



**CITY OF SOUTHPORT
BOARD OF ALDERMEN
REGULAR MEETING AGENDA**
223 E. BAY STREET
July 18, 2022
6:00 PM

Agenda

Please turn off all cell phones

Meetings are open to the public. Face masks and social distancing may be used at the discretion of each individual. The Board of Aldermen reserve the right to make changes to this policy, as needed to help prevent the spread of the Coronavirus.

If you are not able to attend the Board of Aldermen meetings in person, the meeting will be available for you to watch via live-stream on the City of Southport website (<https://cityofsouthport.com/board-of-aldermen-meetings/>), Facebook page, and YouTube channel.

ETHICS STATEMENT:

"If any members know of any conflict of interest or the appearance of a conflict of interest concerning matters on the agenda, please so state at this time."

- A. Call to Order (Mayor Hatem and Planning Board Chair Sue Hodgins)**
- B. Invocation**
- C. Pledge of Allegiance**
- D. Approval of Agenda**
 - 1. Board of Aldermen
 - 2. Planning Board
- E. Agenda**
 - 1. Fiscal Analysis Review (Lucy Gallo, Development, Planning, and Financial Group)
 - 2. Infrastructure Impact Analysis Review (Brandon Inscore, Withers-Ravenel)
- F. Board Comments**
 - 1. Board of Aldermen
 - 2. Planning Board
- G. Adjourn**

FISCAL IMPACT ANALYSIS

INDIGO PLANNED UNIT DEVELOPMENT WITH COMPARATIVE ANALYSIS FOR ETJ R-20 ZONING

CITY OF SOUTHPORT, NC

JUNE 30, 2022

**PREPARED FOR:
CITY OF SOUTHPORT**

PREPARED BY:



**COLLABORATIVE PARTNER
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Executive Summary

Bald Head Limited and East West Partners (“Developers”) are proposing a mixed-use planned unit development for approximately 347-acres in Southport, North Carolina. The Indigo Planned Unit Development (“Indigo PUD” or “Project”) development program consists of 1,542 residential units, 70,000 square feet of commercial land uses, and a 10,000 square foot amenity center. The Developers plan to apply for annexation into the City.

In comparison, development of the parcels in the Extraterritorial Jurisdiction under the existing R-20 Zoning would generate approximately 550 single-family residential units. The homes would receive fire and EMS services from the Southport Fire District. However, the homes would not generate property tax or other revenue for the City and would not receive any other City services.

A comparison of the net fiscal impact of Scenario 1 and Scenario 2 is summarized below.

SCENARIO 1: INDIGO PUD FISCAL IMPACT

- Generate a total real property tax base of \$584.6 million
- Increase the City of Southport commercial property tax base by \$18.3 million
- Generate annual City of Southport real property tax revenue of \$2.3 million
- Generate annual Southport Fire District Fee revenue of \$468,000
- Generate total annual City of Southport general fund revenues of \$3.2 million
- Generate annual City of Southport general fund net fiscal benefit of \$1.4 million
- Annual net fiscal benefit will help offset City’s existing fixed capital and operating expenditures

SCENARIO 2: ETJ R-20 ZONING FISCAL IMPACT

- Generate annual Southport Fire District Fee revenue of \$219,000
- Require an annual subsidy from the City of Southport general fund of \$240,000 for Fire and EMS services

Introduction

Bald Head Limited and East West Partners (“Developers”) are submitting an application to rezone and annex into the City of Southport (“City”) the proposed Indigo Planned Unit Development (“Indigo PUD” or “Project”). The development program of the Project includes 1,542 residential units, 70,000 sq. ft. of commercial space, and a 10,000 square foot amenity center. A portion of the Project is located in the City’s corporate limits, but the majority of the Project is located within the City’s Extraterritorial Jurisdiction (“ETJ”). Scenario 1 presents the fiscal impact of the Project.

This study also includes a comparative fiscal analysis assuming the parcels in the City’s ETJ are developed under the existing R-20 Zoning. An annexation application is not considered likely under this scenario. According to estimates provided by the City, approximately 550 single family detached homes could be built under the existing R-20 Zoning. Scenario 2 presents the fiscal impact of those homes on the Southport Fire District.

SCENARIO 1 INDIGO PUD OVERVIEW

The proposed development program for the Indigo PUD is presented in Table 1.

Table 1: Indigo PUD Development Program

Residential Land Uses	Units
Marina Condo	120
Marina Townhome	60
Marina Duplex	8
Townhome	178
Duplex	108
SFD 35' Lot	98
SFD 50' Lot	100
SFD 60' Lot	224
SFD 70' Lot	226
SFD 80' Lot	59
SFD 90' Lot	61
Apartments	300
Total	1,542
Non-Residential Land Uses	Square Feet
Retail	20,000
Office	50,000
Total Commercial	70,000
Amenity	10,000
Grand Total	80,000

Source: East West Partners, DPGF, 2022

The 1,542 residential units are projected to generate 2,377 new residents as shown in Table 2.

Table 2: Indigo PUD Population Projection

Residential Land Uses	Units	Persons per Unit	New Residents
Marina Condo	120	1.05	126
Marina Townhome	60	1.46	87
Marina Duplex	8	1.46	12
Townhome	178	1.46	260
Duplex	108	1.46	157
Single Family Detached	768	1.85	1,421
Apartments	300	1.05	314
Total Residential Units	1,542	1.54	2,377

Source: East West Partners, 2020 ACS 5-Year Estimates, DPFG, 2022

As shown in Table 3, the 70,000 square feet of commercial land uses are expected to generate 186 new employees.

Table 3: Indigo PUD Commercial Development Program

Non-Residential Land Uses	Square Feet	Occupancy %	Occupied Sq. Ft.	Sq Ft per Employee	Employees
Retail	20,000	95%	19,000	450	42
Office	50,000	95%	47,500	330	144
Total	70,000		66,500		186

Source: ITE Trip Generation Manual 10th Edition, DPFG, 2022

SCENARIO 2 ETJ R-20 ZONING OVERVIEW

The proposed development program for the ETJ R-20 Zoning is presented in Table 4.

Table 4: ETJ R-20 Zoning Development Program

Residential Land Uses	Units
Single Family Detached	550
Total	550

Source: City of Southport, DPFG, 2022

The 550 residential units are projected to generate 1,018 new residents.

Table 5: ETJ R-20 Zoning Population Projection

Residential Land Uses	Units	Persons per Unit	New Residents
Single Family Detached	550	1.85	1,018
Total Residential Units	550	1.85	1,018

Source: City of Southport, 2020 ACS 5-Year Estimates, DPFG, 2022

This report analyzes the net fiscal economic impact generated by the residential and commercial components of the Indigo PUD and the residential development of the ETJ R-20 Zoning.

The key assumptions and methodologies used in the analysis are described in the Methodology section of this report. Supporting tables are provided in the Appendix.

Fiscal Impact – Scenario 1

CITY OF SOUTHPORT ANNUAL GENERAL FUND REVENUE

The real property tax base of the Indigo PUD at buildout is projected to be \$584.6 million as shown in Table 6.

Table 6: Indigo PUD Real Property Tax Base

Residential Land Use	Units	Tax Value (Jan 1, 2019) Per Unit	Tax Base
Marina Condo	120	\$ 303,000	\$ 36,360,000
Marina Townhome	60	\$ 463,000	27,780,000
Marina Duplex	8	\$ 339,000	2,712,000
Townhome	178	\$ 250,000	44,500,000
Duplex	108	\$ 339,000	36,612,000
SFD 35' Lot	98	\$ 260,000	25,480,000
SFD 50' Lot	100	\$ 314,000	31,400,000
SFD 60' Lot	224	\$ 425,000	95,200,000
SFD 70' Lot	226	\$ 496,000	112,096,000
SFD 80' Lot	59	\$ 568,000	33,512,000
SFD 90' Lot	61	\$ 660,000	40,260,000
Apartments	300	\$ 268,000	80,400,000
Residential Tax Base	1,542		\$ 566,312,000
Commercial Land Use	Sq Ft	Tax Value (Jan 1, 2019) Per Sq. Ft.	Tax Base
Retail	20,000	\$ 275	\$ 5,500,000
Office	50,000	\$ 256	12,800,000
Commerical Tax Base	70,000		\$ 18,300,000
Total			\$ 584,612,000

Source: East West Partners, City of Southport, DPGF, 2022

At buildout, the Indigo PUD is expected to generate annual real property tax revenue of \$2.3 million for the City.

Table 7: Indigo PUD Annual City Real Property Tax Revenue

Real Property Tax	Annual
Residential Real Property Tax Base	\$ 566,312,000
Commercial Real Property Tax Base	18,300,000
Total Real Property Tax Base	\$ 584,612,000
Property Tax Rate per \$100 Valuation	0.3956
Annual Real Property Tax	\$ 2,313,000
Collection %	98.00%
Annual Real Property Tax Net of Collection %	\$ 2,267,000

Source: East West Partners, City of Southport, DPGF, 2022

As shown in Table 8, the projected real property tax base of the Indigo PUD will increase by 65 percent the City's most recently published real property tax base.

Table 8: Indigo PUD Tax Base Compared to City of Southport Tax Base

Assessed Valuation 2020-2021	Annual
Total Taxable Real Property	\$ 898,376,312
Classified Registered Motor Vehicles	51,959,017
Taxable Personal Property	39,546,144
Public Service Company Property	81,502,732
Total Assessed Value	<u>\$ 1,071,384,205</u>
Indigo PUD Taxable Real Property	\$ 584,612,000
Southport Taxable Real Property	\$ 898,376,312
Indigo PUD as Percentage of Total City	65%

Source: NCDOR, City of Southport, DPFG, 2022

At buildout, the Indigo PUD is expected to generate annual business property tax revenue of \$7,000 for the City as indicated in Table 9.

Table 9: Indigo PUD Annual City Business Personal Property Tax Revenue

Business Personal Property	Annual
Commercial Assessed Value	\$ 18,300,000
% Furniture and Equipment	9%
Business Personal Property Assessed Value	<u>\$ 1,734,000</u>
Property Tax Rate per \$100 Valuation	0.3956
Annual Business Personal Property Tax	<u>\$ 7,000</u>
Collection %	98.00%
Annual Business Property Tax Net of Collection %	<u>\$ 7,000</u>

Source: East West Partners, NCDOR, DPFG, 2022

At buildout, Indigo PUD is projected to generate annual motor vehicle tax revenue of \$121,000 for the City by vehicles owned by the new residents as shown in Table 10.

Table 10: Indigo PUD Annual City Motor Vehicle Tax Revenue

Motor Vehicle Property Tax	Annual
Motor Vehicle Tax Base	
Countywide Motor Vehicle Valuation	\$1,792,669,509
County Population	137,530
Motor Vehicle Tax Base per Capita	<u>\$ 13,035</u>
Indigo PUD Population	2,377
Indigo PUD Motor Vehicle Tax Base	<u>\$ 30,984,195</u>
Property Tax Rate per \$100 Valuation	0.3956
Annual Real Property Tax	<u>\$ 123,000</u>
Collection %	98.00%
Annual Motor Vehicle Tax Net of Collection %	<u>\$ 121,000</u>

Source: NCDOR, DPFG, 2022

The Indigo PUD is projected to generate local option sales tax revenues for Brunswick County. Article 39 and Article 42 local option sales taxes are collected by the state and distributed to the county where the taxes are collected. Local option sales taxes are split between Brunswick County and its municipalities on a per capita basis.

Projected annual sales tax revenue is calculated in Table 11.

Table 11: Indigo PUD Annual City Sales Tax Revenue

Sales Tax Revenue	Annual
Local Option Sales Tax Revenue	\$ 1,365,000
City Population	4,059
Per Capita	\$ 336
Indigo PUD Resident Population	2,377
Total Annual Sales Tax Revenue	\$ 799,000

Source: NCDOR, City of Southport, DPGF, 2022

Projected other revenues expected to be generated by Indigo PUD at buildout are presented in Table 12.

Table 12: Indigo PUD Annual Other Revenues

Other Revenues	Annual
Beer and Wine Tax	18,900
Total Other Revenue	\$ 18,900
City Population	4,059
Per Capita	\$ 5
Indigo PUD Resident Population	2,377
Total Annual Other Revenues	\$ 12,000

Source: NCDOR, City of Southport, DPGF, 2022

The City's Development Services and Solid Waste Departments are projected to recover the cost of service in FY 2023 through fee revenue. It is assumed that full cost recovery for these departments will occur over the buildout of the Indigo PUD.

In total, the Indigo PUD is projected to generate annual general fund revenue of \$3.2 million for the City as shown in Table 13.

Table 13: Indigo PUD Annual City General Fund Revenue

Indigo PUD Buildout Analysis - General Fund		Annual	Annual Summary
Annual Revenues			
Property Tax Revenue:			
Real Property Taxes		\$ 2,267,000	
Business Personal Property Taxes		7,000	
Motor Vehicle Property Taxes		121,000	
Total Property Tax Revenue			\$ 2,395,000
Local Option Sales Tax Revenue			799,000
Other General Fund Revenues			12,000
Total Annual Revenues			\$ 3,206,000

Source: DPGF, 2022

CITY OF SOUTHPORT GENERAL FUND PER CAPITA EXPENDITURE ALLOCATION

Table 14 reflects the average cost used in projecting the impact of certain costs of the Indigo PUD on the City's General Fund. Detailed calculations are provided in the Appendix. Departmental impacts are discussed in detail in the sections that follow.

Table 14: Indigo PUD Annual General Fund Per Capita Expenditure Allocation

Department	FY 2023 Budget	Allocation Method	Town Allocation Base	Unit Cost (1)(2)	Indigo Allocation Base	Annual Cost Select Services
Board	\$ 257,923	Fixed	-	\$ -	-	\$ -
Administration	376,516	Case Study	-	\$ -	-	-
Finance (1)	447,863	Func Pop	4,894	\$ 28.03	2,241	63,000
Buildings & Grounds	1,259,311	Case Study	-	\$ -	-	-
Garage	336,747	Fixed	-	\$ -	-	-
Streets	801,592	Case Study	-	\$ -	-	-
Animal Protective Service	119,591	Resid Pop	4,059	\$ 29.46	2,377	70,000
Police (1)	2,078,618	Func Pop	4,894	\$ 46.09	2,241	103,000
Fire (1)	2,036,066	Fire District	12,844	\$ 21.02	2,377	50,000
Rescue EMS (1)	531,498	Func Pop	4,894	\$ 17.98	2,241	40,000
Development Services	597,322	Net Rev (Fixed)	-	\$ -	-	-
Parks and Recreation (2)	957,755	Resid Pop	4,059	\$ 127.64	2,377	303,000
Community Building	122,160	Fixed	-	\$ -	-	-
Community Relations	376,839	Fixed	-	\$ -	-	-
Solid Waste	242,069	Net Rev (Fixed)	-	\$ -	-	-
Powell Bill Fund	136,000	Net Rev (Fixed)	-	\$ -	-	-
Total General Fund Expenditures	\$ 10,677,870					\$ 629,000

(2) Finance, Police, Fire, and EMS are limited to Operating Costs. Case Study Approach for Personnel and Capital.

(1) Parks and Recreation is limited to Personnel and Operating Costs.

Source: City of Southport, DPGF, 2022

CITY ADMINISTRATION

Based on discussions with the City, the Indigo PUD is expected to require one administrative assistant. No additional capital needs were identified. Table 15 shows the projected personnel and operating expenditures of City Administration which total \$115,000.

Table 15: Indigo PUD Annual Administration Expenditures

Administration	Annual Amount
Personnel	
New Administrative Staff	
Annual Salary and Benefits per City	\$ 65,000
# New Administrative Staff	1
Annual Personnel Expenditures	\$ 65,000
Select Operating	
Departmental Supplies	\$ 15,000
Travel & Training	10,000
Communications	5,481
Emergency Preparedness	52,500
Other Services	3,150
Total	\$ 86,131
Town Residential Population	4,059
Per Capita	\$ 21.22
Indigo PUD Residential Population	2,377
Select Operating Expenditure Allocation	50,000
Total Annual Administration Expenditures	\$ 115,000

Source: City of Southport, DPFG, 2022

FINANCE DEPARTMENT

Based on discussions with the City, the Indigo PUD is expected to require two new staff accountants to serve the Project at buildout. Capital needs include additional office space. Table 16 shows the projected personnel, capital, and operating expenditures of the Finance Department which total \$296,000.

Table 16: Indigo PUD Annual Finance Expenditures

Finance Department	Annual Amount
Personnel	
New Finance Staff (Accountant)	
Annual Salary and Benefits per City	\$ 65,000
# New Finance Staff	2
Annual Personnel Expenditures	\$ 130,000
Finance - Operating (Table 14)	63,000
Facility Annual Debt Service (Table 17)	56,000
Facility Operations & Maintenance (Table 18)	47,000
Total Annual Finance Expenditures	\$ 296,000

Source: City of Southport, DPFG, 2022

The estimated annual debt service for a 1,500 square foot facility (or building expansion) is shown in Table 17.

Table 17: Indigo PUD Finance New Facility Annual Debt Service

Finance Department	Annual Amount
New Facilities	
Square Feet Needed	1,500
Cost per Square Foot	\$ 325
Facility Cost	\$ 487,500
Annual Debt Service	
Interest Rate	5.0%
Term, in years	15
Annual Debt Service	\$ 46,261
Annual Debt Service - Rounded	\$ 46,000
Furniture, Fixtures & Equipment	
As Percent of Facility Cost	9%
Estimated FF & E Cost	\$ 46,000
Interest Rate	5.0%
Term, in years	5
Annual Debt Service	\$ 10,417
Annual Debt Service - Rounded	\$ 10,000
Total Annual Debt Service	\$ 56,000

Source: City of Southport, DPFG, 2022

The annual operations and maintenance costs are estimated in Table 18 and were based on the FY 2023 budgeted costs for City Hall.

Table 18: Indigo PUD Finance New Facility Annual Operations and Maintenance

City Department	Annual Utility Cost
Administration	\$ 9,450
Finance	3,150
Buildings & Grounds	9,923
Garage	8,505
Streets	112,000
Police	2,625
Development Services	2,730
Community Building	15,000
Community Relations	10,500
Total	\$ 173,883
City Hall Square Feet	10,000
Annual Utility Cost per Square Foot	\$ 17.39
New City Facility Square Feet	1,500
Annual Utility Expenditures	\$ 26,000
New Finance Facilities	Annual R&M Cost
Repairs and maintenance	\$ 137,150
City Hall Square Feet	10,000
Annual R&M Cost per Square Foot	\$ 13.72
New City Facility Square Feet	1,500
Annual R&M Expenditures Cost	\$ 21,000
Annual Operations & Maintenance	\$ 47,000

Source: City of Southport, DPGF, 2022

CITY STREETS

It is assumed the internal streets of the Project will be constructed by the Developers according to North Carolina Department of Transportation (“NCDOT”) specifications and dedicated to the City who will then be responsible for ongoing maintenance.

The City’s infrastructure consultants performed an initial life cycle analysis of the proposed streets in the Indigo PUD and estimated the stabilized annual life cycle cost of maintaining the streets and stormwater system at \$200,000.

Table 19: Indigo PUD Annual City Street Expenditures

Public Works	Annual Amount
Stabilized annual life cycle cost - streets and stormwater	\$ 200,000

Source: City of Southport, DPGF, 2022

The Indigo PUD Transportation Impact Analysis (February 2022) (“TIA”), prepared by Kimley-Horn, was approved by the NCDOT on March 3, 2022. The TIA outlines the necessary offsite improvements.

POLICE

In FY 2023, the City added three full-time officers to enhance the level of service to the existing residents and businesses. The new positions include two officers for special patrol assignments and coverage for personnel leave and one new detective.

The Police Chief estimated the Indigo PUD will require six new patrol officers. Capital needs include new police vehicles and office and evidence storage space. Total projected costs were estimated at \$812,000 annually. Projected operating expenditures are estimated in Table 14. New facility annual debt service and annual operations and maintenance expenditures are estimated in Tables 21 and 22.

Table 20: Indigo PUD Police Department Expenditures

Police Department	Annual Amount
Annual Cost per New Police Officer per City	
Salary and Benefits	\$ 80,000
New Officer Upfit Cost	6,800
Vehicle - Annual Lease Expense	8,400
Total	\$ 95,200
Indigo PUD New Police Officers	6
Annual Police Personnel Expenditures	\$ 571,000
Operating (Table 14)	103,000
Facility Annual Debt Service (Table 21)	76,000
Facility Operations & Maintenance (Table 22)	62,000
Total Annual Police Expenditures	\$ 812,000

Source: City of Southport, DPF, 2022

The estimated annual debt service for a 2,000 square foot facility (or building expansion) is shown in Table 21.

Table 21: Indigo PUD Police New Facility Annual Debt Service

Police Department	Annual Amount
New Facilities	
Square Feet Needed	2,000
Cost per Square Foot	\$ 325
Facility Cost	\$ 650,000
Annual Debt Service	
Interest Rate	5.0%
Term, in years	15
Annual Debt Service	\$ 61,682
Annual Debt Service - Rounded	\$ 62,000
Furniture, Fixtures & Equipment	
As Percent of Facility Cost	9%
Estimated FF & E Cost	\$ 62,000
Interest Rate	5.0%
Term, in years	5
Annual Debt Service	\$ 14,040
Annual Debt Service - Rounded	\$ 14,000
Total Annual Debt Service	\$ 76,000

Source: City of Southport, DPFG, 2022

The annual operations and maintenance costs are estimated in Table 22 and were based on the FY 2023 budgeted costs for City Hall.

Table 22: Indigo PUD Police New Facility Annual Operations and Maintenance

City Department	Annual Utility Cost
Administration	\$ 9,450
Finance	3,150
Buildings & Grounds	9,923
Garage	8,505
Streets	112,000
Police	2,625
Development Services	2,730
Community Building	15,000
Community Relations	10,500
Total	\$ 173,883
City Hall Square Feet	10,000
Annual Utility Cost per Square Foot	\$ 17.39
New City Facility Square Feet	2,000
Annual Utility Expenditures	\$ 35,000
New Police Facilities	Annual R&M Cost
Repairs and maintenance	\$ 137,150
City Hall Square Feet	10,000
Annual R&M Cost per Square Foot	\$ 13.72
New City Facility Square Feet	2,000
Annual R&M Expenditures Cost	\$ 27,000
Annual Operations & Maintenance	\$ 62,000

Source: City of Southport, DPF, 2022

PARKS AND RECREATION

The City is undergoing the development of a Parks and Recreation master plan. As a result of the planning process, the City may choose to enhance the level of service for the City's Parks and Recreation facilities and programs. Because the outcome of the planning process and the funding of any future facilities and programs is unknown, it is assumed the level of service remains the same for purposes of this analysis.

Projected annual expenditures for Parks and Recreation services are estimated in Table 14 and total \$303,000.

According to the Developers, the open space features labeled as Central Park, Nature Park, and Linear Greens in the Indigo PUD are expected to be owned and maintained by a homeowners association.

FIRE AND EMS SERVICES

The Southport Fire District (“District”) provides fire and EMS services to residents and businesses within the District. A description of the primary equipment housed in the District’s four stations is as follows:

1. Headquarters – First-out Engine/Pumper (1000 gallons of water), 2000 gallon Tanker, 105’ Platform, Rescue/Service & Equipment Truck, Brush Truck, ATV/Wildland Unit and Ambulance Unit.
2. Downtown Substation – Engine/Pumper (1000 gallons of Water), Ambulance Unit, Water Rescue Boat and Utility Truck with Equipment (unmanned)
3. Long Beach Road Substation – Engine/Pumper (1000 gallons of Water), 55’ Ladder Truck with 500 gallons of water, Brush Unit, and ATV/Wildland Unit (unmanned)
4. Caswell Beach Substation – Engine/Pumper (1000 gallons of Water), 75’ Ladder Truck, Paramedic Unit, Water Rescue Boat, Jet Ski, ATV/Polaris Unit

The District purchased two new replacement engine/pumpers in FY 2022.

The boundary of the Southport Fire District extends well beyond the City’s corporate limits. The service population of the Fire District is 12,844 compared to the City’s current population of 4,059. As shown in Table 23, fire and EMS calls for service have grown significantly in recent years.

Table 23: Southport Fire District Calls for Service

Year	Fire Calls	EMS Calls
2021	769	2,190
2020	790	1,809
2019	755	1,970
2018	664	1,691
2017	518	1,562

Source: Southport Fire District, DPFG, 2022

The Brunswick County Fire Committee approved a 45 percent fee increase for the District effective in FY 2023. With the additional funding, the District plans to hire five new fire fighters to provide minimum coverage at the Headquarters and Caswell Beach stations.

A recap of the FY 2023 budgets for the Fire District is provided in Table 24. Fire services are funded primarily by fire fees, whereas EMS services are funded by ambulance revenues and an annual subsidy from the City’s General Fund.

Table 24: Southport Fire District FY 2023 Budget Summary

Fire District	Account Description	Fire District Annual Budget	Rescue EMS Annual Budget	Total Annual Budget
Revenue	Fire District Fees	\$ 1,875,184	\$ -	\$ 1,875,184
	Rescue Squad Fees	-	180,000	180,000
	Duke Energy	75,000	-	75,000
	Miscellaneous Grants	150,000	-	150,000
	Fire Response Fees	20,000	-	20,000
	Fire Miscellaneous Revenue	40,000	-	40,000
	Fire Inspection & Permit Fees	10,000	-	10,000
	Total	\$ 2,170,184	\$ 180,000	\$ 2,350,184
Expenditures	Fire			
	Personnel	\$ 1,332,135	\$ -	\$ 1,332,135
	Operating	270,000	-	270,000
	Capital Outlay - Equipment	42,000	-	42,000
	Debt Service	391,931	-	391,931
	Total	\$ 2,036,066	\$ -	\$ 2,036,066
Expenditures	Rescue EMS			
	Personnel	\$ -	\$ 380,498	\$ 380,498
	Operating	-	88,000	88,000
	Capital Outlay - Equipment	-	10,000	10,000
	Debt Service - Ambulance	-	53,000	53,000
	Total	\$ -	\$ 531,498	\$ 531,498
Net Revenue (City General Fund Subsidy)		\$ 134,118	\$ (351,498)	\$ (217,380)

Source: Southport Fire District, DPFG, 2022

The Indigo PUD is located within one mile of the Fire District Headquarters. The maximum building height in the City is 40 feet, and the District's 105 foot platform is sufficient for buildings of that height.

Projected Indigo PUD annual fire fee revenue is presented in Table 25. Although the Project's amenity center is assumed to be exempt from real property taxes, it will be subject to annual fire fees.

Table 25: Indigo PUD Annual Fire Fee Revenue

Residential Land Uses	Units	Fee Code	Heated Sq. Ft. per Unit	FY 2023 Annual Fee per Unit	Total Annual Fire District Fees
Marina Condo	120	A1	900	\$ 100.00	\$ 12,000
Marina Townhome	60	A3	2,400	\$ 399.00	23,940
Marina Duplex	8	A3	2,100	\$ 399.00	3,192
Townhome	178	A2	1,750	\$ 199.00	35,422
Duplex	108	A3	2,200	\$ 399.00	43,092
SFD 35' Lot	98	A2	1,600	\$ 199.00	19,502
SFD 50' Lot	100	A3	2,000	\$ 399.00	39,900
SFD 60' Lot	224	A3	2,500	\$ 399.00	89,376
SFD 70' Lot	226	A3	2,600	\$ 399.00	90,174
SFD 80' Lot	59	A4	3,000	\$ 598.00	35,282
SFD 90' Lot	61	A4	3,400	\$ 598.00	36,478
Apartments	300	A1	900	\$ 100.00	30,000
Total	1,542				\$ 458,358

Non-Residential Land Uses	Square Feet	Fee Code	Heated Sq. Ft.	Annual Fee per Unit	Total Annual Fire District Fees
Retail	20,000	D4	20,000	\$ 1,994.00	\$ 1,994
Office	50,000	D7	50,000	\$ 5,981.00	5,981
Total Commercial	70,000		70,000		\$ 7,975
Amenity	10,000	D3	10,000	\$ 1,595.00	1,595
Total Non-Residential	80,000		80,000		\$ 9,570

Total Annual Fire District Fee Revenue (Rounded)	\$ 468,000
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Source: Southport Fire District, DPGF, 2022

Projected Indigo PUD annual ambulance fee revenue is presented in Table 26.

Table 26: Indigo PUD Annual Ambulance Fee Revenue

Fire District	Account Description	Fire District Annual Budget
Revenues	Rescue Squad Fees	\$ 180,000
	Fire District Population	12,844
	Annual Fee per Capita	\$ 14
	Indigo PUD Resident Population	2,377
	Annual Rescue Squad Fees	\$ 33,000

Source: Southport Fire District, DPGF, 2022

The Fire Chief estimates three additional fire fighters and three advanced EMTs will be needed to serve the Indigo PUD. No capital needs were identified. An estimate of the annual personnel cost is shown in Table 27.

Table 27: Indigo PUD Annual Fire District Personnel Expenditures

Fire District Expenditures	#	Annual per Employee (1)	Annual Total
New Fire Fighters	3	\$ 70,000	\$ 210,000
Advanced EMT	3	\$ 75,000	225,000
Total Personnel Expenditures			\$ 435,000

(1) Salary and Benefits

Source: Southport Fire District, DPFG, 2022

Total annual fire and EMS expenditures are estimated in Table 28. The annual fire and EMS operating expenditures were calculated in Table 14.

Table 28: Indigo PUD Annual Fire District Expenditures

Fire District Expenditures	Annual Total
Fire Services	
New Personnel (Table 27)	\$ 210,000
Operating - Fire (Table 14)	50,000
Total Annual Fire Service Expenditures	\$ 260,000
EMS Services	
New Personnel (Table 27)	\$ 225,000
Operating - Fire (Table 14)	40,000
Total Annual EMS Service Expenditures	\$ 265,000

Source: Southport Fire District, DPFG, 2022

CITY OF SOUTHPORT ANNUAL NET FISCAL IMPACT

As shown in Table 29, at buildout the Indigo PUD is anticipated to generate an annual net fiscal benefit of \$1.4 million for the City. The annual net fiscal benefit will help offset the City's fixed capital and operating expenditures.

Table 29: Indigo PUD Net Fiscal Impact

Indigo PUD Buildout Analysis - General Fund		Annual	Annual Summary
Annual Revenues			
Property Tax Revenue:			
Real Property Taxes	\$	2,267,000	
Business Personal Property Taxes		7,000	
Motor Vehicle Property Taxes		121,000	
Total Property Tax Revenue			\$ 2,395,000
Local Option Sales Tax Revenue			799,000
Other General Fund Revenues			12,000
Total Annual Revenues			\$ 3,206,000
Annual Expenditures			
Administration	\$	115,000	
Finance		296,000	
Streets		200,000	
Animal Protective Service		70,000	
Police		812,000	
Parks and Recreation		303,000	
Total Annual Expenditures			1,796,000
Net Fiscal Benefit - Subtotal			\$ 1,410,000
Southport Fire District			
Fire District Fee Revenue	\$	468,000	
Fire Service Expenditures		260,000	
Fire Services Net Fiscal Impact		\$ 208,000	
Rescue Squad Fees		33,000	
EMS Service Expenditures		265,000	
EMS Services Net Fiscal Impact		\$ (232,000)	
Fire District Net Fiscal Benefit (General Fund Subsidy)			(24,000)
Annual Net Fiscal Benefit			\$ 1,386,000

Source: City of Southport, Southport Fire District, DPGF, 2022

Fiscal Impact – Scenario 2

CITY OF SOUTHPORT ANNUAL GENERAL FUND REVENUES

The Southport Fire District will provide fire and EMS services to the projected 550 single family detached homes in the ETJ R-20 Zoning.

Projected annual fire fee revenue is presented in Table 30.

Table 30: ETJ R-20 Zoning Annual Fire Fee Revenue

Residential Land Uses	Units	Fee Code	Heated Sq. Ft. per Unit	FY 2023 Annual Fee per Unit	Total Annual Fire District Fees
Single Family Detached	550	A3	2000-3000	\$ 399.00	\$ 219,450
Total	550				\$ 219,450
Total Annual Fire District Fee Revenue (Rounded)					\$ 219,000

Source: Southport Fire District, DPGF, 2022

Projected annual ambulance fee revenue is presented in Table 31.

Table 31: ETJ R-20 Annual Ambulance Fee Revenue

Fire District	Account Description	Fire District Annual Budget
Revenues	Rescue Squad Fees	\$ 180,000
	Fire District Population	12,844
	Annual Fee per Capita	\$ 14
	ETJ Resident Population	1,018
	Annual Rescue Squad Fees	\$ 14,000

Source: Southport Fire District, DPGF, 2022

CITY OF SOUTHPORT ANNUAL GENERAL FUND EXPENDITURES

The Fire Chief estimates three additional fire fighters and three advanced EMTs will be needed to serve the 550 homes in the ETJ R-20 Zoning. No capital needs were identified. An estimate of the annual personnel cost is shown in Table 32.

Table 32: ETJ R-20 Zoning Annual Fire District Personnel Expenditures

Fire District Expenditures	#	Annual per Employee (1)	Annual Total
New Fire Fighters	3	\$ 70,000	\$ 210,000
Advanced EMT	3	\$ 75,000	225,000
Total Personnel Expenditures			\$ 435,000

(1) Salary and Benefits

Source: Southport Fire District, DPGF, 2022

Table 33 reflects the average cost used in projecting the impact of certain costs of the ETJ R-20 Zoning on the Southport Fire District. Detailed calculations are provided in the Appendix.

Table 33: ETJ R-20 Zoning Annual Fire and EMS Per Capita Expenditure Allocation

Department	FY 2023 Budget	Allocation Method	Town Allocation Base	Unit Cost (1)(2)	ETJ Allocation Base	Annual Cost
Board	\$ 257,923	Fixed	-	\$ -	-	\$ -
Administration	376,516	Fixed	-	\$ -	-	-
Finance	447,863	Fixed	-	\$ -	-	-
Buildings & Grounds	1,259,311	Fixed	-	\$ -	-	-
Garage	336,747	Fixed	-	\$ -	-	-
Streets	801,592	Fixed	-	\$ -	-	-
Animal Protective Service	119,591	Fixed	-	\$ -	-	-
Police	2,078,618	Fixed	-	\$ -	-	-
Fire (1)	2,036,066	Fire District	12,844	\$ 21.02	1,018	21,000
Rescue EMS (1)	531,498	Func Pop	4,894	\$ 17.98	925	17,000
Development Services	597,322	Fixed	-	\$ -	-	-
Parks and Recreation	957,755	Fixed	-	\$ -	-	-
Community Building	122,160	Fixed	-	\$ -	-	-
Community Relations	376,839	Fixed	-	\$ -	-	-
Solid Waste	242,069	Fixed	-	\$ -	-	-
Powell Bill Fund	136,000	Fixed	-	\$ -	-	-
Total General Fund Expenditures	\$ 10,677,870					\$ 38,000

(1) Fire, and EMS are limited to Operating Costs. Case Study Approach for Personnel and Capital.

Source: Southport Fire District, DPGF, 2022

Total annual fire and EMS expenditures are estimated in Table 34.

Table 34: ETJ R-20 Zoning Annual Fire District Expenditures

Fire District Expenditures	Annual Total
Fire Services	
New Personnel (Table 32)	\$ 210,000
Operating - Fire (Table 33)	21,000
Total Annual Fire Service Expenditures	<u>\$ 231,000</u>
EMS Services	
New Personnel (Table 32)	\$ 225,000
Operating - Fire (Table 33)	17,000
Total Annual EMS Service Expenditures	<u>\$ 242,000</u>

Source: Southport Fire District, DPGF, 2022

CITY OF SOUTHPORT ANNUAL NET FISCAL IMPACT

As shown in Table 35, at buildout the ETJ R-20 Zoning is anticipated to generate an annual net fiscal subsidy from the City of (\$240,000).

Table 35: ETJ R-20 Zoning Net Fiscal Impact

ETJ R-20 Zoning Southport Fire District	Annual	Annual Summary
Fire District Services		
Fire District Fee Revenue	\$ 219,000	
Fire Service Expenditures	<u>231,000</u>	
Net Fiscal Benefit (General Fund Subsidy)		\$ (12,000)
EMS Services		
Rescue Squad Fees	14,000	
EMS Service Expenditures	<u>242,000</u>	
Net Fiscal Benefit (General Fund Subsidy)		(228,000)
Annual Net Fiscal Benefit (General Fund Subsidy)		<u>\$ (240,000)</u>

Source: Southport Fire District, DPGF, 2022

Key Assumptions and Methodology

The objective of fiscal impact analysis is to estimate the financial impacts of a development or land use change on the revenues and expenditures of the governmental units affected by the development. The analysis evaluates the fiscal characteristics of the proposed development and is designed to help local governments measure the estimated difference between anticipated revenues and the related costs of the new development.

The Government Finance Officers Association (“GFOA”)¹ outlines the most common methods for estimating service costs in fiscal impact analysis as: average cost, marginal cost, comparisons to other governments and econometric modeling. In many cases, fiscal impact analysis uses a combination of these methods to generate a projection.

The fiscal impact analysis in this report uses a marginal/average cost hybrid methodology to determine the fiscal impact of Scenario 1 and Scenario 2. Revenues, such as property taxes, were projected on a marginal basis, whereas certain revenues attributable to growth were reflected on an average basis. A case study approach was used for revenue and cost assumptions developed on the marginal basis.

A case study approach was used to determine the personnel and capital needs for the City’s Police, Fire, EMS, Streets, and Finance services. An average cost approach was used to estimate projected annual expenditures for Animal Protective Services and Parks and Recreation. An average cost approach was also used to estimate the operating impact of Police, Fire, EMS, and Finance services.

Allocation bases for the average cost approach include Residential Population (City and Southport Fire District) and the City’s Full-Time Equivalent Functional Population. The functional population approach allocates demand from residential and nonresidential development and accounts for people living and working in the City with time allocated based on place of residence and place of employment.

The City’s FY 2023 budget forms the basis for the service levels and revenue and cost assumptions. An evaluation of each department, and line items within, was performed to determine which costs are variable (likely to fluctuate with growth or fixed (not likely to be impacted by growth due to available capacity or nature of the cost). This “snapshot” approach does not attempt to speculate how services, costs, revenues and other factors will change over time. Instead, it evaluates the fiscal impact to the City as it conducts business under the current budget.

The City’s FY 2023 adopted property tax rate of \$0.3956 per \$100 assessed value was held constant in this analysis. Supporting tables are provided in the Appendix. All amounts in this

¹ Michael J. Mucha, “An Introduction to Fiscal Impact Analysis for Development Projects,” (white paper, Government Finance Officers Association, 2007), www.gfoa.org

report are presented in constant dollars (2022). Results are rounded to the nearest one thousand dollars (\$1,000).

East West Partners provided the estimated market values in 2022 dollars for the residential and commercial components of the Indigo PUD. The values are based on the Company's internal market analysis as well as the market research by third-party consultants.

North Carolina law requires all counties to reappraise real property every eight years. Brunswick County's last reappraisal became effective January 1, 2019, so estimated market values (2022) were converted to taxable values by applying (1) a relevant cost index to adjust values to the most recent reappraisal value and (2) a cost of sales factor.

The impacts of self-supporting funds (e.g., enterprise funds) were not included in this analysis as is typical in fiscal impact analysis. Utility rates and capacity fees are established through independent studies. Public utilities generally benefit from economies of scale (i.e., more customers) since rate structures are dependent upon recovering infrastructure costs which are considered fixed from a cost accounting perspective.

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of June 2022 and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

APPENDIX

Appendix Table 1: Fiscal Assumptions

\$ 0.3956	FY 2022 Property Tax Rate per \$100 valuation
98.0%	Collection % 2022-23 Budget
\$ 1,792,669,509	2020-21 County Motor Vehicle Valuation
\$ 2,449,138,271	2020-21 County Taxable Personal Property (NCDOR)
\$ 25,854,732,100	2020-21 County Taxable Real Property (NCDOR)
9%	Business Personal Property Percentage
137,530	Countywide Population NCDOR (March 2022)
4,059	City Population - NCDOR (March 2022)
1,385	City Employed Population 16+ 2019 ACS 5-Year
12,844	Southport Fire District Population (Brunswick County)
	Census.Gov Single Family Construction Price Index
174.4	Index (March 2022)
132.4	Index (December 2018)
0.76	Index to Revalue to January 1, 2019\$
6%	Residential Cost of Sales Factor
	Census.Gov Multi-Family Construction Price Index
191.6	Index (Q1 2022)
178.8	Index (December 2018)
0.93	Index to Revalue to January 1, 2019\$
	Turner Building Cost Index
1,255.0	Index (Q1 2022)
1,096.0	Index (2018)
0.87	Index to Revalue to January 1, 2019\$
10%	Commercial Cost of Sales Factor
	Financing Assumptions
5.0%	Interest Rate
15	New Facility Term, in years
5	New FF&E Term, in years
10,000	Southport City Hall Square Feet

Source: City of Southport, NCDOR, DPFG, 2022

Appendix Table 2: City of Southport Persons per Housing Unit

Housing Type	Total Units B25024	Units	Population B25033	Persons per Housing Unit
1, detached	1,619			
1, attached	201	1,820	3,368	1.85
2	66			
3 to 4	41	107	156	1.46
5 to 9	49			
10 to 19	36			
20 to 49	41			
50 or more	-	126	132	1.05
Mobile Home	38	38	22	0.58
Boat, RV, Van	-	-	-	
Total	2,091	2,091	3,678	1.76

Town Home	1.46
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Source: 2020 ACS (City of Southport) 5-Year Estimates, DPFG, 2022

Appendix Table 3: Indigo PUD Residential Tax Values

Residential Land Use	Market Value per Unit (2022\$)	Construction Price Index	Adjusted	Cost of Sales Factor	Tax Value (Jan 1, 2019) Per Unit
Apartments	\$ 345,000	0.93	\$ 322,000	6%	\$ 303,000
Marina Townhome	\$ 650,000	0.76	\$ 493,000	6%	\$ 463,000
Marina Duplex	\$ 475,000	0.76	\$ 361,000	6%	\$ 339,000
Townhome	\$ 350,000	0.76	\$ 266,000	6%	\$ 250,000
Duplex	\$ 475,000	0.76	\$ 361,000	6%	\$ 339,000
SFD 35' Lot	\$ 365,000	0.76	\$ 277,000	6%	\$ 260,000
SFD 50' Lot	\$ 440,000	0.76	\$ 334,000	6%	\$ 314,000
SFD 60' Lot	\$ 595,000	0.76	\$ 452,000	6%	\$ 425,000
SFD 70' Lot	\$ 695,000	0.76	\$ 528,000	6%	\$ 496,000
SFD 80' Lot	\$ 795,000	0.76	\$ 604,000	6%	\$ 568,000
SFD 90' Lot	\$ 925,000	0.76	\$ 702,000	6%	\$ 660,000
Apartments	\$ 305,000	0.93	\$ 285,000	6%	\$ 268,000

Source: City of Southport, Brunswick County, Census.Gov Construction Price Index, DPFG, 2022

Appendix Table 4: Indigo PUD Commercial Tax Values

Commercial Land Use	Market Value per Sq. Ft. (2022\$)	Construction Price Index	Adjusted	Cost of Sales Factor	Tax Value (Jan 1, 2019) Per Sq. Ft.
Retail	\$ 350	0.87	\$ 306	10%	\$ 275
Office	\$ 325	0.87	\$ 284	10%	\$ 256

Source: City of Southport, Brunswick County, Turner Building Index, DPFG, 2022

Appendix Table 5: Full-Time Equivalent Functional Population – City

Indigo PUD Scenario 1				
Full-Time Equivalent Functional Population				
Description	Southport Population	24/7 Functional Population		24/7 Functional Population
		Coefficient		%
Working $\left[\frac{(24 \times 7) - (9 \times 5)}{(24 \times 7)}\right]$	1,385	0.7321	1,014	
Non-Working (24/24)	2,674	1.0000	2,674	
Permanent Population	4,059	0.9086	3,688	75%
Employment Population				
Agriculture Forestry, Fishing, & Hunting	14	0.3002	4	
Construction	52	0.3002	16	
Manufacturing	16	0.2904	5	
Transportation	442	0.3002	133	
Communication	9	0.3002	3	
Utility	26	0.3002	8	
Wholesale Trade	20	0.3095	6	
Retail Trade	781	0.8663	677	
Finance, Insurance, Real Estate	206	0.3064	63	
Hotels & Lodging	34	0.3714	13	
Automotive Services	19	0.3002	6	
Health Services	497	0.4747	236	
Legal Services	25	0.3064	8	
Education Institutions & Libraries	103	0.2679	28	
Other Services	493	0.3002	148	
Government	74	0.4066	30	
Unclassified	52	0.3002	16	
Total	2,863	0.4212	1,206	25%
Full-Time Equivalent Functional Population			4,894	100%

Source: City of Southport, ESRI, Planner's Estimating Guide: Projecting Land-Use and Facility Needs, DPGF, 2022

Appendix Table 6: Full-Time Equivalent Functional Population – Indigo PUD

Indigo Scenario 1	24/7		24/7 Functional Population	%
	Estimated Residents/ Employees	Functional Population Coefficient		
Total Projected Residents	2,377	0.9086	2,160	
Projected Employees				
Retail	42	0.8663	36	
Office	144	0.3064	44	
Total Employees	186	0.4328	81	4%
Full-Time Equivalent Functional Population			2,241	4%

Source: City of Southport, Planner's Estimating Guide: Projecting Land-Use and Facility Needs, DPGF, 2022

Appendix Table 7: Full-Time Equivalent Functional Population – ETJ R-20 Zoning

Indigo Scenario 1	24/7		24/7 Functional Population	%
	Estimated Residents/ Employees	Functional Population Coefficient		
Total Projected Residents	1,018	0.9086	925	
Full-Time Equivalent Functional Population			925	

Source: City of Southport, Planner's Estimating Guide: Projecting Land-Use and Facility Needs, DPGF, 2022

Appendix Table 8: City of Southport FY 2023 General Fund Summary

Department	Personnel	Operating	Debt Service	Contingency	Capital Outlay	FY 2023 Budget
Board	\$ 30,476	\$ 196,915	\$ -	\$ 10,792	\$ 19,740	\$ 257,923
Administration	118,868	131,281	118,367	-	8,000	376,516
Finance	280,688	137,175	-	-	30,000	447,863
Buildings & Grounds	860,976	320,788	-	-	77,547	1,259,311
Garage	279,292	32,333	-	-	25,122	336,747
Streets	229,669	192,532	-	-	379,391	801,592
Animal Protective Service	87,435	25,331	-	-	6,825	119,591
Police	1,691,034	225,584	-	-	162,000	2,078,618
Fire	1,332,135	270,000	391,931	-	42,000	2,036,066
Rescue EMS	380,498	88,000	53,000	-	10,000	531,498
Development Services	486,054	96,673	-	-	14,595	597,322
Parks and Recreation	343,215	174,875	-	-	439,665	957,755
Community Building	44,660	29,500	-	-	48,000	122,160
Community Relations	268,839	98,000	-	-	10,000	376,839
Solid Waste	-	242,069	-	-	-	242,069
Powell Bill Fund	-	-	-	-	136,000	136,000
Total General Fund Expenditures	\$ 6,433,839	\$ 2,261,056	\$ 563,298	\$ 10,792	\$ 1,408,885	\$ 10,677,870

Source: City of Southport, DPFG, 2022

Appendix Table 9: Indigo PUD Per Capita Allocation Calculations

Department	FY 2023 Budget	Allocation Method	Town Allocation Base	Unit Cost (1)(2)	Indigo Allocation Base	Annual Cost Select Services
Board	\$ 257,923	Fixed	-	\$ -	-	\$ -
Administration	376,516	Case Study	-	\$ -	-	-
Finance (1)	447,863	Func Pop	4,894	\$ 28.03	2,241	63,000
Buildings & Grounds	1,259,311	Case Study	-	\$ -	-	-
Garage	336,747	Fixed	-	\$ -	-	-
Streets	801,592	Case Study	-	\$ -	-	-
Animal Protective Service	119,591	Resid Pop	4,059	\$ 29.46	2,377	70,000
Police (1)	2,078,618	Func Pop	4,894	\$ 46.09	2,241	103,000
Fire (1)	2,036,066	Fire District	12,844	\$ 21.02	2,377	50,000
Rescue EMS (1)	531,498	Func Pop	4,894	\$ 17.98	2,241	40,000
Development Services	597,322	Net Rev (Fixed)	-	\$ -	-	-
Parks and Recreation (2)	957,755	Resid Pop	4,059	\$ 127.64	2,377	303,000
Community Building	122,160	Fixed	-	\$ -	-	-
Community Relations	376,839	Fixed	-	\$ -	-	-
Solid Waste	242,069	Net Rev (Fixed)	-	\$ -	-	-
Powell Bill Fund	136,000	Net Rev (Fixed)	-	\$ -	-	-
Total General Fund Expenditures	\$ 10,677,870					\$ 629,000

(2) Finance, Police, Fire, and EMS are limited to Operating Costs. Case Study Approach for Personnel and Capital.

(1) Parks and Recreation is limited to Personnel and Operating Costs.

Source: City of Southport, DPFG, 2022

Appendix Table 10: ETJ R-20 Zoning Per Capita Allocation Calculations

Department	FY 2023 Budget	Allocation Method	Town Allocation Base	Unit Cost (1)(2)	ETJ Allocation Base	Annual Cost
Board	\$ 257,923	Fixed	-	\$ -	-	\$ -
Administration	376,516	Fixed	-	\$ -	-	-
Finance	447,863	Fixed	-	\$ -	-	-
Buildings & Grounds	1,259,311	Fixed	-	\$ -	-	-
Garage	336,747	Fixed	-	\$ -	-	-
Streets	801,592	Fixed	-	\$ -	-	-
Animal Protective Service	119,591	Fixed	-	\$ -	-	-
Police	2,078,618	Fixed	-	\$ -	-	-
Fire (1)	2,036,066	Fire District	12,844	\$ 21.02	1,018	21,000
Rescue EMS (1)	531,498	Func Pop	4,894	\$ 17.98	925	17,000
Development Services	597,322	Fixed	-	\$ -	-	-
Parks and Recreation	957,755	Fixed	-	\$ -	-	-
Community Building	122,160	Fixed	-	\$ -	-	-
Community Relations	376,839	Fixed	-	\$ -	-	-
Solid Waste	242,069	Fixed	-	\$ -	-	-
Powell Bill Fund	136,000	Fixed	-	\$ -	-	-
Total General Fund Expenditures	\$ 10,677,870					\$ 38,000

(1) Fire, and EMS are limited to Operating Costs. Case Study Approach for Personnel and Capital.

Source: City of Southport, DPFG, 2022



Development Impact Analysis

City of Southport, North Carolina



MEET YOUR TEAM



Steven Miller
Senior Project
Manager



Brandon Inscore
Asset Management
Practice Area Lead



Bob Chandler
Business
Development



Project Objectives



- Review developer schedule for new infrastructure
- Review most influential revenues and expenditures affected by development
- Provide 10-year Financial Analysis related to proposed planned use development

Assumptions - Revenues

Ad Valorem Property Tax:

- Based on FY23 budgeted rate of 39.56 cents per \$100 valuation, doesn't increase
- Property value equivalent to market value provided by Developer
- Collection Rate of 98% annually
- No Revaluation built into projections
- Revenue growth lags one year after build

Other major revenues sources (Sales Tax, ABC, Utility Franchise, Fire District Fees)

- Based on current per capita (~\$997) in same year of build

Annually Adjusted 1% growth

Assumptions - Expenses

Total Additional Expense Base - provided by DPFG's recent study in FY23 Values:

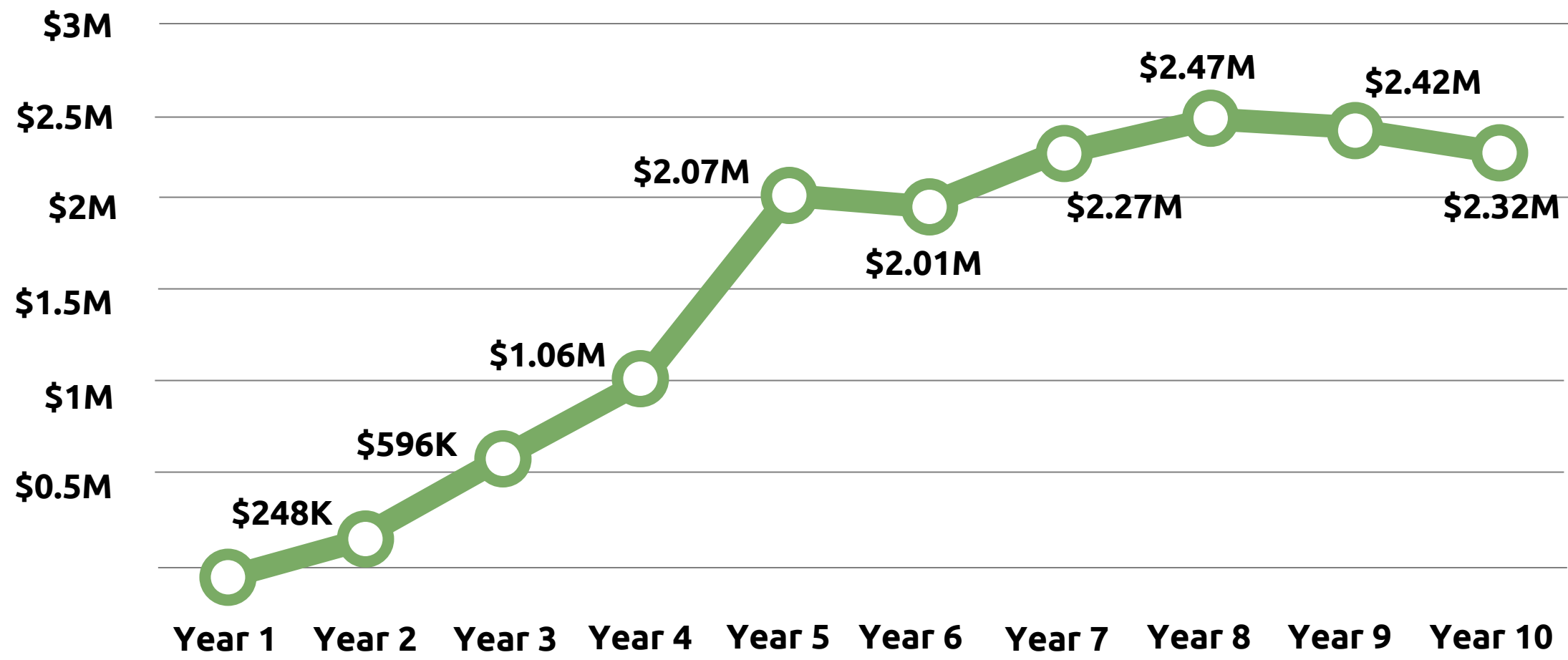
- General Fund \$1,796,000 (includes \$200,000 for pavement management)
- Fire \$260,000
- EMS \$265,000

Annual % of expense increase same as cumulative % of population growth, with one year lag.

Annually adjusted 4% growth

Base Model Analysis

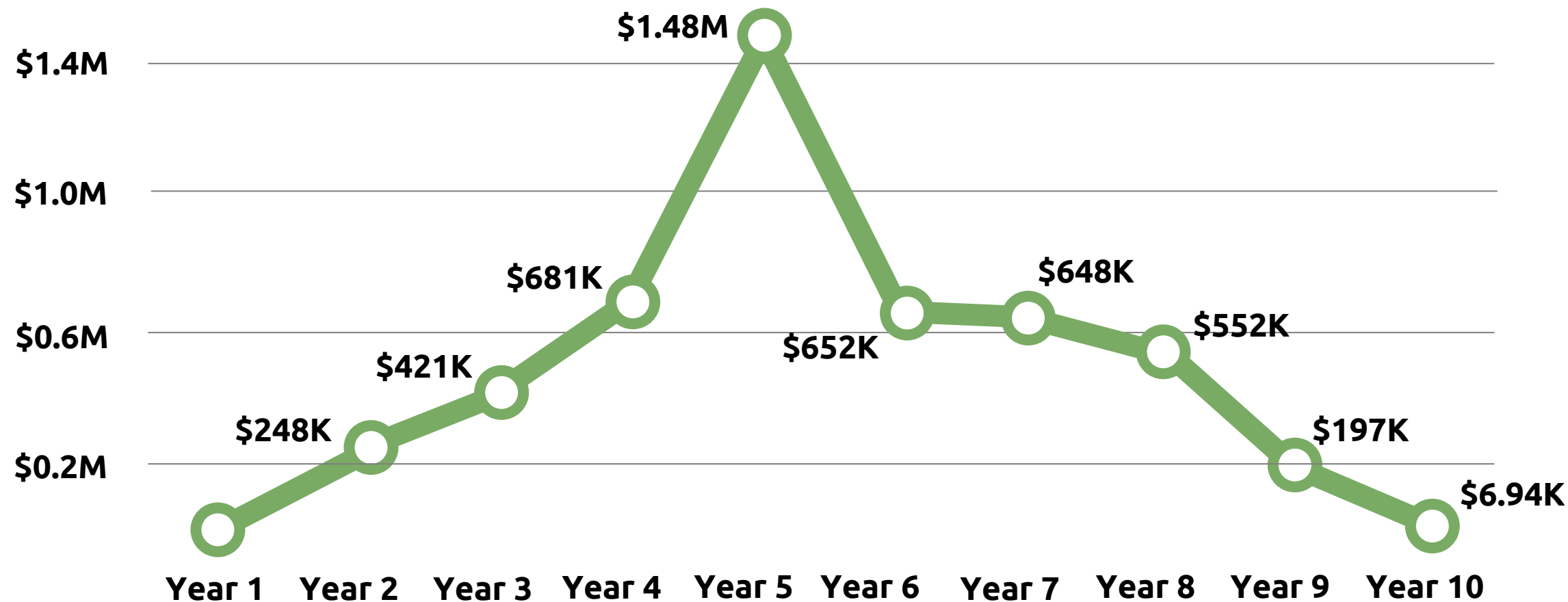
10 Year Cumulative Revenue Surplus \$15.5M



Expenses Exceed Projections by 70%

Scenario 1

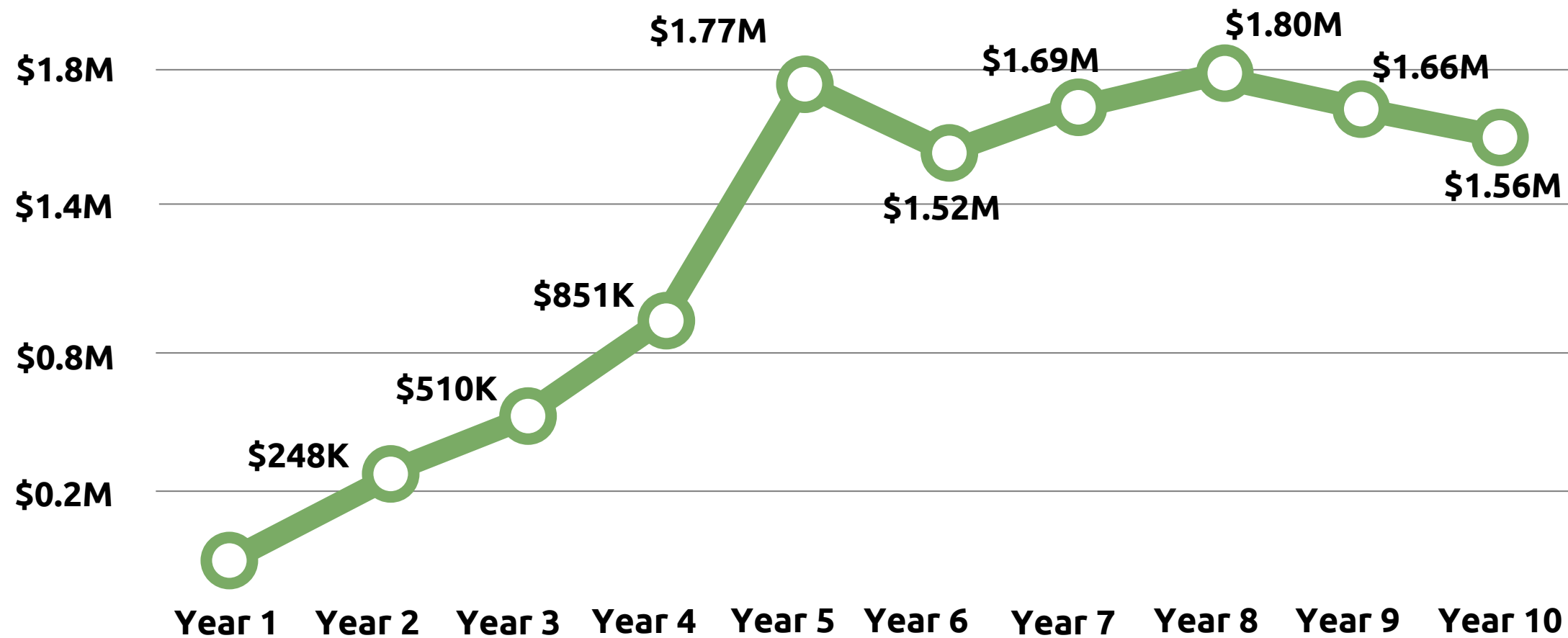
10 Year Cumulative Revenue Surplus \$4.89M



Property Tax Values Reduced 25%

Scenario 2

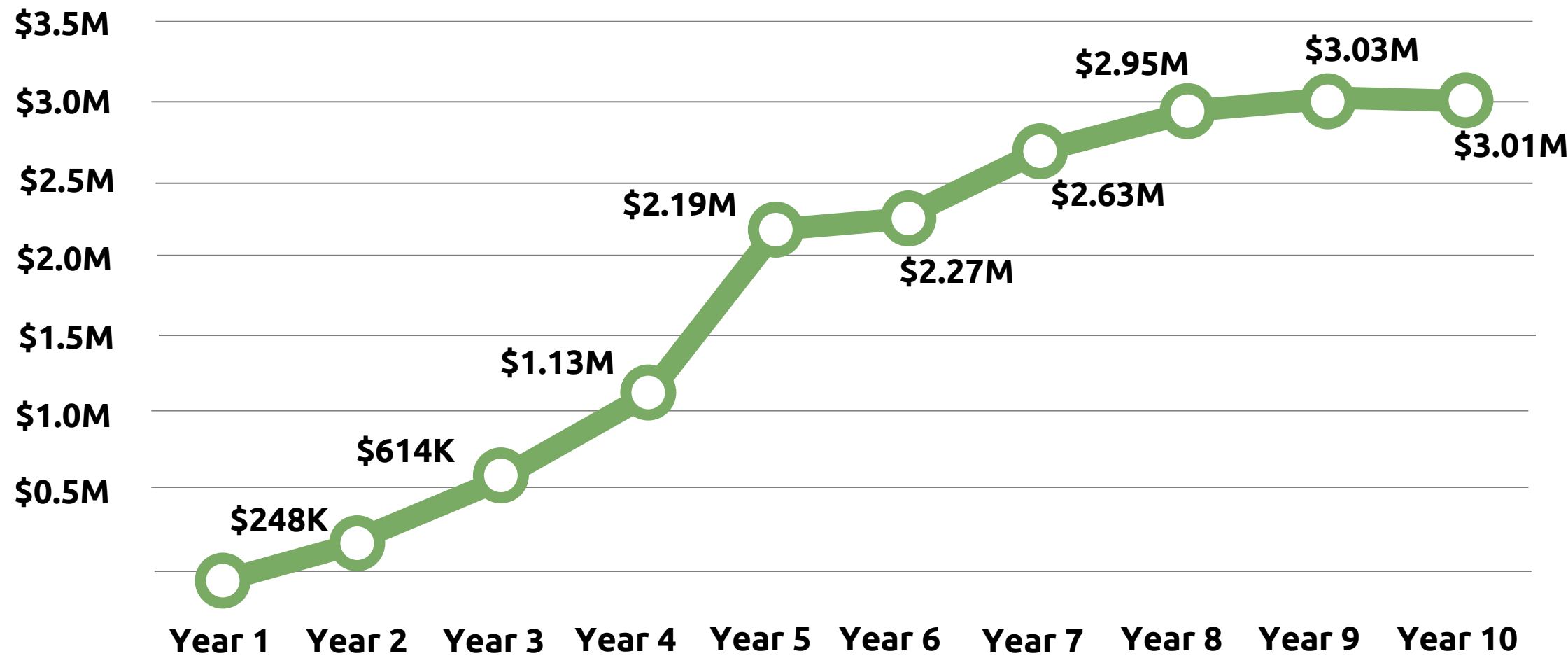
10 Year Cumulative Revenue Surplus \$11.61M



Annual Ad Valorem Tax Increase \$0.01

Scenario 3

10 Year Cumulative Revenue Surplus \$18.08M



Findings

Developer's schedule may greatly affect outcomes

- New revenues
- Expenditures

Analysis based on current fiscal year's data and projections of future events

Revenues may decline due to several risks:

- COVID-19 outbreaks
- Operating costs grow beyond projections
- Persistent high inflation and/or an economic downturn.

Findings

Ad valorem tax changes have less impact than new operating costs or developer property values

Location greatly influences operating costs and feasibility

- Project located near fire station, therefore minimal fire needs as per City staff
- No water and sewer needs by the City
- No stormwater needs as per City staff

Executive Summary

Financially Sustainable Development

Low Financial Risk

Benefit of Location

- Water
- Sewer
- Pavement (\$200K)
- Stormwater (Minimal)



Development Fiscal Impact Analysis

City of Southport, North Carolina

