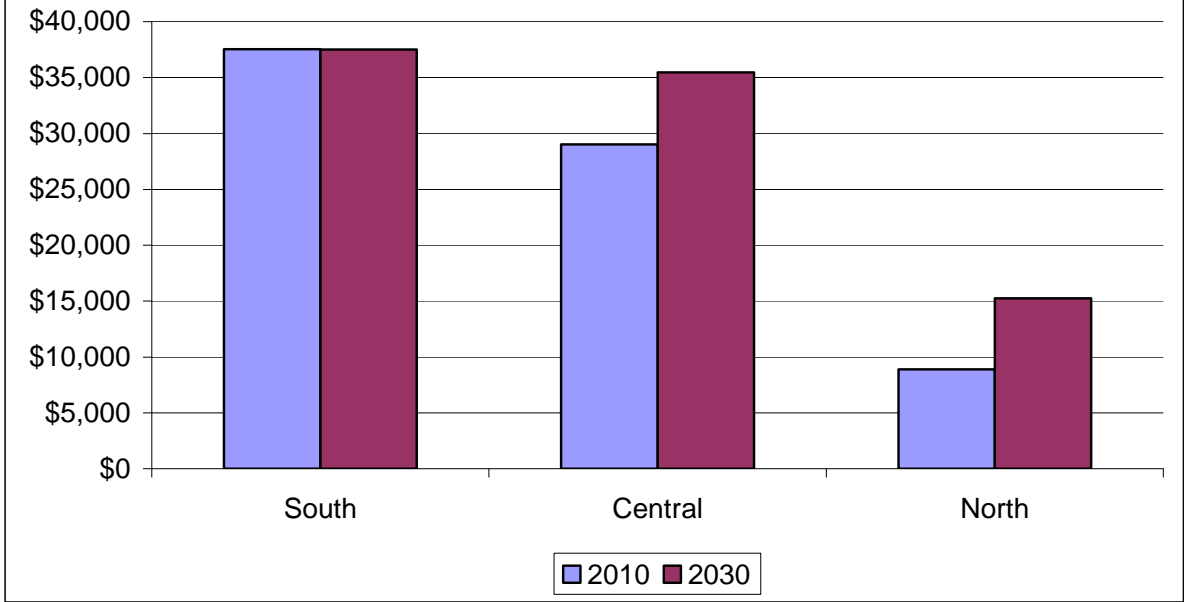
3.2 Impact Results for Central Subarea

In 2010, the Central subarea is essentially balanced with an annual net impact of \$312,000 in the general fund and transportation fund combined. However, by 2030 the Central subarea would have an estimated annual net impact on the City of \$7.4 million, based on the assumptions used in this analysis. This is the highest net impact of the three subareas in 2030 and offsets negative impacts in the North subarea.

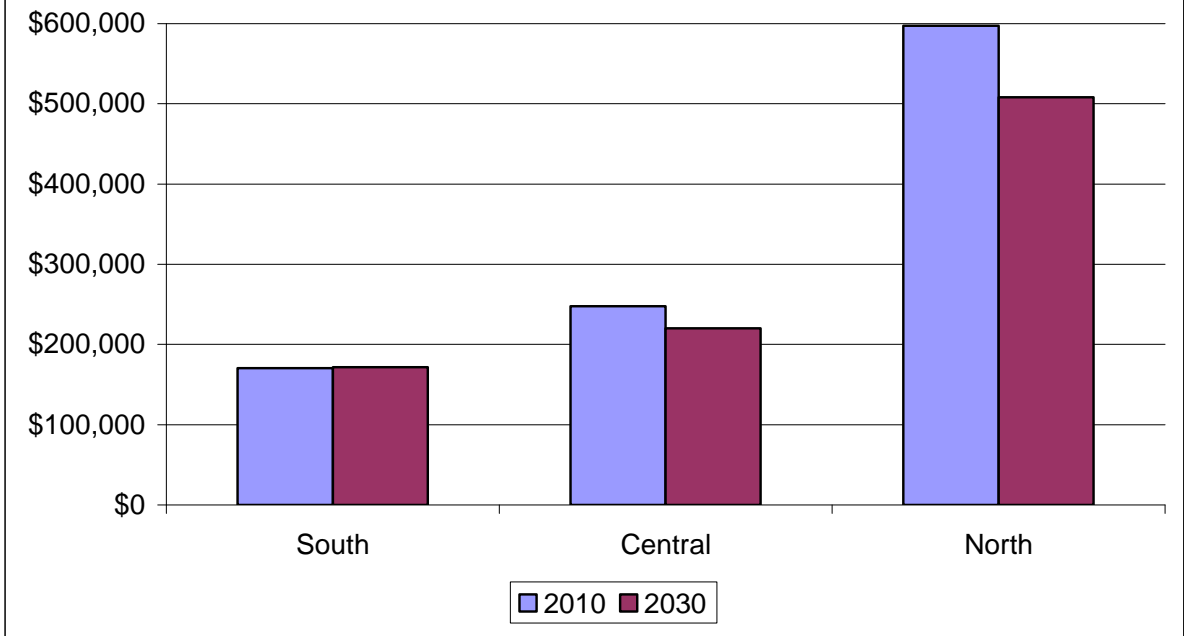
The Central subarea is the largest of the three subareas in terms of both population and employment. The projections for this area include a significant amount of both residential and nonresidential development, based on expected capture rates for new housing as well as office, retail and industrial space. The Central subarea is the most diverse in terms of the mix of nonresidential development. Projected per capita retail sales are only slightly lower than the South subarea (Figure 9). There is also a substantial amount of resort/tourism development as well as tourism-oriented retail that brings in taxable sales from nonresidents. Assessed value per capita is moderate, although since retail sales impact the city's bottom line by a greater magnitude than assessed value does, this is less significant (Figure 10).

The projected mix of new housing is expected to be primarily high density, with some additional suburban housing. New nonresidential development is projected to include 4.2 million square feet of new retail, 1.4 square feet of new resort/tourism development, 6.8 million square feet of new office space and a moderate amount of industrial development. This subarea is both a job center and revenue center for the city. The projected mix of uses in 2030 results in a significant increase in the annual net impact by 2030. The primary revenues in the general fund are dominated by sales tax, but state shared income and sales tax are also significant followed by transient occupancy tax (TOT) and property taxes. The largest expenditures are for police and fire services, street operations and transportation services. Parks and recreation and parks maintenance are also sizeable given the amount of developed park acreage in this subarea (Appendix B).

**FIGURE 9
RETAIL SALES PER CAPITA BY SUBAREA**



**FIGURE 10
ASSESSED VALUE PER CAPITA BY SUBAREA**



3.3 Impact Results for North Subarea

The North subarea is the only subarea with negative annual net impacts. In 2010, the North subarea shows an annual net impact of (\$1.3 million) in the general fund and transportation fund combined. By 2030, the North subarea would have an estimated annual net impact on the City of (\$1.8 million), based on the assumptions used in this analysis. Although the negative net impact in this area is more than offset by positive impacts in the other subareas, this subarea is not sustainable on its own.

The North subarea is the smallest of the three areas in terms of population and employment, although it includes a significant amount of vacant land for additional development. However, due to the predominantly low density residential character of this area and limited access to other parts of the metro area, the type of new development that is projected for this area will continue to be heavily weighted toward high value, low density residential. Although this area has by far the highest assessed value per capita in the city, this is not enough to offset the lack of retail development in terms of revenue generation. The area is projected to add about 4,500 new housing units, mainly rural residential, and between 1.0 million and 1.3 million square feet each of retail, resort/tourism and office space. The ratio of new residential versus nonresidential development results in a more negative net annual impact in 2030 than in 2010. Property taxes and state shared income and sales taxes are the largest revenue sources in this area, followed TOT and sales tax. The largest expenditures are for police and fire services. Street operations, transportation services and parks and recreation are the next largest expenditures, but are much less than in the other subareas (Appendix C).

3.4 Summary

Over the long term, the mix of development in the City of Scottsdale creates a sustainable positive fiscal impact. The City has a well developed retail base as well as a significant amount of office and industrial development to support basic industry. The strong tourism base, including both resorts and tourism-oriented retail brings in a significant amount of revenues from outside the local area to support services to residents. Scottsdale also has above average assessed value per capita compared to other cities in the metro area. The subarea will continue to be competitive in capturing additional office and retail development resulting from job growth in the region. As a result, both the South and Central subareas will continue to generate significant positive fiscal impacts to the City in terms of operations and maintenance. The North subarea is somewhat different in character than other parts of the city due to the lack of nonresidential development and results in negative net fiscal impacts now and in the future. However, these negative impacts are far outweighed by positive net impacts in other parts of the city.

Appendices

**APPENDIX A
ANNUAL FISCAL IMPACT - SOUTH AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
REVENUES	\$ 93,533,733	\$ 108,458,962
Taxes and Fees		
Property Tax	\$ 5,765,500	\$ 6,493,545
Sales Tax (1.0%)	\$ 29,797,811	\$ 32,875,907
Sales Tax Public Safety (0.1%)	\$ 2,979,781	\$ 3,287,591
Sales Tax Transportation (0.2%)	\$ 5,959,562	\$ 6,575,181
Transient Occupancy Tax	\$ 3,203,791	\$ 8,161,480
Light & Power Franchise Fees	\$ 2,714,366	\$ 3,204,658
Cable Franchise Fees	\$ 1,112,596	\$ 1,215,534
Stormwater Water Quality Charge	\$ 275,551	\$ 325,324
Intergovernmental		
State Income Tax	\$ 10,320,429	\$ 11,275,284
State Sales Tax	\$ 6,785,042	\$ 7,412,800
Auto Lieu Tax	\$ 2,783,236	\$ 3,040,744
Highway Users Revenue	\$ 4,714,958	\$ 5,151,189
LTAf	\$ 409,711	\$ 447,618
Prop 400 Regional Sales Tax	\$ 98,744	\$ 107,880
Licenses and Permits		
Recreation Fees	\$ 947,776	\$ 1,035,465
Business Licenses & Fees	\$ 618,010	\$ 800,111
Westworld	\$ 900,032	\$ 983,304
Fire Service Charges	\$ 749,443	\$ 818,783
Building Permits	\$ 1,693,668	\$ 1,999,592
Fines and Forfeitures		
Court Fines	\$ 2,215,613	\$ 2,512,328
Parking Fines	\$ 156,999	\$ 178,024
Photo Enforcement Revenue	\$ 520,324	\$ 590,006
Library Fines & Fees	\$ 127,435	\$ 139,225
Interest Earnings/Property Rental		
Property Rental	\$ 1,277,612	\$ 1,277,612
Other Revenues		
Misc. Revenue	\$ 317,396	\$ 364,641
Misc Revenue -Trans Fund	\$ 38,067	\$ 41,589
30 Day Tow Program	\$ 95,978	\$ 104,858
Intergovernmental Revenue	\$ 330,965	\$ 361,586
Indirect/Direct Cost Allocation	\$ 4,487,300	\$ 5,155,240
Transfers In		
Franchise Fees	\$ 2,136,034	\$ 2,521,862
In Lieu Property Tax	\$ -	\$ -
EXPENDITURES	\$ 89,868,350	\$ 104,224,036
Scottsdale City Council		
Mayor & Council	\$ 233,681	\$ 235,843
City Clerk	\$ 293,934	\$ 337,687
City Court	\$ 1,830,861	\$ 2,103,386
City Auditor	\$ 259,825	\$ 298,500

**APPENDIX A
ANNUAL FISCAL IMPACT - SOUTH AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
City Attorney	\$ 1,983,849	\$ 2,167,396
Strategic Resources Group	\$ 573,015	\$ 658,309
Economic Vitality		
Economic Vitality	\$ 2,364,957	\$ 2,713,383
Code Enforcement	\$ 498,622	\$ 572,843
Westworld	\$ 1,018,836	\$ 1,113,100
Public Works & Water Resources		
Public Works Administration	\$ 116,090	\$ 124,705
Capital Project Management	\$ -	\$ -
Fleet Management	\$ 92,111	\$ 105,822
Facilities Management	\$ 5,621,463	\$ 6,458,225
Street Operations (HURF)	\$ 5,896,351	\$ 5,907,427
Planning, Neighborhoods & Transportation		
Administration	\$ 468,883	\$ 520,053
Development Services	\$ 1,022,650	\$ 1,207,369
Current Planning	\$ 557,126	\$ 657,758
Advance Planning	\$ 202,566	\$ 232,718
Neighborhood Planning	\$ 732,218	\$ 773,878
Transportation (HURF)	\$ 4,354,053	\$ 4,756,894
Public Safety		
Police	\$ 28,375,203	\$ 32,641,293
Fire	\$ 8,407,666	\$ 9,533,622
Financial Management		
Financial Planning & Admin	\$ 111,284	\$ 127,849
Accounting & Budget	\$ 1,244,439	\$ 1,429,676
Purchasing	\$ 843,769	\$ 969,365
Customer Service	\$ 535,608	\$ 615,334
Human Resources	\$ 1,345,603	\$ 1,545,897
Community Services		
Community Services Administration	\$ 200,305	\$ 213,822
Preserve Planning & Admin	\$ -	\$ -
Human Services	\$ 1,803,996	\$ 1,970,903
Parks & Recreation	\$ 4,100,761	\$ 4,480,167
Park Maintenance	\$ 3,424,131	\$ 3,424,131
Library Systems	\$ 3,323,273	\$ 3,630,745
Information Technology	\$ 3,353,410	\$ 3,852,570
Transfers Out		
Special Program Fund (80% bed tax)	\$ 2,563,033	\$ 6,529,184
MPC Excise Debt Fund	\$ 2,114,778	\$ 2,314,183
OVERALL NET OPERATING IMPACT	\$ 3,665,383	\$ 4,234,927
as percent of revenue	4.1%	4.1%

Source: Applied Economics, 2010.

**APPENDIX B
ANNUAL FISCAL IMPACT - CENTRAL AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
REVENUES	\$ 147,068,703	\$ 201,285,979
Taxes and Fees		
Property Tax	\$ 13,273,924	\$ 14,370,138
Sales Tax (1.0%)	\$ 39,945,405	\$ 58,698,669
Sales Tax Public Safety (0.1%)	\$ 3,994,540	\$ 5,869,867
Sales Tax Transportation (0.2%)	\$ 7,989,081	\$ 11,739,734
Transient Occupancy Tax	\$ 5,734,675	\$ 14,836,724
Light & Power Franchise Fees	\$ 4,416,050	\$ 6,081,647
Cable Franchise Fees	\$ 1,761,162	\$ 2,127,172
Stormwater Water Quality Charge	\$ 448,299	\$ 617,384
Intergovernmental		
State Income Tax	\$ 16,336,526	\$ 19,731,628
State Sales Tax	\$ 10,740,253	\$ 12,972,322
Auto Lieu Tax	\$ 4,405,671	\$ 5,321,270
Highway Users Revenue	\$ 7,463,452	\$ 9,014,527
LTAf	\$ 648,545	\$ 783,327
Prop 400 Regional Sales Tax	\$ 156,305	\$ 188,789
Licenses and Permits		
Recreation Fees	\$ 1,500,263	\$ 1,812,052
Business Licenses & Fees	\$ 1,044,628	\$ 1,647,533
Westworld	\$ 1,424,688	\$ 1,720,771
Fire Service Charges	\$ 1,186,317	\$ 1,432,861
Building Permits	\$ 6,510,120	\$ 8,950,034
Fines and Forfeitures		
Court Fines	\$ 3,555,888	\$ 4,578,163
Parking Fines	\$ 251,971	\$ 324,410
Photo Enforcement Revenue	\$ 835,080	\$ 1,075,156
Library Fines & Fees	\$ 201,720	\$ 243,642
Interest Earnings/Property Rental		
Property Rental	\$ 1,277,612	\$ 1,277,612
Other Revenues		
Misc. Revenue	\$ 511,913	\$ 673,518
Misc Revenue -Trans Fund	\$ 60,258	\$ 72,781
30 Day Tow Program	\$ 151,927	\$ 183,501
Intergovernmental Revenue	\$ 523,895	\$ 632,772
Indirect/Direct Cost Allocation	\$ 7,237,363	\$ 9,522,105
Transfers In		
Franchise Fees	\$ 3,481,170	\$ 4,785,870
In Lieu Property Tax	\$ -	\$ -
EXPENDITURES	\$ 146,756,624	\$ 193,846,751
Scottsdale City Council		
Mayor & Council	\$ 369,900	\$ 377,588
City Clerk	\$ 474,073	\$ 623,732
City Court	\$ 2,952,912	\$ 3,885,108
City Auditor	\$ 419,060	\$ 551,351

**APPENDIX B
ANNUAL FISCAL IMPACT - CENTRAL AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
City Attorney	\$ 3,140,295	\$ 3,792,920
Strategic Resources Group	\$ 924,190	\$ 1,215,944
Economic Vitality		
Economic Vitality	\$ 3,997,510	\$ 5,151,087
Code Enforcement	\$ 804,205	\$ 1,058,082
Westworld	\$ 1,612,747	\$ 1,947,913
Public Works & Water Resources		
Public Works Administration	\$ 178,548	\$ 210,289
Capital Project Management	\$ -	\$ -
Fleet Management	\$ 148,562	\$ 195,461
Facilities Management	\$ 9,066,604	\$ 11,928,813
Street Operations (HURF)	\$ 8,641,077	\$ 8,906,285
Planning, Neighborhoods & Transportation		
Administration	\$ 1,084,541	\$ 1,393,410
Development Services	\$ 5,194,363	\$ 7,141,146
Current Planning	\$ 2,829,819	\$ 3,890,401
Advance Planning	\$ 326,709	\$ 429,847
Neighborhood Planning	\$ 1,047,701	\$ 1,211,009
Transportation (HURF)	\$ 6,892,165	\$ 8,324,513
Public Safety		
Police	\$ 44,982,415	\$ 60,155,241
Fire	\$ 13,493,657	\$ 17,372,920
Financial Management		
Financial Planning & Admin	\$ 179,485	\$ 236,146
Accounting & Budget	\$ 2,007,100	\$ 2,640,715
Purchasing	\$ 1,360,877	\$ 1,790,489
Customer Service	\$ 863,858	\$ 1,136,566
Human Resources	\$ 2,170,262	\$ 2,855,385
Community Services		
Community Services Administration	\$ 292,659	\$ 347,656
Preserve Planning & Admin	\$ 88,286	\$ 88,286
Human Services	\$ 2,855,601	\$ 3,449,060
Parks & Recreation	\$ 6,491,221	\$ 7,840,244
Park Maintenance	\$ 3,789,985	\$ 4,228,134
Library Systems	\$ 5,260,512	\$ 6,353,766
Information Technology	\$ 5,408,564	\$ 7,115,977
Transfers Out		
Special Program Fund (80% bed tax)	\$ 4,587,740	\$ 11,869,380
MPC Excise Debt Fund	\$ 2,819,423	\$ 4,131,885
OVERALL NET OPERATING IMPACT	\$ 312,079	\$ 7,439,229
as percent of revenue	0.2%	3.8%

Source: Applied Economics, 2010.

**APPENDIX C
ANNUAL FISCAL IMPACT - NORTH AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
REVENUES	\$ 33,110,949	\$ 51,238,551
Taxes and Fees		
Property Tax	\$ 8,272,245	\$ 8,719,207
Sales Tax (1.0%)	\$ 3,290,934	\$ 7,259,560
Sales Tax Public Safety (0.1%)	\$ 329,093	\$ 725,956
Sales Tax Transportation (0.2%)	\$ 658,187	\$ 1,451,912
Transient Occupancy Tax	\$ 1,651,464	\$ 7,904,883
Light & Power Franchise Fees	\$ 900,220	\$ 1,353,650
Cable Franchise Fees	\$ 488,043	\$ 631,456
Stormwater Water Quality Charge	\$ 91,387	\$ 137,417
Intergovernmental		
State Income Tax	\$ 4,527,086	\$ 5,857,385
State Sales Tax	\$ 2,976,278	\$ 3,850,867
Auto Lieu Tax	\$ 1,220,875	\$ 1,579,633
Highway Users Revenue	\$ 2,068,230	\$ 2,675,986
LTAf	\$ 179,721	\$ 232,533
Prop 400 Regional Sales Tax	\$ 43,314	\$ 56,042
Licenses and Permits		
Recreation Fees	\$ 415,744	\$ 537,912
Business Licenses & Fees	\$ 119,379	\$ 253,129
Westworld	\$ 394,802	\$ 510,815
Fire Service Charges	\$ 328,746	\$ 425,348
Building Permits	\$ 645,656	\$ 970,864
Fines and Forfeitures		
Court Fines	\$ 860,489	\$ 1,185,796
Parking Fines	\$ 60,975	\$ 84,026
Photo Enforcement Revenue	\$ 202,081	\$ 278,477
Library Fines & Fees	\$ 55,900	\$ 72,326
Interest Earnings/Property Rental		
Property Rental	\$ 638,806	\$ 638,806
Other Revenues		
Misc. Revenue	\$ 117,513	\$ 166,167
Misc Revenue -Trans Fund	\$ 16,698	\$ 21,605
30 Day Tow Program	\$ 42,101	\$ 54,473
Intergovernmental Revenue	\$ 145,179	\$ 187,840
Indirect/Direct Cost Allocation	\$ 1,661,387	\$ 2,349,243
Transfers In		
Franchise Fees	\$ 708,416	\$ 1,065,236
In Lieu Property Tax	\$ -	\$ -
EXPENDITURES	\$ 34,423,950	\$ 53,000,160
Scottsdale City Council		
Mayor & Council	\$ 102,505	\$ 105,517
City Clerk	\$ 108,827	\$ 153,884
City Court	\$ 677,862	\$ 958,513
City Auditor	\$ 96,198	\$ 136,026

**APPENDIX C
ANNUAL FISCAL IMPACT - NORTH AREA
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
City Attorney	\$ 870,221	\$ 1,125,938
Strategic Resources Group	\$ 212,154	\$ 299,991
Economic Vitality		
Economic Vitality	\$ 456,831	\$ 712,743
Code Enforcement	\$ 184,611	\$ 261,044
Westworld	\$ 446,915	\$ 578,243
Public Works & Water Resources		
Public Works Administration	\$ 44,927	\$ 67,194
Capital Project Management	\$ -	\$ -
Fleet Management	\$ 34,104	\$ 48,223
Facilities Management	\$ 2,081,302	\$ 2,943,013
Street Operations (HURF)	\$ 2,377,694	\$ 3,728,711
Planning, Neighborhoods & Transportation		
Administration	\$ 201,025	\$ 268,315
Development Services	\$ 418,138	\$ 628,750
Current Planning	\$ 227,796	\$ 352,504
Advance Planning	\$ 74,998	\$ 106,049
Neighborhood Planning	\$ 311,043	\$ 388,240
Transportation (HURF)	\$ 1,909,918	\$ 2,471,153
Public Safety		
Police	\$ 10,124,423	\$ 14,740,355
Fire	\$ 3,265,330	\$ 4,499,781
Financial Management		
Financial Planning & Admin	\$ 41,202	\$ 58,261
Accounting & Budget	\$ 460,744	\$ 651,503
Purchasing	\$ 312,399	\$ 441,740
Customer Service	\$ 198,305	\$ 280,408
Human Resources	\$ 498,199	\$ 704,465
Community Services		
Community Services Administration	\$ 91,724	\$ 119,990
Preserve Planning & Admin	\$ 264,857	\$ 264,857
Human Services	\$ 791,328	\$ 1,023,862
Parks & Recreation	\$ 1,798,811	\$ 2,327,397
Park Maintenance	\$ 1,480,942	\$ 2,076,824
Library Systems	\$ 1,457,763	\$ 1,886,132
Information Technology	\$ 1,241,573	\$ 1,755,616
Transfers Out		
Special Program Fund (80% bed tax)	\$ 1,321,171	\$ 6,323,907
MPC Excise Debt Fund	\$ 238,112	\$ 511,011
OVERALL NET OPERATING IMPACT	\$ (1,313,001)	\$ (1,761,608)
as percent of revenue	-3.8%	-3.3%

Source: Applied Economics, 2010.

**APPENDIX D
ANNUAL FISCAL IMPACT - CITYWIDE TOTAL
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
REVENUES	\$ 273,713,385	\$ 360,983,493
Taxes and Fees		
Property Tax	\$ 27,311,670	\$ 29,582,891
Sales Tax (1.0%)	\$ 73,034,150	\$ 98,834,137
Sales Tax Public Safety (0.1%)	\$ 7,303,415	\$ 9,883,414
Sales Tax Transportation (0.2%)	\$ 14,606,830	\$ 19,766,827
Transient Occupancy Tax	\$ 10,589,930	\$ 30,903,088
Light & Power Franchise Fees	\$ 8,030,636	\$ 10,639,955
Cable Franchise Fees	\$ 3,361,801	\$ 3,974,162
SRP in Lieu	\$ -	\$ -
Stormwater Water Quality Charge	\$ 815,238	\$ 1,080,125
Intergovernmental		
State Income Tax	\$ 31,184,042	\$ 36,864,297
State Sales Tax	\$ 20,501,573	\$ 24,235,989
Auto Lieu Tax	\$ 8,409,782	\$ 9,941,646
Highway Users Revenue	\$ 14,246,639	\$ 16,841,702
LTAf	\$ 1,237,977	\$ 1,463,478
Prop 400 Regional Sales Tax	\$ 298,363	\$ 352,711
Licenses and Permits		
Recreation Fees	\$ 2,863,783	\$ 3,385,429
Business Licenses & Fees	\$ 1,782,017	\$ 2,700,773
Westworld	\$ 2,719,522	\$ 3,214,890
Fire Service Charges	\$ 2,264,506	\$ 2,676,992
Building Permits	\$ 8,849,444	\$ 11,920,491
Fines and Forfeitures		
Court Fines	\$ 6,631,990	\$ 8,276,286
Parking Fines	\$ 469,945	\$ 586,460
Photo Enforcement Revenue	\$ 1,557,485	\$ 1,943,639
Library Fines & Fees	\$ 385,055	\$ 455,193
Interest Earnings/Property Rental		
Property Rental	\$ 3,194,029	\$ 3,194,029
Other Revenues		
Misc. Revenue	\$ 946,822	\$ 1,204,325
Misc Revenue -Trans Fund	\$ 115,024	\$ 135,976
30 Day Tow Program	\$ 290,007	\$ 342,832
Intergovernmental Revenue	\$ 1,000,039	\$ 1,182,199
Indirect/Direct Cost Allocation	\$ 13,386,051	\$ 17,026,588
Transfers In		
Franchise Fees	\$ 6,325,620	\$ 8,372,969
In Lieu Property Tax	\$ -	\$ -
EXPENDITURES	\$ 271,048,925	\$ 351,070,946
Scottsdale City Council		
Mayor & Council	\$ 706,086	\$ 718,948
City Clerk	\$ 876,834	\$ 1,115,302

**APPENDIX D
ANNUAL FISCAL IMPACT - CITYWIDE TOTAL
GENERAL AND TRANSPORTATION FUNDS**

Revenues/Expenditures	2010	2030
City Court	\$ 5,461,634	\$ 6,947,008
City Auditor	\$ 775,083	\$ 985,878
City Attorney	\$ 5,994,365	\$ 7,086,254
Strategic Resources Group	\$ 1,709,358	\$ 2,174,244
Economic Vitality		
Economic Vitality	\$ 6,819,298	\$ 8,577,213
Code Enforcement	\$ 1,487,438	\$ 1,891,969
Westworld	\$ 3,078,499	\$ 3,639,256
Public Works & Water Resources		
Public Works Administration	\$ 339,565	\$ 402,187
Capital Project Management	\$ -	\$ -
Fleet Management	\$ 274,777	\$ 349,507
Facilities Management	\$ 16,769,369	\$ 21,330,051
Street Operations (HURF)	\$ 16,915,122	\$ 18,542,423
Planning, Neighborhoods & Transportation		
Administration	\$ 1,754,449	\$ 2,181,778
Development Services	\$ 6,635,151	\$ 8,977,265
Current Planning	\$ 3,614,741	\$ 4,900,663
Advance Planning	\$ 604,273	\$ 768,614
Neighborhood Planning	\$ 2,090,962	\$ 2,373,127
Transportation (HURF)	\$ 13,156,136	\$ 15,552,560
Public Safety		
Police	\$ 83,482,041	\$ 107,536,889
Fire	\$ 25,166,653	\$ 31,406,323
Financial Management		
Financial Planning & Admin	\$ 331,970	\$ 422,255
Accounting & Budget	\$ 3,712,283	\$ 4,721,894
Purchasing	\$ 2,517,046	\$ 3,201,594
Customer Service	\$ 1,597,770	\$ 2,032,308
Human Resources	\$ 4,014,063	\$ 5,105,748
Community Services		
Community Services Administration	\$ 584,688	\$ 681,468
Preserve Planning & Admin	\$ 353,143	\$ 353,143
Human Services	\$ 5,450,925	\$ 6,443,826
Parks & Recreation	\$ 12,390,792	\$ 14,647,808
Park Maintenance	\$ 8,695,059	\$ 9,729,090
Library Systems	\$ 10,041,548	\$ 11,870,643
Information Technology	\$ 10,003,547	\$ 12,724,162
Transfers Out		
Special Program Fund (80% bed tax)	\$ 8,471,944	\$ 24,722,470
MPC Excise Debt Fund	\$ 5,172,313	\$ 6,957,079
OVERALL NET OPERATING IMPACT	\$ 2,664,461	\$ 9,912,547
as percent of revenue	1.0%	2.8%

Source: Applied Economics, 2010.