Sarasota County Fiscal Neutrality Guide

Prepared for
Sarasota County
Sarasota, FL

Submitted by

AECOM

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11.2.14.a. *Intent.*

1. What is a Fiscal Impact Analysis?

When referring to changes in land use or new developments, a fiscal impact analysis is, simply, looking at the public costs of a development compared to the public revenues. Municipalities provide services to residents and businesses (costs). These residents and businesses also pay taxes and other fees (revenues). Sarasota County's fiscal neutrality requirement seeks for the revenues and costs to be equal, so that the development "pays its own way." It is important to note that all fiscal impact studies looking at a future event are estimates; they should not be used to "predict" cash flow to the municipalities.

2. What is "Fiscal Neutrality"?

Sarasota 2050 Resource Management Area (RMA) System defines "fiscal neutrality" or "fiscally neutral" as, "New development within the Village/Open Space RMA and Urban/Suburban Settlement Area is required to pay the full costs of all public facilities and services that are necessary to support the development and that are required to meet or exceed the level of service standards adopted by the County. This requirement includes the initial construction of all infrastructure including schools as well as on-going costs of maintenance. The terms Fiscal Neutrality and Fiscally Neutral are synonymous."

3. What is the Purpose of this Guide?

When calculating the fiscal impacts of future events, it is impossible to know exactly what will happen. Analysts use assumptions which provide an estimate of what the future may bring. This is universal, no matter what method is used to calculate costs and revenues. These assumptions are based in reality, but are not exact. Because public officials and departmental staff are using the fiscal impact analysis to make decisions, Sarasota County wanted all analysts providing fiscal neutrality analyses to use similar assumptions. This will enable them to compare different developments to each other. The analysts, too, will know how the County wants the report presented for purposes of utility in the planning approval process and transparency for the general public.

4. Types of Fiscal Impact Analysis

There are a few key ways costs and revenues are estimated in a fiscal analysis. This section reviews some methods used for fiscal analysis, but is not exhaustive. Costs and revenues are either estimated on an average or marginal basis. It is probably easiest to understand the difference in methods by an example of how the need for fire protection would be determined for a new residential development of 1,000 persons.

A. **One method is the *per capita* method**, which is an average basis method and the most commonly used type of analysis. This approach takes costs of providing services per unit. The "unit" can vary, depending on how the services are used, but can include: per person, per student, per household, per employee, per visitor, etc. An average *per capita* approach to determine the needs for fire protection would take the jurisdiction's budgeted costs for fire protection (for either capital costs—or buildings/equipment—and for operations (payroll of firefighters and other day to day costs) and divide them by the existing population. For the sake of this example, if the existing budget is $1,000,000 per year and there are currently 10,000 residents, the average per capita cost would be $100 per person. Thus, in a new development of 500 residents, the cost would be $50,000 annually.

B. Another method is a *service standard* method. The service standard method evaluates government service needs based upon an acceptable level of service based on overall population. To determine the costs for fire services in our example, using this method, an analyst would take the acceptable level of service based on national standards (for example, if cities across the country typically have one firefighter per 2,000 persons) and apply to the development. Because the development will have 500 residents, the cost for one-quarter of a firefighter's salary and associated expenses would be applied to the development. If a firefighter's salary is $50,000 and associated expenses are $30,000, the cost for the development would be $20,000. It is very similar to the *per capita* method, except that it is looking at the services behind the costs presented in the budget and may account for more or less than what is being spent at the time of the study. As you can see, however, the results can differ--$20,000 for this method versus $50,000 in the average *per capita* method.

C. This method can also be adapted to be a marginal method. Marginal methods examine excess capacity or thresholds that must be met to incur a cost. This may be appropriate in some cases, but in others, can cause a lag in services. For example, in the fire protection example, if the standard is 2,000 people to hire a firefighter and the new development has 500 persons, the cost of providing a firefighter would not be captured. In some cases, excess capacity is also considered. So, if a community has just hired new firefighters, and its ratio of population to firefighters has decreased from the acceptable service standard of one firefighter per 2,000 to one station for every 1,000 persons, there would be no cost captured because the community has excess capacity. However, after the new development of 500 is constructed and another applicant has a development of 500 persons, the second applicant would have costs of $20,000.

D. A *case study* method is used when the current conditions of the local government's budget does not reflect likely future conditions. This involves interviewing departmental staff of the government for specific service needs. In the example of fire service, the analyst would speak with the department of public safety who would determine the cost needs based on the specifics of the situation. This can be useful in some occasions, but is difficult to apply across the board, particularly for the fiscal neutrality analyses. Case studies also require an ample amount of time and budget to conduct.

E. The *proportional valuation* method is prescribed for non-residential developments. The analyst estimates the property value of the incoming development and costs are assigned on the basis of its existing share of total property values. If the applicant is proposing a 50,000 square foot shopping center valued at $100,000, which is 2 percent of the municipality's total property value of $5 million, the cost would be 2% of the current cost for fire protection. If the operating budget of the jurisdiction is $500,000, the proportional cost for the new development would be $10,000 annually.

F. **There are also methods that could be considered modified approaches or hybrid approaches** to the above. For example, if you were using a *per capita* average approach, but knew that a development was being constructed in a highly fire-prone area, the analyst would perhaps lower the typical number of households per firefighter to reflect this.

G. **There are also econometric models** and other approaches that have been tried for analyzing fiscal impacts. However, these are generally too complex and not applicable for single-site projects.

The ultimate objective of the fiscal neutrality study is to ensure that proposed developments that fall under the 2050 fiscal neutrality requirement can present a plan to ensure that no fiscal burden or diminished level of service will result as a consequence of the development rezoning approval. A successful fiscal neutrality plan will present how the minimum public revenue necessary will be produced to cover the public operating and capital costs associated with the development.

5. Conclusion

The “bottom line” of the fiscal neutrality analysis is a demonstration that a development will pay the full costs of all public facilities and services that are required to support the development and that are required to meet or exceed the level of service standards adopted by the County.

11.2.14.b. *Fiscal Neutrality Requirements*

1. Operating Revenues

Operating revenue details will be acquired through the budget and will be calculated as described below.

A. Property Taxes

Ad valorem property taxes will be calculated using the current millage rates. As of FY15, these are:

Operating	3.1386
Mosquito	0.0805

The millage rate will be applied to every thousand dollars in value of the weighted average value of all sold properties by year. Appendix Table 13 shows property millage rates currently in use.

Homestead Exemption

Because many homes will claim the homestead exemption, these must be accounted for in the calculations of property tax. According to literature by the state on homestead exemptions: "When someone owns property and makes it his or her permanent residence or the permanent residence of his or her dependent, the property owner may be eligible to receive a homestead exemption up to $50,000. The first $25,000 applies to all property taxes, including school district taxes. The additional exemption up to $25,000 applies to the assessed value between $50,000 and $75,000 and only to non-school taxes [Section 196.031, Florida Statutes]" These exemptions of $25,000 for schools and $50,000 for non-school taxes should be applied according to home type:

- Single Family 71%
- Condominium Apartment (owner-occupied)/Work-Live 37%

Timing

Although tax bills are not prepared and paid immediately as a home is occupied, and there is typically a "lag" of one-year, for the sake of simplicity and understanding, revenue must be recognized for the unit in the year occupied. An example of residential input tables including an absorption schedule is found in Appendix Table 1.

B. Residential and Commercial Revenues

The following revenues apply on a *per capita* basis to both residential and commercial development, using the county's "functional" population (population + seasonal population) and employment.

- Telecommunications Tax (non-Intergovernmental portion)
- Gas Tax (7 cent)
- Charges for Services (Except Utility and Solid Waste)
- Permits/Fees/Assessments (Except Utility and Solid Waste)
- Interest (Except Utility and Solid Waste)

C. Residential-Only Revenues

The following revenues apply on a per capita basis to residential development—for the functional population of the county (Appendix Table 4) and applied to the residential population based on 100% occupancy of the development.

- Fines & Forfeitures

D. Population-Based Revenues

The following revenues apply on a per capita basis to residential development—for the actual population of the county (Appendix Table 4) and applied to100% of the estimated residential population of the proposed development based on estimated occupied units.

- Intergovernmental: Gas Tax (3 cent)
- Intergovernmental: State Revenue Sharing (Growth portion—70.12%)
- Intergovernmental: Other

E. Tourism Revenues

For projects with a lodging component, Tourism Development Funds will use the millage rate in effect at the initiation of the application and apply to occupied room nights using Average Daily Rate (ADR) and Occupancy rates established in the market study. The ADR is a metric widely used in the hospitality industry to indicate the average realized room rental per day.

F. Excluded Revenues

The following revenues are excluded from analysis because they are not driven by growth:

- Intergovernmental: Fixed Portion of State Revenue Sharing
- Service Charges (Utilities and Solid Waste)
- Utility System Permits/Fees/Assessments (including utilities billing rates, miscellaneous charges, service charges, water and wastewater capacity fees, building permit review fees, and utility construction permit/inspection fees).
- Contributions and Donations
- Transfers In
- Cash Carry Forward
- Solid Waste Management Enterprise Fund Interest
- Miscellaneous (Utilities & Solid Waste)

2. Operating Expenses

Operating expenses are calculated by examining the portion of departmental expenditures funded by operating funds. See the appendix for a table of expenditures for FY15 and the basis used for calculation of impacts.

The methods of calculation are the same as for revenues. For expenses for which visitors have an impact (such as public safety and public works), a modified proportional per capita method is used. For these categories, the proportion of total ad Valorem assessed value attributable to hotels/lodging land uses (see Appendix 7 for Hotel Use Codes) is removed from the total. The remaining amount is calculated using the residential and employment per capita method employed elsewhere in the analysis. When a lodging property is included, the portion attributable to lodging properties is applied on a per room basis. Note that in this circumstance, hotel employment is included in categories calculated using the residential and employment per capita, but is NOT used in the "Modified Proportional" residential and employment calculation; it is accounted for in the proportional amount.

For tourism-specific expenditures, a "per room" analysis is applied, excluding other uses.

For departments where there are funding sources from sources other than operating funds, the share of expenditures attributable to the operating funding is used to reduce the total expenditures. See Appendix Tables 10 and 11 for a list of current departments and associated funding where this is applicable. For FY15, this results in the following shares of attributable expenses:

Emergency Services 8%
Human Resources 5%
Public Utilities 0%

Public works includes both operating and capital funds and has several exclusions resulting for FY15 in an overall 32 percent of all expenses being attributable. See Appendix 12 for the functional areas of the department and share of funds that apply.

Exclusions: in general, all capital outlays (in other words, not an operating expense) are excluded, as are any non-growth related expenses. All others are 100% attributable, unless otherwise excluded.

3. Fire/Ambulance Revenues and Expenses

Fire and EMS operations are supported by two funds—Fund 130: Fire Assessments and User Fee Fund and Fund 153: Emergency Services MSTU Fund (a property tax). Fund 130 must be applied using a residential and employment *per capita* (functional population + employment) basis. Fund 153 must be calculated using the millage rate, for the average cumulative units constructed during the year in question. The 2014 millage rate for emergency medical services is 0.660.

Fire and EMS expenses are addressed by the expenses—less reserves—of the same funds as for revenues. However, both Fund 130 and Fund 153 expenses must be calculated on a residential and employment *per capita* basis.

4. Capital Revenues

The categories of capital revenues/expenses that are evaluated in a fiscal neutrality report are:

- Roads
- Parks
- Library
- Fire
- EMS
- General Government
- Justice
- Law Enforcement

One method of estimating service demands of land use types on public safety and general government facilities is based on “functional population”. Functional population means the effective population of the county, including residents and nonresidents during a given period of time, which attempts to measure the expected usage of public facilities and infrastructure by estimating the presence of individuals through consideration of generally understood concepts concerning the time spent on employment, leisure activities and in their residences in proper proportions such that facility and infrastructure planning can be more closely approximate the actual usage. For nonresidential development in Sarasota County, functional population is based on a formula that factors trip generation rates, average vehicle occupancy and average number of hours spent by visitors at a land use. The functional population for various land use types are then converted to equivalent dwelling units (EDUs), based on the functional population of the average single family detached unit. Appendix Table 5 contains County service unit multipliers to be used in calculating impact fees.

Capital revenue sources include:

- Impact fees in effect at the time of the application (note that the full impact fee—in the event of any temporary reduction—must be used).

  A temporary reduction of impact fees may result in a gap between revenues generated by fully calculated impact fees and the reduced fee revenue. In such case, the Fiscal Neutrality Plan submission must include a mitigation strategy to close that gap and achieve fiscal neutrality. Applicants may offer to reduce County capital expenses relative to the development, or identify other revenue sources.
- Capital costs for utility infrastructure are handled through impact fees, as described in the fiscal methodology section below. As stated in the County Comprehensive Plan, the “… intent of the County impact fee systems is to help ensure new development pays a proportionate share of capital facility capacity needs created by demand attributable to new development. One method for determining proportionate share and the one currently used in adopted Sarasota County impact fee systems is a “needs generated” approach where impact fee rates are generally based on the cost of the average amount of facility capacity consumed by new development. Impact fee revenues, must be spent in accordance with the purpose for which they were collected according to the capital improvements elements of the County or respective municipal comprehensive plan.
- Capital funds revenue includes the infrastructure surtaxes, the 5 cent local option gas tax, and intergovernmental capital revenue, all calculated using a residential and employment per capita method.
- Capacity fees for wastewater and water.
- The County is currently studying the addition of Mobility Fees. These will serve the same function as current impact fees and should be treated similarly.

Note: See Appendix Table 8 for the County operational budget revenue and basis of fiscal analysis.

5. Capital Expenses

Capital expenses are treated on a hybrid per capita-marginal methodology. For each category of capital expenses, an evaluation of any extraordinary expenses must be discussed with county personnel. For areas where levels of service are adequate and there are no extraordinary expenses required by the development, the costs to the County as presented in the impact fee study will be considered an adequate representation of costs to the county. Total revenues from the analysis period must be applied on an average per unit basis across all years.

For projects that require improvements to roadways to ensure adequate capacity, the amount of proportionate share of improvements that is to be assigned to the new development is negotiated with County transportation and planning officials. The proportionate share of roadway improvements is to be compared with the impact fees paid, and any remaining amount of the proportionate share not covered by impact fees should be offset with lump sum payments. For fiscal neutrality purposes, proportionate share is accounted for by presenting lump sum payments in equal amounts as capital revenue and expense. The county is currently undertaking a Mobility Fee study. These fees will serve the same purpose as the current impact fees and should be treated similarly.

6. Other Exclusions

A. Hospital

Hospital expenses and revenues should be excluded. Demand for hospitals and the permits to build them are not decided upon by the County and are not directly tied to population growth, but are determined at a state level using complex models of utilization and existing capacity. Unlike other County-provided services, hospitals are also not used exclusively by the jurisdiction population. People routinely go from one city or county to another to seek medical treatment.

B. Enterprise Fund

Enterprise funds may also be excluded. The 2015 adopted budget says that Enterprise Funds, "…are used to account for operations that are either financed or operated in a manner similar to private businesses…" These funds are usually self-supporting through user fees, which are routinely adjusted to respond to supply and demand.

7. School District

The Sarasota County School District has a separate budget from the County. Therefore, its operating and capital revenues and expenses are evaluated separately. Appendix Table 3 provides a sample table of Service Unit Equivalents using pupil generation rates. Appendix Table 18 provides school enrollment and cost per pupil.

A. School Operating Revenues

The general fund revenues for the school district are used as revenues in the fiscal analysis. A specific listing of these revenue sources and their basis of analysis is included in the Appendix. As in the County's operating budget, non-growth-related revenues are excluded. Most other categories are calculated on a cost per student basis on existing revenues and existing enrollment, applied to expected enrollment for the applicant's development. Property taxes are calculated using current millage rates and the cumulative average of property values. As of 2015, the millage rate for operating revenues is $6.277. Appendix Table 19 contains school operating revenues.

B. School Operating Expenses

School operating costs are calculated on a per pupil basis using school district-provided data. This amount will be updated as new data is available from the school district.

	Average Cost	Share by School Type
Elementary School	$8,901	37%
Middle School	$9,438	13%
High School	$8,454	24%
Charter School	$9,656	25%
Weighted Average	**$9,056**	100%

Source: Sarasota County School District

C. School Capital Revenues

School district capital revenues include impact fees, as with other capital expenses (see Appendix Table 20 for school capital revenues). Additionally, *ad valorem* property taxes assigned to capital expenses are calculated as with property taxes in other revenue categories. The portion of the school millage rate for capital projects is $1.50. However, there are also several additional funding sources to be included:

<u>Calculated by Total Enrollment</u>

- PECO Construction (Maintenance)
- PECO Construction (New Construction)
- CO & DS Distributed
- CO & DS Interest
- Miscellaneous State Revenue
- Miscellaneous Local Revenues

<u>Calculated by County Population</u>

- Local Sales Tax

D. School Capital Expenses

School capital expenses require additional analysis. Average per-student costs for school construction is not available in the school district's annual budget. Considering only the school district's debt payments or capital costs would not adequately represent the per-student cost of school facilities.

The Florida Department of Education also lists cost per student factors, which must be used unless other guidance is provided by the Sarasota County School District.

	Cost Per Student Station 3-2015	**Share of Students in Sarasota County**
Elementary	$21,064	49%
Middle	$22,747	18%
High	$29,547	33%
Weighted Average Cost	$24,141	

Source: "Student Station Cost Factors," Florida Department of Education, 2/23/2015.

In the event that through concurrency discussions/analysis, the developer has agreed to construct a new school or dedicate land for a school, the value of these capital costs will be used to offset school district capital expenditures.

8. Sensitivity Analysis

With every fiscal neutrality analysis, a sensitivity analysis must be conducted to show the range of possibilities with changes in sales prices, absorption pace, etc. as part of a Fiscal Neutrality Plan. The analysis must show, at a minimum, a conservative scenario established by the market study. However, the analyst is encouraged to present additional scenarios that may further address the issue of fiscal neutrality of the project. For example, some analysis of the relative performance of pricing and absorption should address the possibility of not achieving the values from which County revenue would be projected to offset costs. What is the "floor" of pricing and absorption the development must reach to remain fiscally neutral? Deviations from the baseline development scenario are allowed if the result remains fiscally neutral. Different combinations of housing types and/or commercial development may still result in a finding of fiscal neutrality and provide some flexibility to respond to market changes and preferences.

As part of the Fiscal Neutrality Plan submission, applicants must include mitigation strategies that might be used to off-set situations that might result in the proposed development not realizing fiscal neutrality.

Summary of Categories – How to Address in Fiscal Neutrality

	Operating	Capital
Localized and Countywide impacts on County, City, State, and Federal Transportation facilities	Evaluated with other uses as part of the County operating budget	Impact Fees
Public Transit	Marginal—Discussion with SCAT	Marginal Approach—Discussion w/SCAT
Schools	School District general fund revenues	Impact Fees Ad valorem property taxes Other funding sources (see "School Capital Revenues" Section)
Water Supply and Delivery	Excluded from analysis as an enterprise fund, is supported by rate studies.	Capacity Fees
Sewage Transmission and Treatment	Excluded from analysis as an enterprise fund, is supported by rate studies.	Capacity Fees
Solid Waste	Excluded from analysis as an enterprise fund, is supported by rate studies.	Excluded from analysis as an enterprise fund, is supported by rate studies.
Storm and Surface Water Management	Evaluated with other uses as part of the County operating budget	Marginal—in analysis of stormwater impacts, a cost should be determined and a mitigation strategy applied.
Law Enforcement	Evaluated with other uses as part of the County operating budget	Impact Fee
Fire and Emergency Management	Fund 130 & Fund 153 from County Operating Budget	Impact Fee
Justice	Evaluated with other uses as part of the County operating budget	Impact Fee
General Government	Evaluated with other uses as part of the County operating budget	Impact Fee
Libraries	Evaluated with other uses as part of the County operating budget	Impact Fee
Parks and Recreation	Evaluated with other uses as part of the County operating budget	Impact Fee
Public Hospitals	Excluded from analysis.	Marginal approach—Discussion with Sarasota County Public Hospital Board.

9. Affordable Housing

Sarasota County Zoning Regulations Article 11.2.14.b.3.states that, “Fiscal Neutrality analyses may include incentives to provide affordable housing.”

Article 11.2.3.4.v (b) requires:

At minimum, 15 percent of the dwelling units within the Village shall be affordable. This requirement shall be fulfilled as follows:

1) At a minimum, ten percent of dwelling units within the Village shall be sold or rented to families at or below 80 percent of the Area Median Income (AMI) for Sarasota County, and an additional five percent of dwelling units within the Village shall be sold or rented to families at or below 100 percent of the AMI for Sarasota County…

While the inclusion of “affordable” units in a 2050 project development program could possibly lower real estate tax values and reduce the County revenues available to offset County costs and impact fiscal neutrality, the goal of providing affordable units is recognized as important to the development of the County. In order to offset the potential impact of the affordable units on fiscal neutrality, the analysis should present the affordable units as neutral in regard to public revenue and public costs.

The analysis and Fiscal Neutrality Plan submission should include the elements of the affordable housing plan that identifies the number, location and phasing of affordable housing units and refer back to the affordable housing plan submission for details about affordable housing plan administration.

11.2.14.c. *Fiscal Neutrality Plan: General Standards*.

1. *Development Program and Land Sales Value Assumptions.*

The market analysis forms the foundation for the fiscal impact analysis. It outlines the number of homes or businesses that the development should contain based on market support, and what price they can sell or rent for. Because of this, it is important that the market analysis is thorough and reliable. The market analysis must be submitted for County review prior to embarking on the fiscal neutrality analysis. An example of possible residential input tables is found in Appendix Table 1. Appendix table 2 contains an example of residential comparable tables.

The market analysis must contain:

- Trade area information for each land use (description and map to describe where customers/home buyers are coming from)
- Population growth data for the trade area
- Employment growth data for the County and trade area
- Estimates of total demand and description of capture rates (or how much of the total demand the development will take, as a percentage)
- Comparable purchase/rental residential properties with descriptions of:
  - Location
  - Minimum, maximum, and average prices/rents asked and, if possible, achieved
  - Total number of units developed
  - Total number sold
  - Year sales started/finished
  - Sales/absorption pace
  - Defining features
  - If necessary, different projects should be used to evaluate the various types of housing included in the applicant's development. An example of a comparable table:

		Comparable 1								
Housing Type	Applicable for:	Location	Year Built	Average Home Size	Minimum Sales /Month	Average Sales /Month	Maximum Sales /Month	Minimum Sales Price/SF	Average Sales Price/SF	Maximum Sales Price/SF
Estate Housing	H / V / SA									
Front-Loaded detached Single Family Residential Type 1	H / V / SA									

Type 2	H / V / SA									
Type 3	V / SA									
Rear-Loaded detached Single Family Residential Type 1	H / V / SA									
Type 2	V / SA									
Attached Residential Type 1	H / V / SA									
Type 2	V / SA									
Apartment	V / SA									
Residential over non-residential	V / SA									
Live-work Unit	V / SA									
Total Units										

H=Hamlet, V=Village, SA=Settlement Area

- For commercial space, recent real estate performance data on rents, absorption, vacancy and other indicators must be provided for the applicable market area near the applicant's development. A scan of competing projects under construction, planned or proposed gives an indication of potential market share. Comparable properties' performance will also assist in making the market for the use clear to reviewers.
- For projects with a lodging component, recent published data on occupancy rates and average daily rates (ADR) for the county or a competitive set, as well as visitation trends must be included.
- Absorption must be provided on an annual basis for all uses and projected through buildout.
- Residential unit demand must be segmented into the residential types described by the 2050 legislation below and found in Appendix Table 3:

Development Program	**Applicable for:**
Estate House	Hamlet/Village/Settlement
Front-Loaded Detached Single Family Residential Type 1	Hamlet/Village/Settlement
Front-Loaded Detached Single Family Residential Type 2	Hamlet/Village/Settlement
Front-Loaded Detached Single Family Residential Type 3	Village/Settlement
Rear-Loaded Detached Single Family Residential Type 1	Hamlet/Village/Settlement
Rear-Loaded Detached Single Family Residential Type 2	Village/Settlement
Attached Residential Type 1	Hamlet/Village/Settlement
Attached Residential Type 2	Village/Settlement
Apartment	Village/Settlement
Residential Over Non-Residential	Village/Settlement
Live-Work Unit	Village/Settlement

- Source information for data must be clearly provided within the market study.
- Deviations from the baseline submitted development program are allowed. The deviations may present alternative development programs with unit counts, values and /or absorption that are supported by the market study, For example, if a deviation will substitute multifamily units for single family units, then market demand, pricing and absorption for multifamily must be supported by the market study. The fiscal impact of any deviation must present, at minimum, a fiscally neutral scenario.

11.2.14.c. *Fiscal Neutrality Plan: General Standards.*

2. *Baseline Assumptions.*

A. County Budgets

The most current available County budget at www.scgov.net is to form the basis of the revenues and expenses to be used for fiscal analysis. At the release of the budget, the County will also have an auxiliary sheet of fund reconciliation—which funds are used for operating, capital, and debt—as a "map" for applicants' fiscal consultants. The current list of funds to be used, the basis of analysis, and the FY15 value is included as an appendix.

B. Student Generation Rates

Analysts must use the following rates by housing type and school type, unless otherwise guided by the school district. These multipliers will be updated periodically and adjusted to more accurately reflect the school age population. Analysts must ensure that the student generation numbers being employed in the calculations are current. Sarasota County Schools are the source for student generation multipliers used in fiscal neutrality analysis calculations.

	All	Elem	Middle	High
Composite Single Family	0.283	0.127	0.072	0.084
Multiplier Multi Family	0.061	0.029	0.016	0.015

Source: Impact Fees for Educational Facilities, Sarasota County: Henderson & Young, January 13, 2004; Composite multiplier developed by Department of Urban & Regional Planning, University of Florida. Retrieved from 2008 Sarasota City School facility Support Document

C. Employment Rates

Employment generation for commercial space must be evaluated using the following factors per square foot of employment as guidelines, realizing that actual employment density may vary by specific project details (see Appendix table 4 for sources for employment). If there is a rationale for using another method for employment, the consultant must clearly state the method and any sources. The following guidelines must be used in absence of other documented employment generation rates (Source: *Planners Estimating Guide: Projecting Land Use and Facility Needs* by Arthur C. Nelson, FAICP, Planners Press, American Planning Association, 2004):

- Office: 350 square feet per employee
- Retail: 671 square feet per employee
- Industrial: 500 square feet per employee
- Hotel: 0.74 employees/room

D. Vacancy Rates

For determining occupied housing and commercial space, unless otherwise indicated in the market study, assume a stabilized occupancy (Source: Planners Estimating Guide: Projecting Land Use and Facility Needs by Arthur C. Nelson, FAICP, Planners Press, American Planning Association, 2004):

- Single Family Residential 97%
- Multifamily Residential 92%
- Commercial 95%
- Hotel 97%

E. Inflation

Fiscal results must be presented without inflation—in constant year dollars of the year of application—otherwise known as a “real dollar” analysis. This enables comparison between years and between projects. Any real growth in values or other costs must be supported with data from the market study or other reliable sources.

11.2.14.c. *Fiscal Neutrality Plan: General Standards.*

3. *Facility Assessment.*

A. Code Provision:

The level of service standards adopted in the Comprehensive Plan for each of the required services and facilities and which are consistent with the requirements of Article VII, Chapter 94 *of the Sarasota County Code pertaining to Concurrency Management.*

The additional level of service standard for Recreational Space, Schools, and Fire/Rescue Services that is required under these standards. (See subsections 11.2.10.e., 11.2.11.b, and 11.2.11.c.)

For those services and facilities that do not have either an adopted level of service standard in the Comprehensive Plan or Article VII, Chapter 94 *of the Sarasota County Code pertaining to Concurrency Management or an alternate level of service standard adopted within the Village or Hamlet Planned Development District standards, the current delivered level of service for/within the urban area at the time of fiscal neutrality testing that is provided by the County or other applicable service provider for that facility or service is hereby adopted as the level of service standard for the purposes of Fiscal Neutrality.*

B. Guidance:

For each category of capital expenses, an evaluation of any extraordinary expenses must be discussed with county personnel.

A complete Fiscal Neutrality Plan must present an analysis of the following facilities and services based on the proposed development program:

- Both localized and Countywide impacts on County, City, State, and Federal transportation facilities (Note: the transportation related components shall be analyzed as a separate item from the remaining items. See 5. Additional Facility Requirements below).
- Public transit
- Schools
- Water supply and delivery (Note: water supply facilities and services needs should be prepared in consultation with County water officials)
- Sewage transmission and treatment (prepared in consultation with County water services staff)
- Solid waste
- Storm and surface water management (in consultation with County staff)
- Law enforcement
- Fire and emergency management
- Justice
- General government
- Libraries

- Parks and recreation
- Public hospitals

Use this guide and the tables in the Appendices to guide your calculations. If deviations from the proposed development program are included in the submission, those deviations should also be analyzed relative to their respective impacts on the facilities and services specified.

11.2.14.c. *Fiscal Neutrality Plan: General Standards.*

4. *Capital Improvements Plan / Financing Program.*

A. Code Provision:

The applicant will prepare and include a facilities or capital improvements plan and financing program that is designed to provide adequate facilities to serve the development in accordance with the level of service standards and to construct and maintain all required infrastructure. For off-site impacts, the total proportionate share cost of infrastructure shall be included.

The Plan shall include reasonable estimates of the cost of such facilities, prepared by a civil engineer, registered in the state of Florida.

The Plan shall include the methodology used to estimate the value of land for facility construction.

All calculations of costs shall be based on current cost data.

Fiscal Neutrality for funds that are not fungible (i.e., generally enterprise funds) shall be measured separately.

B. Guidance:

Use the recommended sources and tables from this guide and appendices to help calculate how the proposed development program impacts facilities or capital requirements to maintain level of service standards.

Cite all sources used for assumptions of pricing, absorption and value. A market analysis is required to back-up the development program assumptions to present evidence of market support for pricing and absorption assumptions.

The sample input tables in the appendices offer methods to calculate how the development program will impact measured facilities and services.

11.2.14.c. *Fiscal Neutrality Plan: General Standards.*

5. *Additional Facility Requirements.*

A. Code Provision:

Parks, Schools, Stormwater. Land dedications that are identified as a part of a development approval as a means of meeting the requirements of Fiscal Neutrality, including any required easements, dedications or reservations shall have their property value established for the purpose of fiscal neutrality at the time of approval of the Master Land Use Plan.

B. Guidance:

For projects that require improvements to roadways to ensure adequate capacity, the proportionate share of roadway improvements will also be considered an expense, which should be offset with lump sum payments recorded as revenues. The amount of proportionate share of improvements that is to be assigned to the new development is negotiated with County transportation and planning officials. That amount is credited against other fees that may be charged to the development.

11.2.14.c. *Fiscal Neutrality Plan: General Standards.*

6. *Financing Strategy.*

A. Code Provision:

The applicant shall prepare and submit a financial strategy to construct and maintain all required infrastructure and all required services. Community Development Districts are the preferred financing technique for infrastructure needs. The financial strategy shall not result in any increase in taxes, assessments, fees or indebtedness upon the people of Sarasota County other than the property owners within the Village, Hamlet or Settlement Area as applicable due to the project.

B. Guidance:

Prepare a financing strategy that clearly shows sources and uses of funds that will be necessary to construct and maintain all of the required infrastructure and services. Should the applicant choose not to use the preferred Community Development Districts (CDD) structure to finance infrastructure needs, the plan must clearly explain what alternative is being proposed and how that alternative will be sufficient to cover the costs.

11.2.14.d. *Approval of Methodology*.

A. Code provision:

An applicant shall provide a determination of Fiscal Neutrality and a Fiscal Neutrality Plan based upon a methodology approved by the County specifically for use in Fiscal Neutrality Plans.

B. Guidance:

This Fiscal Neutrality Guide serves as the approved methodology. The authorization of this Fiscal Neutrality Guide is not intended to prevent an applicant from seeking to utilize an alternate methodology that is demonstrated to be appropriate on a case-by-case basis. Any alternative methodology used must be approved by County planning and financial management staff to determine if it is adequate to accurately determine fiscal neutrality of the proposed development.

11.2.14.e. *Administrative Procedures.*

A. Code provision:

The applicant shall submit the Fiscal Neutrality Plan including the estimates and calculations for school demands to the School Board for review and action prior to submission and review by the Board of County Commissioners.

Fiscal Neutrality Plans shall be reviewed and, if found fully correct, sufficient and compliant, certified by independent advisors retained by Sarasota County at the expense of the landowner, developer, or Community Development District prior to acceptance by the Board of County Commissioners. If a Fiscal Neutrality Plan is found incorrect, insufficient or noncompliant in any material regard by the independent advisor or otherwise by the Board of County Commissioners, the Plan shall be rejected until revised to the satisfaction of the advisor and the Board.

B. Guidance:

The market analysis and any supporting material used to determine values and absorption of the proposed development should be submitted a minimum of three (3) weeks before submission of the Fiscal Neutrality Plan so that the sources, methods and assumptions may be reviewed by county staff and the independent advisors. Comments will be prepared for the analyst so that any discussion of sources and disagreements on those assumptions may be resolved in advance of preparation and submission of the fiscal neutrality analysis.

The final market analysis, pricing and absorption analysis will be submitted with the fiscal neutrality plan to present the basis for values used in the analysis.

The Fiscal Neutrality Plan should include:

- The market, pricing and absorption analysis used as a basis for determining the development program and assumptions used in the Fiscal Neutrality Plan;
- A narrative report presenting the methodology, sources of data, assumptions, calculations and distribution of public revenues and public costs that result in a demonstration of fiscal neutrality.
- Any deviations being presented as alternative development programs that will result in maintaining fiscal neutrality and any mitigation strategies that will be used to ensure that a state of fiscal neutrality can be maintained.
- Spreadsheets that present the calculations made to determine fiscal neutrality. The spreadsheets should be in a form that allows reviewers to follow formulae used and allows a reviewer to trace sources of revenue to those expense categories required to be fiscally neutral by ordinance.

Appendix Tables