

**AN ECONOMIC, FISCAL AND CAPITAL ASSET IMPACT ANALYSIS
OF THIRTEEN PROPOSED NEW DEVELOPMENTS ON THE
TOWN OF DENTON, MARYLAND**

Prepared for

**The Denton Town Council
Denton, Maryland**

by

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An Economic, Fiscal and Capital Asset Impact Analysis of Thirteen Proposed New Developments on the Town of Denton, Maryland

Executive Summary

There are thirteen development projects in various stages of the planning and development process proposed to be built in the Town of Denton, Maryland. At full build-out and occupancy, these thirteen projects will generate 4,136 housing units and 519,100 square feet of non-residential space in the Town. This report presents the fiscal and capital asset impacts of the proposed projects on the Town of Denton. In addition, this report presents the economic impact of the proposed projects on Caroline County.

The economic benefits generated by developing the proposed thirteen projects will contribute to the vitality of the Caroline County economy (of which the Town of Denton is a part). Over a twenty-year development period, the economic impact to the Caroline County economy of the development of all thirteen projects is estimated to be \$1.04 billion in construction spending outlays. On an annual basis, the estimated \$52.1 million in construction spending outlays contributes 7.9 percent to the 2004 Caroline County Gross County Product (in 2004 dollars). The net fiscal impact to the Town of Denton from the development of all thirteen proposed projects (at full build-out and occupancy) is estimated to be \$5.4 million annually. In addition, total real estate tax revenue to Caroline County from these thirteen projects (at full build-out and occupancy) is estimated to be \$10.9 million annually.

Economic Impact

An *economic impact* analysis estimates the number of new jobs created in the local economy as a result of the construction of new development, the spending effects (construction spending in the short term and annual household spending over the long-term), personal earnings (increased payroll spending), and the total contribution (the multiplier effect) to the local economy generated by these direct construction outlays. Caroline County will receive economic impacts (benefits) from these proposed thirteen communities.¹ The vitality of the Caroline County economy (of which the Town of Denton is included) is dependent on continuous increased investment in the County from both the residential and non-residential sectors. The proposed thirteen projects, at full build-out and occupancy, will contribute to the economic health and vitality of Caroline County as well as to the Town of Denton.

During the construction phase, economic impacts involve both on-site and off-site spending that supports locally based employment and personal earnings. Direct outlays during the construction phase will generate additional economic benefits in Caroline County, in the form of new jobs and related earnings. The total economic impact of construction-related

¹ The Bureau of Economic Analysis (BEA) does not prepare RIMS II Input-Output tables at the town level.

outlays on the Caroline County economy will total \$1.04 billion over the twenty-year construction period (or \$52.1 million per year) and create 6,705 new jobs with related personal earnings of \$271.1 million.

Direct and indirect economic benefits generated annually in the post-construction phase will create an important new source of income for the Caroline County economy. At build-out and occupancy, these thirteen projects will house 4,136 new households with an estimated weighted-average income of \$69,000 required to purchase these houses for a total of \$285.4 million in gross household income. Approximately 28 percent of this household income (or \$79.9 million) is estimated to be captured (spent) locally in the Caroline County economy. It is estimated that direct spending from these households will generate an additional \$24.0 million in indirect outlays for a total of \$103.9 million to the Caroline County economy. These economic benefits are summarized in Table 1-1.

Table 1-1
Economic Impact of Thirteen Proposed Projects on
Caroline County, Maryland

Economic Impacts	Direct Outlays	Indirect Outlays	Total Outlays
<i>During Construction</i>			
Residential	\$753,900,130	\$247,012,551	\$1,000,912,681
Non-Residential	\$ 31,012,152	\$ 10,161,015	\$ 41,173,167
Total Outlays	\$784,912,282	\$257,173,566	\$1,042,085,848
Total Estimated New Jobs			6,705
Total Estimated Personal Earnings			\$ 271,122,634
<i>Annual Household Spending at Full-Build Out and Occupancy</i>			
Residential	\$ 79,912,434	\$ 23,988,286	\$ 103,900,720
<i>Annual Contribution to the Gross County Product (GCP)</i>			
Total Annual Construction Outlays (20-year development period)			\$ 52,104,292
Total Caroline County GCP (2004)			\$ 661,400,000
Annual Contribution of Proposed Projects to GCP			7.9%

Source: Urban Analytics, Inc.; Center for Regional Analysis, The School of Public Policy, George Mason University *Note:* The Bureau of Economic Analysis (BEA) does not prepare RIMS II Input-Output tables at the town level. The actual length of the development period is subject to market conditions.

Fiscal Impact

A *fiscal impact* analysis estimates the type and dollar amount of new tax revenues generated by new land uses (at build-out and full occupancy) and the estimated expenditures required to provide public services to these new land uses. The difference between revenues and

expenditures is the *net fiscal impact*. When a land use generates revenues that exceed expenditures, that land use generates a net fiscal benefit (surplus) to the town. When a land use requires expenditures (public services) that exceed revenues, that land use generates a net fiscal burden (deficit) to the town. The fiscal benefits of the thirteen proposed projects planned to be built in the Town of Denton are summarized in Table 1-2.

Table 1-2
 Net Fiscal Impact of Proposed Land Uses
 "Composite" Town of Denton, Maryland
 (FYE June 30, 2004)

Land Use Type	Residential	Non-Residential	Total
<i>Town of Denton</i>			
Real Estate Revenues ¹	\$ 7,539,001	\$ 310,122	\$ 7,849,123
Non-Real Estate Revenues	\$ 2,088,132	\$ 378,462	\$ 2,466,594
Total Revenues	\$ 9,627,133	\$ 688,584	\$ 10,315,717
Total Expenditures	\$ 4,461,341	\$ 435,706	\$ 4,897,047
Net Revenue Surplus (Deficit) ²	\$ 5,165,792	\$ 252,878	\$ 5,418,670
<i>Caroline County</i>			
Real Estate Revenues ³	\$ 10,454,082	\$ 430,035	\$ 10,884,117

Source: Urban Analytics, Inc.

Note:

- 1 Based on Town of Denton FY2004 tax rate of \$0.60 per \$100 of assessed value.
- 2 Analysis based on full build-out and occupancy.
- 3 Based on Caroline County FY2004 tax rate of \$0.832 per \$100 of assessed value.

These estimated fiscal impact findings are based on a “composite” Town of Denton. The function of local town government in the Town of Denton and its capacity and ability to provide services after the thirteen proposed projects are fully built and occupied is based on a composite of the services currently provided in fiscal year 2004 in the towns of Denton and Easton, the city of Cambridge, and the counties of Caroline and Talbot. At full build-out and occupancy, the thirteen projects will generate an estimated net annual fiscal benefit to the Town of Denton totaling \$5,418,670 reflecting revenues of \$10,315,717 and expenditures of \$4,897,047. On a per-unit basis, the residential component of the thirteen projects would return to the Town of Denton a net fiscal benefit of \$1,249 per unit annually. Alternatively, the residential component of the thirteen projects will generate \$2.16 in revenues for each \$1 of added Town expenditures.

Capital Impact

The development of the proposed thirteen projects will also place demands on the Town’s general fund fixed assets. These general fixed assets currently include land, buildings and improvements, equipment and vehicles, and furniture and fixtures. As the town grows in size

and becomes more urbanized, the town will require additional capital assets (such as public safety and public works vehicles, office space to house additional town workers, and recreational facilities) to meet the needs of existing and new residents as well as the needs of existing and new workers who work in the town but may not necessarily live in the town. Additionally, the Town has identified a need to provide increased capital levels-of-service to existing residents and newcomers and has adopted a seven-year capital improvement plan (2005 – 2011).

Based on an analysis of the current general fund capital assets in the jurisdictions analyzed, and an analysis of the proposed capital improvement plan for the Town of Denton, a capital asset impact analysis was conducted to determine the estimated impact that 4,136 housing units (and the estimated 8,702 people residing in those units) would place on the future capital asset needs of the Town of Denton. These estimated capital asset impact fees by unit type are presented in Table 1-3.

Table 1-3
Capital Asset Impact Fee for the Thirteen Proposed Projects
“Composite” Town of Denton, Maryland
(FYE June 30, 2004)

Type of Unit	(Per-Unit) Capital Impact Fee	(Maximum) Total Capital Impact Fees
Non-Age-Restricted Housing		
Single Family	\$4,943	\$ 8,932,637
Town House	\$4,730	\$ 2,994,265
Two-Family Cottage	\$4,730	\$ 122,987
Live-Work Units	\$4,730	\$ 94,606
Multifamily (For Sale and For Rent)	\$4,283	<u>\$ 650,988</u>
Subtotal		\$12,795,483
Age-Restricted Housing		
Single Family	\$3,835	\$ 3,996,444
Town House	\$3,835	\$ 1,173,620
Two-Family Cottage	\$3,835	\$ 0
Live-Work Units	\$3,835	\$ 0
Multifamily (For Sale and For Rent)	\$3,835	<u>\$ 575,304</u>
Subtotal		\$ 5,745,368
Total Estimated Maximum Capital Impact Fees		\$18,540,851
Weighted-Average Impact Fee – All Units	\$4,483	

Source: Urban Analytics, Inc. *Note:* Total estimated maximum capital asset impact fees based on 4,136 units.

An Economic, Fiscal and Capital Asset Impact Analysis of Thirteen Proposed New Developments on the Town of Denton, Maryland

Introduction

The analysis in this report has the purpose of calculating the economic, fiscal and capital asset impacts of the construction of 4,136 housing units and 519,100 square feet of non-residential space in the Town of Denton. The analyses establish how many jobs and their associated personal earnings will be created by the proposed projects, the fiscal revenues generated by and the fiscal expenditures demanded by the residents and workers in the proposed projects, and the capital asset requirements that the Town of Denton will need to have in place in order to maintain, at full build-out and occupancy, a fiscal year 2004 level of service to all residents and workers in the Town. This report begins with a presentation of the building program for thirteen proposed projects planned to be built in the Town. Then, the economic impact on Caroline County and the fiscal impact on the Town of Denton of the proposed projects are discussed. In the last section of this report, the findings of the capital asset impact analysis are presented.

Building Program for Thirteen Proposed Projects

There are thirteen projects in various stages of the planning and development process proposed to be built in the Town of Denton. Of the thirteen projects, eight are planned for residential development only, three are planned for a combination of residential and non-residential development, and two are planned for non-residential development only. The building program for the proposed residential land uses by project is presented in Table 2-1. The summary of the proposed residential developments is shown in Table 2-2. There are 4,136 proposed residential units planned to be developed in the Town. Of the 4,136 residential units, 2,849 (or 68.9 percent) are planned as single family houses, 939 units (22.7 percent) are planned as town houses, 26 units (0.5 percent) are planned as two-family cottages, 151 units (3.7 percent) are planned as multifamily (for sale) housing, 151 units (3.7 percent) are planned for multifamily (for rent) housing, and the remaining 20 (or 0.5 percent) are planned as live-work units.

The average market value (in 2005/2006 dollars) is estimated to be \$342,300 for the single family units, \$258,900 for the town house units, \$210,000 for the two-family cottage units, \$180,000 for the multifamily (for sale) units, \$150,000 for the multifamily (for rent) units, and \$280,000 for the live-work units. For the economic and fiscal impact analysis, these values were adjusted downward (inflation-adjusted) to reflect 2004 average market values.

Table 2-1
Building Program
Proposed Residential Land Uses
Town of Denton, Maryland

Project	Units	2005/2006	2005/2006	2004	Total	Total
		Average Market Value	Gross Market Value	Gross Market Value ¹	Estimated Population	Estimated Students
<i>Edenton</i>						
Single Family	9	\$285,000	\$2,565,000	\$2,533,451	21	5
Subtotal	9	\$285,000	\$2,565,000	\$2,533,451	21	5
<i>Fearins</i>						
Town House	60	\$260,000	\$15,600,000	\$15,180,360	133	31
Subtotal	60	\$260,000	\$15,600,000	\$15,180,360	133	31
<i>Gannon's Purchase</i>						
Single Family	172	\$350,000	\$60,200,000	\$59,459,540	399	89
Two-Family Cottage	26	\$210,000	\$5,460,000	\$5,392,842	58	14
Town House	51	\$230,000	\$11,730,000	\$11,585,721	113	27
Live-Work Units	8	\$250,000	\$2,000,000	\$1,975,400	18	4
Subtotal	257	\$308,900	\$79,390,000	\$78,413,503	588	134
<i>Parkview</i>						
Single Family	26	\$320,000	\$8,320,000	\$8,096,192	60	14
Subtotal	26	\$320,000	\$8,320,000	\$8,096,192	60	14
<i>Mallard Landing</i>						
Single Family	86	\$325,000	\$27,950,000	\$27,198,145	200	45
Town House	98	\$250,000	\$24,500,000	\$19,403,495 ²	218	51
Subtotal	184	\$285,100	\$52,450,000	\$46,601,640	417	96
<i>The Gardens</i>						
Single Family	62	\$325,000	\$20,150,000	\$19,607,965	144	32
Subtotal	62	\$325,000	\$20,150,000	\$19,607,965	144	32
<i>The Vineyards</i>						
Single Family	170	\$325,000	\$55,250,000	\$53,763,775	394	88
Town House	88	\$250,000	\$22,000,000	\$21,408,200	195	46
Live-Work Units	12	\$300,000	\$3,600,000	\$3,503,160	27	6
Subtotal	270	\$299,400	\$80,850,000	\$78,675,135	616	140
<i>Sandy Meadows</i>						
Single Family	29	\$345,700	\$10,025,300	\$9,901,989	67	15
Town House	29	\$236,100	\$6,846,900	\$6,762,683	64	15
Subtotal	58	\$290,900	\$16,872,200	\$16,664,672	132	30
<i>Savannah Overlook</i>						
Single Family	161	\$300,000	\$48,300,000	\$47,705,910	374	84
Subtotal	161	\$300,000	\$48,300,000	\$47,705,910	374	84
<i>Trice Meadows</i>						
Single Family	49	\$260,000	\$12,740,000	\$12,583,298	114	25
Subtotal	49	\$260,000	\$12,740,000	\$12,583,298	114	25
<i>West Denton (No Age restrictions)</i>						
Single Family	1,043	\$350,000	\$365,050,000	\$360,559,885	2,420	542
Town House	307	\$265,000	\$81,355,000	\$80,354,334	682	160
Multifamily (For Sale)	76	\$180,000	\$13,680,000	\$13,511,736	153	61
Multifamily (For Rent)	76	\$150,000	\$11,400,000	\$11,259,780	153	61
Subtotal	1,502	\$313,900	\$471,485,000	\$465,685,735	3,407	824
<i>West Denton (Age-Restricted)</i>						
Single Family	1,042	\$350,000	\$364,700,000	\$360,214,190	1,876	0
Town House	306	\$265,000	\$81,090,000	\$80,092,593	551	0
Multifamily (For Sale)	75	\$180,000	\$13,500,000	\$13,333,950	135	0
Multifamily (For Rent)	75	\$150,000	\$11,250,000	\$11,111,625	135	0
Subtotal	1,498	\$314,100	\$470,540,000	\$464,752,358	2,696	0
Total-West Denton	3,000	\$314,000	\$942,025,000	\$930,438,093	6,103	824
Grand Total	4,136	\$309,300	\$1,279,262,200	\$1,256,500,218	8,702	1,414

Source:

Caroline County; U.S. Census Bureau; Town of Denton; Applicant (development/building company) data; Urban Analytics, Inc.

Note:

¹ Economic and fiscal impact analysis based on full build-out and occupancy in 2004.

² Weighted average value in 2004 of 49 units sold in 2004, 29 units sold in 2005 & 20 units yet to be sold.

**Table 2-2
Building Program - Summary
Proposed Residential Land Uses
Town of Denton, Maryland**

<u>Type of Unit</u>	<u>Units</u>	<u>2005/2006 Average Market Value</u>	<u>2005/2006 Gross Market Value</u>	<u>2004 Gross Market Value¹</u>	<u>Total Estimated Population²</u>	<u>Total Estimated Students²</u>
Single Family	2,849	\$342,300	\$975,250,300	\$961,624,339	6,068	940
Town House	939	\$258,900	\$243,121,900	\$234,787,385	1,956	329
Two-Family Cottage	26	\$210,000	\$5,460,000	\$5,392,842	58	14
Multifamily (For Sale)	151	\$180,000	\$27,180,000	\$26,845,686	288	61
Multifamily (For Rent)	151	\$150,000	\$22,650,000	\$22,371,405	288	61
Live-Work Units	<u>20</u>	<u>\$280,000</u>	<u>\$5,600,000</u>	<u>\$5,478,560</u>	<u>44</u>	<u>10</u>
Total	4,136	\$309,300	\$1,279,262,200	\$1,256,500,218	8,702	1,414

Source:

Caroline County Department of Planning & Codes Administration; Urban Analytics, Inc.; U.S. Census Bureau; Applicant (development/building company) data; Town of Denton.

Note:

¹ Economic and fiscal impact analysis based on full build-out and occupancy in 2004.

² The West Denton project is planned for 50% age-restricted units (with covenants), 25% active-adult units (without covenants), and 25% non-age-restricted units. Fiscal impact analysis based on 50% age-restricted units across all proposed housing unit types in the West Denton project.

In Table 2-3, the average household size and student generation factors by type of unit for all proposed residential land uses are presented. The average household size per unit for the non-age-restricted units is 2.32 for the single family units, 2.22 for the town house, two-family cottage, and live-work units, and 2.01 for the multifamily (for sale and for rent) units. These average household sizes at full build-out and occupancy were estimated for the “composite” Town of Denton. The basis for estimating these “composite” average household sizes was an examination of the 2000 U.S. Census population and average household sizes for the Town of Denton, the Town of Easton, the City of Cambridge, Caroline County, and Talbot County.

In 2000, the average occupied household size for the Town of Denton was 2.29 compared to 2.22 for the Town of Easton, 2.23 for the City of Cambridge, 2.64 for Caroline County, and 2.32 for Talbot County. In 2000, the household population in occupied housing units for the Town of Denton was 2,609 compared to 11,188 for the Town of Easton, 10,340 for the City of Cambridge, 29,319 for Caroline County, and 33,200 for Talbot County. The addition of the proposed thirteen projects (at full build-out and occupancy) is estimated to increase the size of the existing Town of Denton by a factor of 4.3, from 2,609 in 2000 to 11,311 at full build-out and occupancy. As the Town grows and becomes more urbanized, the average household size in the Town will begin to resemble that of other more urbanized towns surrounding the Town of Denton. It is projected that, at full build-out and occupancy of all thirteen projects, 8,702 new people will reside in the Town of Denton.

Table 2-3
Average Household Size and Student Generation Factor by Unit Type
Proposed Residential Land Uses
Town of Denton, Maryland

<u>Type of Housing Unit</u>	<u>Estimated Household Size</u>	<u>Estimated Students per Housing Unit</u>
<i>No Age restrictions</i> ¹		
Single Family	2.32	0.52
Town House	2.22	0.52
Two-Family Cottage	2.22	0.52
Live-Work Units	2.22	0.52
Multifamily (For Sale)	2.01	0.80
Multifamily (For Rent)	2.01	0.80
<i>Age-Restricted</i> ^{2,3}		
Single Family	1.80	0.00
Town House	1.80	0.00
Multifamily (For Sale)	1.80	0.00
Multifamily (For Rent)	1.80	0.00

Source:

Caroline County Department of Planning & Codes Administration; U.S. Census Bureau; Urban Analytics, Inc.

Note:

¹ Average household size per unit at full build-out and occupancy for "Composite" Town of Denton.

² Estimated household size per unit based on the national average.

³ Active-adult, age-restricted housing units do not have resident school-age children in accordance with the terms and conditions of the Housing for Older Persons Act of 1995 (HOPA).

Of the 4,136 proposed housing units planned to be built in the Town of Denton, 1,498 (or 36 percent) are planned as age-restricted housing units. Active-adult, age-restricted housing units do not have resident school-age children in accordance with the terms and conditions of the Housing for Older Persons Act of 1995 (HOPA). The average household size for the age-restricted units is 1.8 across all housing types. This estimated household size is based on the national average for age-restricted units. At full build-out and occupancy, it is estimated that 1,414 public school-age students will reside in the non-age-restricted housing units in the thirteen proposed projects.

Of the thirteen proposed projects planned to be built in the Town of Denton, three are planned for a combination of residential and non-residential development and two are planned for non-residential development only. The non-residential data for these five projects are presented in Table 2-4.

**Table 2-4
Building Program
Proposed Non-Residential Land Uses
Town of Denton, Maryland**

Type of Space	Square Feet	Hotel Rooms	Average Sq. Ft. Value	2004 Gross Market Value	Estimated Sq. Ft. per FTE Job	Estimated FTE Jobs Supported
<i>Denton Park Plaza</i>						
Office	13,392		\$ 110	\$ 1,473,120	300	45
Retail	24,608		\$ 100	\$ 2,460,800	450	55
<i>Subtotal</i>	<u>38,000</u>			<u>\$ 3,933,920</u>		<u>100</u>
<i>Gannon's Purchase</i>						
Live-Work Units	8,000		n/a ¹		300	27
<i>Subtotal</i>	<u>8,000</u>					<u>27</u>
<i>Legion Village</i>						
Office	10,000		\$ 110	\$ 1,100,000	300	33
Retail: Restaurant Pad #1	6,000		\$ 100	\$ 600,000	450	13
Retail: Restaurant Pad #2	6,000		\$ 100	\$ 600,000	450	13
Retail: Drugstore Pad #3	11,000		\$ 100	\$ 1,100,000	450	24
Retail: Bank Pad #4	4,500		\$ 100	\$ 450,000	450	10
Retail: Big Box #1	30,000		\$ 100	\$ 3,000,000	450	67
Retail: Big Box #2	30,000		\$ 100	\$ 3,000,000	450	67
Retail: Boutique Style #1	14,400		\$ 100	\$ 1,440,000	450	32
Retail: Boutique Style #2	29,200		\$ 100	\$ 2,920,000	450	65
<i>Subtotal - Retail</i>	<u>131,100</u>			<u>\$ 13,110,000</u>		<u>291</u>
Storage Building	3,000		\$ 25	\$ 75,000	n/a	0
<i>Subtotal - All Land Uses</i>	<u>144,100</u>			<u>\$ 14,285,000</u>		<u>324</u>
<i>The Vineyards</i>						
Retail	61,200		\$ 100	\$ 6,120,000	450	136
Office	10,800		\$ 110	\$ 1,188,000	300	36
Live-Work Units	12,000		n/a ¹		300	40
<i>Subtotal</i>	<u>84,000</u>			<u>\$ 7,308,000</u>		<u>212</u>
<i>West Denton</i>						
Retail	124,000		\$ 100	\$ 12,400,000	450	276
Office	31,000		\$ 110	\$ 3,410,000	300	103
Hotel (mid-market range)	90,000 ²	150	\$ 115	\$ 10,350,000	450	200
<i>Subtotal</i>	<u>245,000</u>			<u>\$ 26,160,000</u>		<u>579</u>
Total	519,100			\$ 51,686,920		1,242
<i>By Land-Use Type</i>						
Office	65,192			\$ 7,171,120		217
Retail	340,908			\$ 34,090,800		758
Live-Work Units	20,000			\$ -		67
Hotel	90,000	150		\$ 10,350,000		200
Storage	3,000			\$ 75,000		0
Total	519,100			\$ 51,686,920		1,242

Source: Applicant (development/building company) interviews
Urban Analytics, Inc.

Note: ¹ Included in average value of residential unit (see Table 2-1).

² Based on 600 square foot weighted average room size
(both rooms & conference facilities).

In 2004, there were 2,277 jobs in the Town of Denton, 13,796 jobs in the Town of Easton, 7,153 jobs in the City of Cambridge, 8,646 jobs in Caroline County, and 18,893 jobs in the Talbot County.² The average number of full-time equivalent (FTE) jobs per square foot of non-residential space in the Washington, DC metropolitan area is one job for every 450 square feet of retail space, one job for every 300 square feet of office space, one job for every 800 square feet of industrial-type space, and one job for every 200 square feet of federal government and R&D space. It is estimated that at completion and full-tenancy, the 519,100 square feet of retail, office, hotel, and live/work space can support an additional 1,242 new, FTE jobs in the Town of Denton. The actual number of FTE jobs supported by the proposed non-residential land uses will be determined by the individual non-residential tenants occupying the space that is planned to be built at these projects.

Summary of the Economic Impact Analysis

An economic impact analysis estimates the number of new jobs created in the local economy, the spending effects (personal earnings) of these newly created jobs, and the multiplier effect on the local economy resulting from new spending. The economic and fiscal benefits associated with the construction of the proposed thirteen projects will contribute to the vitality of the economy of Caroline County (of which the Town of Denton is included). The total economic impact of the direct and indirect outlays are calculated by applying sector-specific multipliers computed for Caroline County by the Bureau of Economic Analysis (U.S. Department of Commerce) and published in Regional Multipliers-RIMS II (2002). These multipliers permit the total output values (i.e., their contribution to the County's gross county product and to the State's gross state product) to be calculated from the thirteen proposed projects' direct dollar outlays, and for job and earnings impacts of these direct outlays to be estimated. The economic impacts reported in Table 1-1 (in the Executive Summary) report only those jobs, personal income, and spending outlays that are retained within Caroline County's economy. Although residential units and non-residential space in the thirteen proposed projects are planned for delivery over the next twenty years (2006-2026), the economic analyses presented in this report express the thirteen proposed projects' potential impacts in constant 2004 dollars. The economic impacts of the proposed projects result from construction activity during the construction phase and from continuing annual spending flows following its completion.

Construction Phase

The total economic impact of construction spending at all proposed projects is shown in Tables 3-1 through 3-3. During the construction phase economic impacts involve both on-site and off-site spending that supports locally based employment and personal earnings. These activities extend from pre-construction design, engineering and project development activities through the actual construction and related construction management activities.

² The Bureau of Labor Statistics (BLS) does not collect ES-202 employment data at the town level. Employment by place of location at the postal zip code level collected by the Bureau of the Census is the smallest geographical unit available for review and analysis.

Table 3-1

**Economic Impact of Construction Spending
Proposed Residential Land Uses in the Town of Denton
on the Caroline County Economy
2004**

<u>Type of Unit</u>	<u>Total Units</u>	<u>Estimated Hard Costs ¹</u>		<u>Regional Data RIMS II Multiplier</u>	<u>Estimated Hard Costs</u>		<u>Estimated Hard Costs Total Outlays</u>
		<u>Direct Outlays</u>	<u>Indirect Outlays</u>		<u>Indirect Outlays</u>	<u>Total Outlays</u>	
Single Family	2,849	\$432,730,953		1.3641	\$157,557,340		\$590,288,292
Town House	939	\$105,654,323		1.3641	\$38,468,739		\$144,123,062
Two-Family Cottage	26	\$2,426,779		1.3641	\$883,590		\$3,310,369
Multifamily (For Sale)	151	\$12,080,559		1.3641	\$4,398,531		\$16,479,090
Multifamily (For Rent)	151	\$10,067,132		1.3641	\$3,665,443		\$13,732,575
Live-Work Units	<u>20</u>	<u>\$2,465,352</u>		1.3641	<u>\$897,635</u>		<u>\$3,362,987</u>
Subtotal	4,136	\$565,425,098			\$205,871,278		\$771,296,376

<u>Type of Unit</u>	<u>Total Units</u>	<u>Estimated Soft Costs ²</u>		<u>Regional Data RIMS II Multiplier ³</u>	<u>Estimated Soft Costs</u>		<u>Estimated Soft Costs Total Outlays</u>
		<u>Direct Outlays</u>	<u>Indirect Outlays</u>		<u>Indirect Outlays</u>	<u>Total Outlays</u>	
Single Family	2,849	\$144,243,651		1.2183	\$31,486,225		\$175,729,876
Town House	939	\$35,218,108		1.2183	\$7,687,585		\$42,905,692
Two-Family Cottage	26	\$808,926		1.2183	\$176,576		\$985,503
Multifamily (For Sale)	151	\$4,026,853		1.2183	\$879,002		\$4,905,854
Multifamily (For Rent)	151	\$3,355,711		1.2183	\$732,501		\$4,088,212
Live-Work Units	<u>20</u>	<u>\$821,784</u>		1.2183	<u>\$179,383</u>		<u>\$1,001,167</u>
Subtotal	4,136	\$188,475,033			\$41,141,272		\$229,616,305

<u>Type of Unit</u>	<u>Total Units</u>	<u>Estimated Total</u>		<u>Estimated Total Indirect Outlays</u>	<u>Estimated All Costs Total Outlays</u>
		<u>Direct Outlays</u>	<u>Indirect Outlays</u>		
Single Family	2,849	\$576,974,603		\$189,043,565	\$766,018,169
Town House	939	\$140,872,431		\$46,156,324	\$187,028,755
Two-Family Cottage	26	\$3,235,705		\$1,060,167	\$4,295,872
Multifamily (For Sale)	151	\$16,107,412		\$5,277,533	\$21,384,945
Multifamily (For Rent)	151	\$13,422,843		\$4,397,944	\$17,820,787
Live-Work Units	<u>20</u>	<u>\$3,287,136</u>		<u>\$1,077,018</u>	<u>\$4,364,154</u>
Total	4,136	\$753,900,130		\$247,012,551	\$1,000,912,681

Source:

U.S. Department of Commerce, Bureau of Economic Analysis Regional Multipliers-RIMS II (2002).
Urban Analytics, Inc.

Note:

¹ Hard Costs exclude land acquisition costs and soft costs.

² Soft Costs exclude financing costs, insurance costs, real estate property taxes, transfer and recordation taxes, building permits, project management and development fees, and profits.

³ Blended multiplier.

Table 3-2

**Economic Impact of Construction Spending
Proposed Non-Residential Land Uses in the Town of Denton
on the Caroline County Economy
2004**

<u>Type of Use</u>	<u>Total Sq. Ft.</u>	<u>Estimated Hard Costs ¹</u>		<u>Regional Data RIMS II Multiplier</u>	<u>Estimated Hard Costs</u>	
		<u>Direct Outlays</u>			<u>Indirect Outlays</u>	<u>Total Outlays</u>
Live-Work Units ⁴	20,000	\$0		1.3641	\$0	\$0
Retail	340,908	\$15,340,860		1.3641	\$5,585,607	\$20,926,467
Office	65,192	\$3,227,004		1.3641	\$1,174,952	\$4,401,956
Storage	3,000	\$33,750		1.3641	\$12,288	\$46,038
Hotel	<u>90,000</u>	<u>\$4,657,500</u>		1.3641	<u>\$1,695,796</u>	<u>\$6,353,296</u>
Subtotal	519,100	\$23,259,114			\$8,468,643	\$31,727,757

<u>Type of Use</u>	<u>Total Sq. Ft.</u>	<u>Estimated Soft Costs ²</u>		<u>Regional Data RIMS II Multiplier ³</u>	<u>Estimated Soft Costs</u>	
		<u>Direct Outlays</u>			<u>Indirect Outlays</u>	<u>Total Outlays</u>
Live-Work Units ⁴	20,000	\$0		1.2183	\$0	\$0
Retail	340,908	\$5,113,620		1.2183	\$1,116,227	\$6,229,847
Office	65,192	\$1,075,668		1.2183	\$234,802	\$1,310,470
Storage	3,000	\$11,250		1.2183	\$2,456	\$13,706
Hotel	<u>90,000</u>	<u>\$1,552,500</u>		1.2183	<u>\$338,887</u>	<u>\$1,891,387</u>
Subtotal	519,100	\$7,753,038			\$1,692,372	\$9,445,410

<u>Type of Use</u>	<u>Total Sq. Ft.</u>	<u>Estimated Total</u>		<u>Estimated Total Indirect Outlays</u>	<u>Estimated All Costs Total Outlays</u>
		<u>Direct Outlays</u>			
Live-Work Units ⁴	20,000	\$0		\$0	\$0
Retail	340,908	\$20,454,480		\$6,701,834	\$27,156,314
Office	65,192	\$4,302,672		\$1,409,754	\$5,712,426
Storage	3,000	\$45,000		\$14,744	\$59,744
Hotel	<u>90,000</u>	<u>\$6,210,000</u>		<u>\$2,034,683</u>	<u>\$8,244,683</u>
Total	519,100	\$31,012,152		\$10,161,015	\$41,173,167

Source:

U.S. Dept. of Commerce, Bureau of Economic Analysis Regional Multipliers-RIMS II (2002).
Urban Analytics, Inc.

Note:

- ¹ Hard Costs exclude land acquisition costs and soft costs.
- ² Soft Costs exclude financing costs, insurance costs, real estate property taxes, transfer and recordation taxes, building permits, project management and development fees, and profits.
- ³ Blended multiplier.
- ⁴ Included in average value of residential unit (see Table 3-1).

Table 3-3

**Economic Impact: Construction Jobs and Personal Earnings
Proposed Residential and Non-Residential Land Uses in the Town of Denton
on the Caroline County Economy
2004**

<u>Construction Outlays</u>	Estimated	GDP	Inflation-Adjusted	Regional Data	Total
	<u>Direct Outlays</u>	<u>Deflator</u>	<u>Direct Outlays</u> ¹	<u>RIMS II Jobs Multiplier</u> ²	<u>Jobs</u> ³
Hard Costs: Residential	\$565,425,098	0.9712	\$549,140,855	9.3599	5,140
Soft Costs: Residential	\$188,475,033	0.9712	\$183,046,952	7.1044	1,300
Hard Costs: Non-residential	\$23,259,114	0.9712	\$22,589,252	9.3599	211
Soft Costs: Non-residential	<u>\$7,753,038</u>	0.9712	<u>\$7,529,751</u>	7.1044	<u>53</u>
Total	\$784,912,282		\$762,306,808		6,705

<u>Construction Outlays</u>	Regional Data	Total
	<u>RIMS II Earnings Multiplier</u>	<u>Local Earnings</u> ⁴
Hard Costs: Residential	0.3551	\$200,782,452
Soft Costs: Residential	0.3164	\$59,628,035
Hard Costs: Non-residential	0.3551	\$8,259,311
Soft Costs: Non-residential	0.3164	<u>\$2,452,836</u>
Total		\$271,122,634

Source:

U.S. Department of Commerce, Bureau of Economic Analysis Regional Multipliers-RIMS II (2002).
Urban Analytics, Inc.

Note:

- 1 Adjusted to constant 2002 dollars.
- 2 Per \$1,000,000 in direct outlays.
- 3 Includes jobs on-site, off-site, in the county and outside the county.
- 4 Constant 2004 dollars.

Direct outlays in support of these construction activities will generate additional economic benefits in Caroline County (including the Town of Denton) in the form of new jobs and related earnings over the construction period. It is estimated that the total direct outlays for developing all thirteen projects (net of land acquisition costs, financing costs, project management fees, and profits) is \$784.9 million. Estimated direct outlays for construction costs (hard costs) for the total project are \$588.7 million. Estimated direct outlays for soft costs are estimated to total \$196.2 million. The economic benefits generated by the direct outlay of \$784.9 million for the construction of all thirteen projects is estimated to contribute an additional \$257.2 million in spending for a total of \$1.04 billion to the Caroline County's economy over the construction period. Direct outlays for hard costs will generate a total of 5,351 on-site and off-site jobs supported by construction-related spending and the re-spending of construction payroll over the twenty-year development period. Direct outlays for hard costs will generate \$209.0 million in total personal earnings.

The estimated soft costs associated with all thirteen proposed projects include professional services (design and engineering, marketing, legal, leasing, consulting, and other services), taxes, fees, and the cost of financing. Excluding financing costs, project management fees, and profits, direct outlays for soft costs of \$196.2 million are estimated to generate an additional \$42.87 million in local spending for a total of \$239.1 million. Direct outlays for

soft costs are estimated to generate a total of 1,353 jobs. Direct outlays for soft costs are estimated to generate \$62.1 million in total personal earnings.

Post-Construction Phase

The total economic impact of all household spending at the proposed thirteen projects is shown in Table 3-4. At build-out and full occupancy, the thirteen total projects will house 4,136 new households with an estimated median household income of \$69,000 for a total of \$285.4 million in gross household income.³ Approximately 28 percent of this household income (or \$79.9 million) will be captured (spent) locally in the Caroline County economy (of which the Town of Denton is included). It is estimated that direct spending from these households will generate an additional \$24.0 million in indirect outlays for a total of \$103.9 million in Caroline County.

The economic impact analysis presented above does not take into account taxes that would be generated by construction spending and post-construction spending. Nor does this economic impact analysis measure the secondary and tertiary impacts of spending. Thus, the projected economic impact on the local economy from the full build-out of all proposed thirteen projects is understated.

Contribution to Gross County Product

In 2004, the Gross County Product (GCP) for Caroline County was \$661.4 million (in 2004 dollars). Over a twenty-year development period, the economic impact to the Caroline County economy of developing all thirteen proposed projects is estimated to be \$1.04 billion in construction spending outlays. On an annual basis, the estimated \$52.1 million in construction spending outlays contributes almost 8 percent (7.9 percent) to Caroline County's GCP (in 2004 dollars).

³ This is the estimated weighted-average median household income required to obtain a mortgage subject to mortgage financing terms in 2004. Actual median household incomes may be higher or lower.

Table 4-4

**Economic Impact of Household Spending
Proposed Residential Land Uses in the Town of Denton
on the Caroline County Economy**

<u>Calculation of HH Income</u>		2004	Estimated	Estimated Per Unit	Estimated Total
	<u>Units</u>	<u>Average Per Unit</u>	<u>Purchase</u>	<u>HH Income Needed</u>	<u>HH Income</u>
		<u>Market Value¹</u>	<u>Down Payment</u>	<u>for Purchase²</u>	
Single Family	2,849	\$337,530	20%	\$75,400	\$214,814,600
Town House	939	\$250,040	15%	\$59,000	\$55,401,000
Two-Family Cottage	26	\$207,417	15%	\$49,250	\$1,280,500
Multifamily (For Sale)	151	\$177,786	10%	\$44,450	\$6,711,950
Multifamily (For Rent)	151	\$148,155	0%	\$39,500	\$5,964,500
Live-Work Units	20	\$273,928	20%	\$61,450	\$1,229,000
Total	4,136	\$303,796		\$69,004	\$285,401,550
<u>Local HH Income Captured</u>		Average Per Unit	HH Income	Estimated Per Unit	Estimated Total
	<u>Units</u>	<u>HH Income</u>	<u>Captured Locally</u>	<u>HH Income Captured Locally</u>	<u>HH Income Captured Locally</u>
Single Family	2,849	\$75,400	28%	\$21,112	\$60,148,088
Town House	939	\$59,000	28%	\$16,520	\$15,512,280
Two-Family Cottage	26	\$49,250	28%	\$13,790	\$358,540
Multifamily (For Sale)	151	\$44,450	28%	\$12,446	\$1,879,346
Multifamily (For Rent)	151	\$39,500	28%	\$11,060	\$1,670,060
Live-Work Units	20	\$61,450	28%	\$17,206	\$344,120
Total	4,136	\$69,004		\$19,321	\$79,912,434
<u>Local Outlays</u>		Estimated Total	Regional Data	Estimated Total	Estimated Total
	<u>HH Income</u>	<u>HH Income</u>	<u>RIMS II</u>	<u>HH Income</u>	<u>HH Income</u>
	<u>Captured Locally</u>	<u>Captured Locally</u>	<u>Multiplier</u>	<u>Captured Locally</u>	<u>Captured Locally</u>
		<u>Direct Outlays</u>		<u>Indirect Outlays</u>	<u>Total Outlays</u>
Retail Spending	11.0%	\$31,394,171	1.3506	\$11,006,796	\$42,400,967
Health Costs	5.0%	\$14,270,078	1.3022	\$4,312,417	\$18,582,495
Entertainment	2.5%	\$7,135,039	1.1755	\$1,252,199	\$8,387,238
Transportation Costs	9.0%	\$25,686,140	1.2778	\$7,135,610	\$32,821,749
Home Maintenance	0.5%	\$1,427,008	1.1971	\$281,263	\$1,708,271
Total	28.0%	\$79,912,434		\$23,988,286	\$103,900,720

Source:

U.S. Department of Commerce, Bureau of Economic Analysis Regional Multipliers-RIMS II (2002); Urban Analytics, Inc.

Note:

¹ Economic and fiscal impact analysis based on full build-out and occupancy in 2004. Values in 2004 constant dollars.

² Subject to mortgage financing terms such as: rate, term, debt-to-income ratio, real estate taxes, and hazard insurance.

Summary of the Fiscal Impact Analysis

There are two objectives of this fiscal analysis. The first objective is to measure the expenditure demand that the residential and non-residential land uses from the thirteen proposed projects would place on the Town of Denton. The second objective is to measure Town revenues that will be generated by the new residents and workers, and the real estate development associated with the new projects planned to be built. The *net fiscal impact* of the proposed projects on the Town of Denton reflects the increase in fiscal revenues that will be generated by the new residents and workers to the Town minus the expenditures required to provide public services to these new residents and workers. The land uses proposed to be built in the Town of Denton include residential (single-family, townhouse, multifamily) units and non-residential (retail, office, hotel, and live-work style) space. These fiscal revenue and expenditure flows are different for each type of land use development in the Town.

Fiscal Impact Model

In order to accurately measure these distinct fiscal flows, a fiscal impact model was developed that allocates local revenues and expenditures by land use type including distributions (breakouts) across different types of residential and non-residential land uses. The estimated net fiscal impact on the Town of Denton is based on a “composite” Town of Denton. The function of local government in the Town of Denton and its capacity and ability to provide services after the thirteen proposed projects are fully built and occupied is based on a composite of the revenues generated and services provided in fiscal year 2004 in the towns of Denton and Easton, the city of Cambridge, and the counties of Caroline and Talbot. As the population, housing stock and tax base of the Town of Denton grows with the development of the thirteen proposed projects, the Town will begin to resemble and function more like other urbanized towns in Caroline County and Talbot County. The Town of Denton will need to provide services associated and demanded by residents living in more urbanized areas.

The “composite” Town of Denton was constructed based on an analysis of the audited financial statements of the two towns, one city, and two counties selected. The fiscal impact model prorates actual revenues and expenditures for each jurisdiction as of fiscal year end 2004. Each town, city, and county’s prorated FY 2004 revenues and expenditures as well as the allocation factors used to prorate the budget between residential and non-residential land uses for each budget category are shown in Appendix Tables A-1 through A-10.

This model has been calibrated to reflect the level of services and costs of operations as reflected in the audited financial statements for the fiscal year end June 30, 2004 for the five jurisdictions analyzed. This analysis reflects 2004 real dollar values, tax rates and levels of services and provides an accurate measurement of expenditures and revenues reflecting these rates. If tax rates or levels of services are changed in future years, then respective revenue and expenditure estimates would also change. Similarly, if assessments change at a rate exceeding the rate of inflation, then the value base for calculating revenues would also change. For the purposes of this analysis, all of these values are held constant and this

provides an accurate portrayal of the fiscal impacts of the thirteen proposed projects as if it existed as part of the tax base in 2004.

Fiscal Impact Analysis

A comparative analysis of fiscal year 2004 operating revenues, expenditures, and debt service was conducted for the two towns, one city, and two counties selected. This comparative analysis contributed, in part, to the development of the underlying assumptions used to construct the “composite” Town of Denton. In Table 4-1, per-capita and per-job operating revenues for the jurisdictions selected are shown. These per-capita and per-job revenues were compared to the Town of Denton. For example, at the end of fiscal year 2004, residential real estate tax revenues on a per-capita basis were \$272.51 in the Town of Denton, \$270.22 in the Town of Easton, \$224.44 in the City of Cambridge, \$318.95 in Caroline County, and \$468.97 in Talbot County. In Table 4-2, the per-capita and per-job operating expenditures for the same five jurisdictions are presented. For example, at the end of fiscal year 2004, per-capita public safety expenditures were \$168.93 in the Town of Denton, \$320.99 in the Town of Easton, \$256.88 in the City of Cambridge, \$158.09 in Caroline County, and \$157.72 in Talbot County. In Table 4-3, the net operating surpluses (deficits) per-capita and per-job for each jurisdiction are shown. Total operating revenues were \$491.16 per-capita in the Town of Denton, for example, and total operating expenditures were \$399.81 per capita for a net operating surplus of \$91.35 per capita. In Table 4-4, the per-capita annual debt service levels for the jurisdictions selected are presented.

A line-by-line comparison of operating revenues and expenditures indicates that the fiscal flows of all the jurisdictions analyzed do not follow the same pattern of generating revenues and providing public services (expenditures) to their residents. In Table 1-1, for example, the Town of Denton is the smallest jurisdiction in terms of population size yet generates the third highest amount of residential real estate revenues per capita. In Table 4-2, for example, while Caroline County provided the highest level of general government administration services to its residents (\$133.48 per-capita), it provided the fourth lowest amount of public safety services per-capita (\$158.09) to its residents. While the Town of Denton provides the lowest amount of general government services to its residents (\$35.34 per capita), it provides the third highest level of public safety services per capita (\$168.93) to its residents.

In Table 4-3, a comparison of the net operating surpluses (deficits) in the same five jurisdictions is presented. Talbot County generates the highest amount of revenues per-capita from its residents (\$1,337.67) and the Town of Easton the lowest at \$478.28 per capita. Talbot County also provides the highest amount of public services per capita (\$1,271.22) while the Town of Denton the lowest at \$399.81 per-capita. Based on a net operating basis (revenues minus expenditures), the Town of Denton generated a net operating surplus of \$91.35 per capita from the residential sector followed second by Talbot County at \$66.45 per resident. Caroline County generated the lowest net operating surplus of \$20.88 per resident, and the Town of Easton generated a net operating deficit of \$68.80 per capita.

Generally, the findings from fiscal impact analyses show that existing residential land uses in a community generate a net fiscal burden (deficit) while non-residential land uses generate a

net fiscal benefit (surplus). This is because in fiscal impact modeling, the cost of public education is allocated 100 percent to the residential sector even though non-residential land uses do benefit from the educational services provided to their workers. In the case of the towns of Denton and Easton and the City of Cambridge, there are no education expenditures in the model as the cost of public education is reflected in the Caroline County and Talbot County audited financial statements.

However, the findings of the fiscal impact analysis reveal that in the towns of Denton and Easton, per capita spending on jobs exceeds per capita revenues from jobs. Typically, in towns where this occurs, it is found that these towns have a greater number of business establishments in the retail sector than in the office and industrial sectors. Workers in the retail sector tend to earn salaries that are lower than workers in the office and industrial sectors. These lower salaries translate into lower housing values per capita as these workers either reside in lower-valued housing or provide a secondary source of household income that is lower than that in dual-income households where both workers are not employed in the retail sector. In addition, of the four basic non-residential land use categories (retail, office, industrial, and other), retail land uses tend to demand a greater (higher) amount of public safety services than office, industrial, and other land uses.

Fiscal Impact Findings

The comparative analysis of the fiscal revenue and expenditure flows in the towns of Denton and Easton, the city of Cambridge, and the counties of Caroline and Talbot was the basis for the development of revenue and expenditure multipliers for the “composite” Town of Denton. In Appendix Table B-1, the revenues by source multipliers for the “composite” town of Denton are presented. In Appendix Table B-2, the baseline service level multipliers for the “composite” Town of Denton are shown. In Appendix Table B-3, the net operating surplus (deficit) multipliers for the “composite” Town of Denton are presented. The operating revenue, expenditure, and net surplus (deficit) multipliers are applied to the thirteen proposed projects shown in Tables 2-1 and 2-4. The estimated fiscal impact findings (annual fiscal flows) associated with the residential and non-residential land uses at the thirteen proposed projects are shown in Table 1-2.

Based on an examination of all potential local revenue sources and associated expenditures allocated to the residential and non-residential land uses at the thirteen proposed projects, the total net annual fiscal benefit to Town of Denton was found to equal an estimated \$5,418,670 reflecting the generation of revenues totaling \$10,315,717 with associated expenditures totaling \$4,897,047. On a per-unit basis, the residential component of the thirteen projects would return to the Town of Denton a net fiscal benefit of \$1,249 per unit annually. Alternatively, the residential component of the thirteen projects will generate \$2.16 in revenues for each \$1 of added Town expenditures. In addition to the real estate taxes paid to the Town of Denton, it is estimated that the residential and non-residential land uses at the thirteen proposed projects (at full build-out and occupancy) will generate \$10.9 million in real estate taxes to Caroline County annually.

Table 4-1
Comparison of Operating Revenues
Selected Maryland Towns, Cities and Counties
FYE June 30, 2004

	<u>Town of Denton</u>		<u>Town of Easton</u>		<u>City of Cambridge</u>		<u>Caroline County</u>		<u>Talbot County</u>	
<i>Total Operating Revenues</i>	\$ 2,085,166		\$ 9,798,391		\$ 9,004,408		\$ 35,092,778		\$ 56,834,397	
Revenue Category	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>
1 Real Estate										
Residential	\$ 272.51		\$ 270.22		\$ 224.44		\$ 318.94		\$ 468.97	
Non-Residential		\$ 43.97		\$ 73.92		\$ 37.18		\$ 286.42		\$ 254.54
2 Business Personal Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153.76	\$ -	\$ 5.60	\$ -	\$ -
3 Income Taxes	\$ 42.28	\$ -	\$ 90.19	\$ -	\$ 39.71	\$ -	\$ 305.27	\$ -	\$ 440.62	\$ -
4 Taxes - State Shared	\$ -	\$ -	\$ 20.12 ¹	\$ 20.11 ¹	\$ -	\$ -	\$ 67.13 ¹	\$ 67.15 ¹	\$ 39.95 ¹	\$ 39.94 ¹
5 Ordinary Business Corp. Tax	\$ -	\$ 28.70	\$ -	\$ 82.47	\$ -	\$ -	\$ -	\$ 229.85	\$ -	\$ -
6 Other Local Taxes	\$ 0.12	\$ -	\$ -	\$ -	\$ 11.29	\$ 144.89	\$ 66.29	\$ 68.26	\$ 259.73	\$ 157.14
7 Licenses, Fees, Permits	\$ 10.87	\$ 39.02	\$ 6.28	\$ 30.60	\$ 8.98	\$ 38.16	\$ 3.70	\$ 29.61	\$ 15.22	\$ 6.57
8 Fines & Forfeitures	\$ -	\$ -	\$ 1.72	\$ 1.72	\$ 3.62	\$ 0.89	\$ -	\$ -	\$ 0.41	\$ 0.41
9 Interest (Use of Money)	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ 2.14	\$ 2.14	\$ -	\$ -
10 Charges for Services	\$ 2.20	\$ 2.20	\$ 28.77	\$ 28.76	\$ 38.39	\$ 18.02	\$ 21.65	\$ 21.66	\$ 31.50	\$ 40.84
11 Miscellaneous	\$ 11.25	\$ 41.53	\$ 30.12	\$ 30.12	\$ 7.31	\$ 7.31	\$ 21.91	\$ 21.91	\$ 8.23	\$ 8.23
12 Intergovernmental - Federal	\$ 36.23 ¹	\$ 36.24 ¹	\$ 2.83	\$ 0.13	\$ 35.59 ²	\$ 35.59 ²	\$ 9.38 ¹	\$ 7.06	\$ 24.88	\$ 7.71
13 Intergovernmental - State	\$ 115.50	\$ 85.38	\$ 28.03	\$ 12.16	\$ 133.37	\$ 96.41	\$ 87.28	\$ 72.97	\$ 48.16	\$ 13.56
Total	\$ 491.16	\$ 277.24	\$ 478.28	\$ 279.99	\$ 502.70	\$ 532.21	\$ 903.69	\$ 812.63	\$ 1,337.67	\$ 528.94

Note:

- 1 Includes Highway User Revenue.
- 2 Includes Highway User Revenue and FEMA revenue.

Source:

Town of Denton [Financial Report](#) for the FYE June 30, 2004
Town of Easton [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
City of Cambridge [Financial Statements](#) for the FYE June 30, 2004
Caroline County [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
Talbot County [Comprehensive Annual Financial Report](#) (CAFR) for the FYE June 30, 2004
Urban Analytics, Inc.

Table 4-2
Comparison of Operating Expenditures
Selected Maryland Towns, Cities and Counties
FYE June 30, 2004

	<u>Town of Denton</u>		<u>Town of Easton</u>		<u>City of Cambridge</u>		<u>Caroline County</u>		<u>Talbot County</u>	
<i>Total Operating Expenditures</i>	\$ 1,911,538		\$ 11,262,854		\$ 7,749,759		\$ 32,462,682		\$ 51,263,725	
Revenue Category	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>
1 General Government Admin.	\$ 35.34 ¹	\$ 35.34 ¹	\$ 56.19 ¹	\$ 56.18 ¹	\$ 130.31 ¹	\$ 130.30 ¹	\$ 133.48 ^{1,4}	\$ 133.51 ¹	\$ 127.32 ^{1,4}	\$ 127.29 ¹
2 Planning & Growth Mgmt.	\$ 116.98 ²	\$ -	\$ 21.73	\$ -	\$ 8.10	\$ 1.34	\$ 15.29 ¹	\$ 15.30 ¹	\$ 14.32 ¹	\$ - ¹
3 Public Safety	\$ 168.93 ¹	\$ 187.21 ¹	\$ 320.99 ¹	\$ 127.91 ¹	\$ 256.88 ¹	\$ 164.50 ¹	\$ 158.09 ¹	\$ 270.08 ¹	\$ 157.72 ¹	\$ 154.11 ¹
4 Public Works	\$ 67.97 ¹	\$ 67.97 ¹	\$ 126.51 ¹	\$ 126.49 ¹	\$ 62.97 ¹	\$ 62.97 ¹	\$ 91.61 ¹	\$ 91.63 ¹	\$ 45.03 ¹	\$ 45.02 ¹
5 Health and Welfare	\$ -	\$ -	\$ -	\$ -	\$ 7.39	\$ 7.39	\$ 35.82	\$ 3.63	\$ 84.17 ¹	\$ 3.44 ¹
6 Parks, Recreation & Culture	\$ 10.59	\$ 0.57	\$ 21.66 ¹	\$ 0.81 ¹	\$ 5.14 ¹	\$ 0.31 ¹	\$ 54.33 ¹	\$ 8.13 ¹	\$ 32.78 ¹	\$ 2.53 ¹
7 Economic Development	\$ -	\$ 28.68	\$ -	\$ 12.88 ¹	\$ 0.60 ¹	\$ 35.18 ¹	\$ 1.45 ³	\$ 55.52	\$ -	\$ 20.56 ¹
8 Conservation of Natural Res.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.62	\$ 5.62	\$ 4.30	\$ 4.30
9 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387.12 ¹	\$ - ¹	\$ 805.58	\$ -
Total	\$ 399.81	\$ 319.77	\$ 547.08	\$ 324.27	\$ 471.39	\$ 401.99	\$ 882.81	\$ 583.42	\$ 1,271.22	\$ 357.25

Note:

- 1 Includes debt service.
- 2 Includes urban development and housing.
- 3 Includes housing rehabilitation.
- 4 Includes Chesapeake (Community) College.

Source:

Town of Denton [Financial Report](#) for the FYE June 30, 2004
Town of Easton [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
City of Cambridge [Financial Statements](#) for the FYE June 30, 2004
Caroline County [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
Talbot County [Comprehensive Annual Financial Report \(CAFR\)](#) for the FYE June 30, 2004
Urban Analytics, Inc.

Table 4-3
Comparison of Net Operating Surpluses (Deficits)
Selected Maryland Towns, Cities and Counties
FYE June 30, 2004

	<u>Town of Denton</u>		<u>Town of Easton</u>		<u>City of Cambridge</u>		<u>Caroline County</u>		<u>Talbot County</u>	
<i>Total Operating Revenues</i>	\$ 2,085,166		\$ 9,798,391		\$ 9,004,408		\$ 35,092,778		\$ 56,834,397	
<i>Total Operating Expenditures</i>	\$ 1,911,538		\$ 11,262,854		\$ 7,749,759		\$ 32,462,682		\$ 51,263,725	
<i>Net Operating Surplus (Deficit)</i>	\$ 173,628		\$ (1,464,463)		\$ 1,254,649		\$ 2,630,096		\$ 5,570,672	
	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>	<u>Per Capita</u>	<u>Per Job</u>
Total Operating Revenues	\$ 491.16	\$ 277.24	\$ 478.28	\$ 279.99	\$ 502.70	\$ 532.21	\$ 903.69	\$ 812.63	\$ 1,337.67	\$ 528.94
Total Operating Expenditures	\$ 399.81	\$ 319.77	\$ 547.08	\$ 324.27	\$ 471.39	\$ 401.99	\$ 882.81	\$ 583.42	\$ 1,271.22	\$ 357.25
Net Operating Surplus (Deficit)	\$ 91.35	\$ (42.53)	\$ (68.80)	\$ (44.28)	\$ 31.31	\$ 130.22	\$ 20.88	\$ 229.21	\$ 66.45	\$ 171.69

Source:

Town of Denton [Financial Report](#) for the FYE June 30, 2004
Town of Easton [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
City of Cambridge [Financial Statements](#) for the FYE June 30, 2004
Caroline County [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
Talbot County [Comprehensive Annual Financial Report \(CAFR\)](#) for the FYE June 30, 2004
Urban Analytics, Inc.

Table 4-4
Comparison of Annual Debt Service
Selected Maryland Towns, Cities and Counties
FYE June 30, 2004

<i>2000 Population</i> ¹	2,609	11,188	10,340	29,319	33,200
	Town of <u>Denton</u>	Town of <u>Easton</u>	City of <u>Cambridge</u>	Caroline <u>County</u> ³	Talbot <u>County</u> ⁴
Total Annual Debt Service ²	\$ 84,019	\$ 2,310,084	\$ 252,674	\$ 1,817,860	\$ 499,042
<i>Per Capita</i>	\$ 32.20	\$ 206.48	\$ 24.44	\$ 62.00	\$ 15.03

Source:

Town of Denton Financial Report for the FYE June 30, 2004

Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004

City of Cambridge Financial Statements for the FYE June 30, 2004

Caroline County Financial Statements and Supplementary Information for the FYE June 30, 2004

Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004

Urban Analytics, Inc.

Note:

1 Based on 2000 household population in occupied housing units.

2 General Fund debt service only. Does not include debt service from Enterprise Funds.

3 Estimated non-education General Fund debt service. Total debt service: \$2,963,822.

4 Non-education General Fund debt service. Total debt service: \$2,678,288.

It should be noted that the expenditure demands included in this analysis assign the same per capita and per worker costs to the future residents and workers of the thirteen proposed projects as for residents and workers elsewhere in the five jurisdictions analyzed and in the “composite” Town of Denton. That is, this approach assumes that each person living or working in Town of Denton has access to the Town's services and therefore potentially shares from the benefits of these services. This cost or expenditure allocation is not based on the actual utilization of Town services by specific individuals but rather reflects equal access to and availability of these services to all Town residents and persons working in the Town.

In Table 4-4, a comparison of annual debt service among the five jurisdictions analyzed is shown. Debt service reported in Table 4-4 is the annual debt service reported in each town, city or county’s general fund operating expenditures. Debt service associated with each jurisdiction’s enterprise fund activities is not presented. Enterprise fund entities are designed to be self-supporting. In the fiscal impact model, the cost of financing capital expenditures is reflected in each town, city or county’s annual payment of principal and interest required to amortize the cost of borrowing to zero.

Summary of the Capital Asset Impact Analysis

The purpose of a capital asset impact analysis is to quantify in monetary terms the capital infrastructure levels-of-service that a town provides to existing residents. In this section, a comparative analysis of existing general fund assets in the towns of Denton and Easton, the city of Cambridge, and the counties of Caroline and Talbot is discussed. General fund fixed assets include land, buildings and improvements, machinery and equipment, vehicles, and furniture and fixtures. As a town grows in size and becomes more urbanized, the town will require additional capital assets (such as public safety and public works vehicles, office space to house additional town workers, and recreational facilities) to meet the needs of existing and new residents as well as the needs of existing and new workers who work in the town but may not necessarily live in the town. In this capital asset impact analysis, all general fixed assets reported in each town’s audited financial statements are stated at historical cost and net of depreciation.

In Table 5-1, a comparison of all general fixed assets and enterprise fund assets (as reported in each town, city and county’s audited financial statements) is presented. The City of Cambridge provides the least amount of general fund capital infrastructure levels-of-service to its residents, at \$365 per capita or \$813 per household. The Town of Denton provides the highest amount of general fund capital infrastructure levels-of-service to its residents, at \$1,637 per capita or \$3,748 per household.⁴ The Town of Easton is the most urbanized town of the five towns analyzed. The town provides its 11,188 residents a capital asset level-of-service equivalent to \$1,524 per capita or \$3,383 per household.

⁴ Caroline County provides a lower level-of-service at the per-capita level and a higher level-of-service at the household level. The per-capita level-of-service multiplier is the determining factor.

Table 5-1
Comparison of Fixed Assets
Selected Maryland Towns, Cities and Counties
FYE June 30, 2004

<i>Average Household Size³</i>	2.29	2.22	2.23	2.64	2.32
<i>2000 Population</i>	2,609	11,188	10,340	29,319	33,200
	Town of <u>Denton</u>	Town of <u>Easton</u>	City of <u>Cambridge</u>	Caroline <u>County</u>	Talbot <u>County</u>
General Fixed Assets^{1,2}					
<i>Land</i>	\$ 388,196	\$ 6,949,326	\$ 2,117,206	\$ 1,800,418	\$ 2,500,057
<i>Non-depreciable Infrastructure</i>	\$ -	\$ -	\$ -	\$ 17,189,026	\$ -
<i>Construction in Progress</i>	\$ 993,201	\$ 47,533	\$ 1,438,954	\$ 1,137,212	\$ 5,987,350
<i>Land Improvements</i>	\$ 87,151	\$ -	\$ -	\$ 1,025,147	\$ -
<i>Buildings</i>	\$ 662,986	\$ -	\$ 118,898	\$ 11,920,582 ⁴	\$ 14,339,942
<i>Infrastructure</i>	\$ 2,975,748	\$ 8,746,404 ⁶	\$ -	\$ 6,715,993	\$ -
<i>Furniture and Equipment</i>	\$ 87,991	\$ 1,352,746	\$ 576,584	\$ 6,073,493	\$ 7,930,452
<i>Vehicles</i>	\$ 68,440	\$ -	\$ 957,180	\$ 399,192	\$ -
<i>Subtotal</i>	\$ 5,263,713	\$ 17,096,009	\$ 5,208,822	\$ 46,261,063 ⁵	\$ 30,757,801 ⁵
<i>Less: Construction in Progress</i>	\$ 993,201	\$ 47,533	\$ 1,438,954	\$ 1,137,212	\$ 5,987,350
<i>Total</i>	\$ 4,270,512	\$ 17,048,476	\$ 3,769,868	\$ 45,123,851	\$ 24,770,451
<i>Per Capita</i>	\$ 1,637	\$ 1,524	\$ 365	\$ 1,539	\$ 746
<i>Per Household</i>	\$ 3,748	\$ 3,383	\$ 813	\$ 4,063	\$ 1,731
Enterprise Fund Assets^{1,2}					
<i>Land</i>	\$ -	\$ 1,226,513	\$ 65,950	\$ 375,000	\$ 1,351,444
<i>Construction in Progress</i>	\$ -	\$ 10,732,709 ⁸	\$ -	\$ -	\$ 2,156,096
<i>Land, Building & Other Improvements</i>	\$ -	\$ 10,741,295 ⁸	\$ (7,094,560)	\$ 3,575,062	\$ 28,849,736
<i>Vehicles, Furnishings, Equipment</i>	\$ 41,402 ⁷	\$ 40,320,020 ⁸	\$ 346,688	\$ -	\$ 809,679
<i>Water System</i>	\$ 964,932	\$ -	\$ 1,543,771	\$ -	\$ -
<i>Sewer System</i>	\$ 7,631,963	\$ -	\$ 42,962,099	\$ -	\$ -
<i>Total</i>	\$ 8,638,297	\$ 63,020,537	\$ 37,823,948	\$ 3,950,062	\$ 33,166,955
<i>Per Capita</i>	\$ 3,311	\$ 5,633	\$ 3,658	\$ 135	\$ 999
<i>Per Household</i>	\$ 7,582	\$ 12,505	\$ 8,157	\$ 356	\$ 2,318
Total General and Enterprise Fund Assets					
<i>Total Per Capita</i>	\$ 4,948	\$ 7,157	\$ 4,023	\$ 1,674	\$ 1,745
<i>Total Per Household</i>	\$ 11,330	\$ 15,888	\$ 8,970	\$ 4,419	\$ 4,049

Source:

Town of Denton [Financial Report](#) for the FYE June 30, 2004
Town of Easton [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
City of Cambridge [Financial Statements](#) for the FYE June 30, 2004
Caroline County [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004
Talbot County [Comprehensive Annual Financial Report \(CAFR\)](#) for the FYE June 30, 2004
Urban Analytics, Inc.

Note:

- 1 All fixed assets are stated at historical cost.
- 2 Net of accumulated depreciation.
- 3 Total 2000 occupied household population divided by total occupied housing units.
- 4 Includes General Fixed Assets.
- 5 Does not include Board of Education and Public Library Capital Assets.
- 6 Includes Buildings and Improvements other than Buildings.
- 7 Includes Machinery.
- 8 Net of amount disallowed for regulation (prorated).

A capital asset impact analysis employing a capital infrastructure level-of-service methodological approach is based on the theory of clubs in fiscal and economic analysis. In the application of the theory of clubs to public finance and urban planning, the municipality or community is the “club”, existing residents and potential newcomers represent “club members”, and the benefits received by club members (in the form of public sector services) are referred to as the “club level-of-service.” For any given size of the club, more members typically mean lower costs per member. This generally is a result of lower economies-of-scale as a municipality becomes more efficient in the acquisition and provision of public services. However, increased membership may lead to economic inefficiencies and excess membership may lead to overcrowding. These two scenarios may result in the benefits per member of being a member of the club to decline.⁵

The addition of the thirteen proposed projects will increase the total population size of the existing Town of Denton by a factor of between 4 and 5 (calculated at 4.3). The development of the proposed thirteen projects will also place demands on the Town’s general fund fixed assets. Additionally, the Town has identified a need to provide increased capital levels-of-service to existing residents and newcomers and has adopted a seven-year capital improvement plan (2005 – 2011). In Table 5-2, the proposed capital improvement program identified by the Town of Denton is presented. Of the \$9,150,697 in proposed capital improvement programs, \$1,223,500 in funding (or 13.4 percent) is estimated to come from federal government grants, \$2,045,236 (or 22.4 percent) from federal government loans, \$204,483 (or 2.2 percent) from private-sector, commercial bank loans, and \$90,788 (one percent) from other sources. The source for the remaining \$5,586,690 (or 61 percent) is expected to come from the private-sector in the form of a capital asset impact fee.

In Table 5-3, the estimated capital impact fee for all proposed future land uses in the Town of Denton is presented. Based on an analysis of the current provision of capital assets to the residents of the five jurisdictions analyzed, it is calculated that the capital asset impact multiplier for the “composite” Town of Denton is \$2,131 per capita. On a per household basis, the capital asset impact fee ranges from a low of \$3,835 for all age-restricted housing units (regardless of architectural style) to a high of \$4,943 for non-age-restricted single-family houses. The capital asset impact of adding 8,702 people in 4,136 households to the Town of Denton is \$18,540,851 at full build-out and occupancy.⁶

⁵ The literature on the theory of clubs in public finance is well documented. For an in-depth examination, please see Tiebout (1956), Buchanan (1965), and Rubinfeld (1987).

⁶ This assumes that all proposed residential units by type and number are built and that each unit will be assessed (charged) the calculated capital asset impact fee. The total amount of capital asset impact fees collected is a function of the number of units built, the number and type of units assessed (charged) a capital asset impact fee, and the final capital asset impact fee per unit approved and adopted by the Town of Denton.

Table 5-2
Proposed Capital Improvements Program
Town of Denton, Maryland
2005 - 2011

Category	Expenditure	Source of Funds			Bank Loan	Remainder
		<i>Government Grants</i>	<i>Other</i>	<i>Government Loans¹</i>		
<i>General Government</i>						
Municipal Building	\$ 3,577,955	\$ -	\$ 60,000	\$ 1,656,736	\$ 204,483	\$ 1,656,736
GIS Needs Assessment	\$ 10,000	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
GIS Mapping	\$ 39,576	\$ -	\$ 7,288	\$ -	\$ -	\$ 32,288
Transportation Model	\$ 49,500	\$ -	\$ 18,500	\$ -	\$ -	\$ 31,000
Stormwater Comp. Plan	\$ 160,000	\$ -	\$ -	\$ -	\$ -	\$ 160,000
Council Communication	\$ 6,100	\$ -	\$ -	\$ -	\$ -	\$ 6,100
<i>Subtotal</i>	\$ 3,843,131	\$ -	\$ 90,788	\$ 1,656,736	\$ 204,483	\$ 1,891,124
<i>Finance Department</i>						
Computer System Upgrade	\$ 16,643	\$ -	\$ -	\$ -	\$ -	\$ 16,643
Finance Software	\$ 28,933	\$ -	\$ -	\$ -	\$ -	\$ 28,933
Printer Acquisition	\$ 1,220	\$ -	\$ -	\$ -	\$ -	\$ 1,220
<i>Subtotal</i>	\$ 46,796	\$ -	\$ -	\$ -	\$ -	\$ 46,796
<i>Housing & Community Dev.</i>						
Computer System	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Architectural Pattern Book	\$ 147,000	\$ 73,500	\$ -	\$ -	\$ -	\$ 73,500
Vehicle Acquisition	\$ 58,000	\$ -	\$ -	\$ -	\$ -	\$ 58,000
<i>Subtotal</i>	\$ 210,000	\$ 73,500	\$ -	\$ -	\$ -	\$ 136,500
<i>Police Department</i>						
Police Facility	\$ 1,127,000	\$ 350,000	\$ -	\$ 388,500	\$ -	\$ 388,500
Fleet Management	\$ 198,000	\$ -	\$ -	\$ -	\$ -	\$ 198,000
Generator	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Sally Port Cage	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Stormwater Comp. Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Radar Trailer	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
<i>Subtotal</i>	\$ 1,370,000	\$ 350,000	\$ -	\$ 388,500	\$ -	\$ 631,500
<i>Public Works</i>						
Public Works Facility	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Fleet Management	\$ 41,610	\$ -	\$ -	\$ -	\$ -	\$ 41,610
Market St. Improvements-I	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market St. Improvements-II	\$ 872,000	\$ 800,000	\$ -	\$ -	\$ -	\$ 72,000
Fifth Avenue	\$ 1,170,000	\$ -	\$ -	\$ -	\$ -	\$ 1,170,000
Legion Rd. Redevelopment	\$ 7,160	\$ -	\$ -	\$ -	\$ -	\$ 7,160
Randolph St. (4th/5th)	\$ 65,000	\$ -	\$ -	\$ -	\$ -	\$ 65,000
Micro Resurfacing	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
Full Reclamation	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -	\$ 1,250,000
<i>Subtotal</i>	\$ 3,680,770	\$ 800,000	\$ -	\$ -	\$ -	\$ 2,880,770
Total	\$ 9,150,697	\$ 1,223,500	\$ 90,788	\$ 2,045,236	\$ 204,483	\$ 5,586,690
2,609 Town population in 2000						
8,702 Estimated population at full build-out and occupancy of all proposed projects						
11,311 Estimated total Town population at full build-out and occupancy						
<i>Per Capita</i>						\$ 494

Source:

Town of Denton, Maryland; Urban Analytics, Inc.

Note:

1 Federal loans not to exceed 50 percent of capital improvement expenditure net of remaining sources of funds.

**Table 5-3
Capital Impact Fee for Proposed Residential Land Uses
"Composite" Town of Denton, Maryland
FYE June 30, 2004**

<u>Type of Unit</u>	<u>Units</u>	<u>Estimated Household Size</u>	<u>(Per Capita) General Fixed Asset Multiplier</u>	<u>(Per Capita) Proposed C.I.P. Multiplier</u>	<u>Total (Per Capita) Multiplier</u>	<u>Total (Per Unit) Multiplier</u>	<u>(Maximum) Total Capital Impact Fee</u>
No Age Restrictions¹							
<i>Single Family</i>	1,807	2.32	\$ 1,637	\$ 494	\$ 2,131	\$ 4,943	\$ 8,932,637
<i>Town House</i>	633	2.22	\$ 1,637	\$ 494	\$ 2,131	\$ 4,730	\$ 2,994,265
<i>Two-Family Cottage</i>	26	2.22	\$ 1,637	\$ 494	\$ 2,131	\$ 4,730	\$ 122,987
<i>Live-Work Units</i>	20	2.22	\$ 1,637	\$ 494	\$ 2,131	\$ 4,730	\$ 94,606
<i>Multifamily (For Sale)</i>	76	2.01	\$ 1,637	\$ 494	\$ 2,131	\$ 4,283	\$ 325,494
<i>Multifamily (For Rent)</i>	<u>76</u>	2.01	\$ 1,637	\$ 494	\$ 2,131	\$ 4,283	<u>\$ 325,494</u>
<i>Total</i>	2,638						\$ 12,795,483
Age-Restricted^{2,3}							
<i>Single Family</i>	1,042	1.80	\$ 1,637	\$ 494	\$ 2,131	\$ 3,835	\$ 3,996,444
<i>Town House</i>	306	1.80	\$ 1,637	\$ 494	\$ 2,131	\$ 3,835	\$ 1,173,620
<i>Multifamily (For Sale)</i>	75	1.80	\$ 1,637	\$ 494	\$ 2,131	\$ 3,835	\$ 287,652
<i>Multifamily (For Rent)</i>	<u>75</u>	1.80	\$ 1,637	\$ 494	\$ 2,131	\$ 3,835	<u>\$ 287,652</u>
<i>Total</i>	1,498						\$ 5,745,368
Total	4,136				<i>(Weighted Average - All Units)</i>	\$ 4,483	\$ 18,540,851

Source:

U.S. Census Bureau; Urban Analytics, Inc.

Note:

- 1 Average household size per unit at full build-out and occupancy for "Composite" Town of Denton.
- 2 Estimated household size per unit based on the national average.
- 3 Active-adult, age-restricted housing units are not permitted to have resident school-age children in accordance with the terms and conditions of the Housing for Older Persons Act of 1995 (HOPA).

This capital asset impact analysis and the capital asset impact fees reported in Table 5-3 are limited to general fund fixed assets. Enterprise funds are responsible for determining user fees and charges appropriate to ensure that business-activity enterprise funds (e.g., water, sewer, electric, gas, and cable systems) are self-supporting entities.

It is important to note that this capital asset impact analysis maintains per-capita general fixed asset levels-of-service as of fiscal year end 2004, and proposed per-capita capital improvement program expenditures as of fiscal year 2005. Should elected officials in the Town of Denton desire to increase current capital asset levels-of service (on a per capita basis) in the future, then the increase in per capita levels-of service will then need to be distributed across both existing residents and newcomers to the Town of Denton. Should any increase in per capita levels-of-service be fully apportioned and funded solely by the newcomers to the thirteen proposed projects but the benefits of any increased per capita levels-of-service be made available to existing residents of the Town of Denton, then a capital asset credit must be calculated and applied to new housing units within the thirteen proposed projects.

Appendix

Fiscal Impact Methodology

The process of calculating the revenue and expenditure flows generated by the residential and non-residential land uses in the five jurisdictions analyzed involved formulating a fiscal model that allocates each town, city, and county's revenues and expenditures to their direct sources. The basis for this analysis was the audited financial statements for each jurisdiction for the fiscal year 2004. The audited revenue and expenditure totals by source and agency reported in these documents were divided between those generated by (assignable to) residential and non-residential uses according to percent distributions developed from a detailed examination of each town, city, and county's actual budget as well as from county, city and town budgets in Northern Virginia, in suburban and southern Maryland jurisdictions, and in the panhandle jurisdictions of West Virginia. These percent distributions of fiscal revenues and expenditures were scaled (calibrated) to the demographic and economic characteristics of each jurisdiction analyzed. The residential share of each category of municipal revenue and expenditures (that is, the portions generated by local residents as opposed to local business activities or which provide services to local residents as distinguished from local businesses) was converted to a per capita equivalent to facilitate the calculation of fiscal flows associated with each residential land use analyzed. The non-residential share of each category of town expenditures was converted to a per job equivalent to facilitate the calculation of non-residential fiscal flows from commercial development. Demographic and employment data were also obtained from the Bureau of the Census and the Bureau of Economic Analysis.

This approach assumes that each person living or working in each town, city and county analyzed has access to that jurisdiction's services and therefore potentially shares from the benefits of these services. This cost or expenditure allocation is not based on the actual utilization of municipal services by specific individuals but rather reflects equal access to and availability of these services to all residents and persons working in that municipality. The findings derived in this study are based on an analysis of average costs, not marginal costs. By using average costs and revenue multipliers in this analysis and not adjusting revenue sources and expenditure demands to reflect the income structure of the future residents of the proposed land uses or the actual utilization rate of specific services, the actual revenue forecast is likely to be conservative and the actual demand for municipal services and programs may be overstated.

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**Appendix Table A-1
Revenue by Source Multipliers
Town of Denton, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Revenues</u>	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Residential</u>		<u>Non-Residential</u>	
1 Real Estate							
Residential	\$806,626	100.0%	0.0%	\$806,626	55.48%		
Non-Residential	\$100,124	0.0%	100.0%			\$100,124	15.86%
2 Business Personal Property	\$0	0.0%	100.0%	\$0	0.00%	\$0	0.00%
3 Income Taxes	\$125,148	100.0%	0.0%	\$125,148	8.61%	\$0	0.00%
4 Taxes - State Shared	\$0	0.0%	0.0%	\$0	0.00%	\$0	0.00%
5 Ordinary Business Corp. Tax	\$65,359	0.0%	100.0%	\$0	0.00%	\$65,359	10.35%
6 Other Local Taxes	\$354 ¹	100.0%	0.0%	\$354	0.02%	\$0	0.00%
7 Licenses, Fees, Permits	\$121,034	26.6%	73.4%	\$32,183	2.21%	\$88,851	14.07%
8 Fines & Forfeitures	\$0	56.5%	43.5%	\$0	0.00%	\$0	0.00%
9 Interest (Use of Money)	\$1,067	56.5%	43.5%	\$603	0.04%	\$464	0.07%
10 Charges for Services	\$11,516	56.5%	43.5%	\$6,509	0.45%	\$5,007	0.79%
11 Miscellaneous	\$127,885 ²	26.1%	74.0%	\$33,314	2.29%	\$94,571	14.98%
12 Intergovernmental - Federal	\$189,761 ³	56.5%	43.5%	\$107,253	7.38%	\$82,508	13.07%
13 Intergovernmental-State/County	\$536,292 ⁴	63.8%	36.3%	\$341,886	<u>23.52%</u>	\$194,406	<u>30.80%</u>
Total	<u>\$2,085,166</u>			<u>\$1,453,876</u>	<u>100.00%</u>	<u>\$631,290</u>	<u>100.00%</u>
				Contribution Margin:	69.72%		30.28%

Note:

- 1 Includes Admission and Amusement Tax
- 2 Includes \$68,950 Business Loan Fund.
- 3 Includes Highway User Revenue.
- 4 Includes \$727 from County.

Source:

Town of Denton Financial Report for FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-2
Baseline Service Level Multipliers
Town of Denton, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Expenditures</u>	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Resident</u>		<u>Non-Res.</u>	
1 General Government Administration	\$185,075 ¹	56.5%	43.5%	\$104,604	8.84%	\$80,471	11.05%
2 Planning & Growth Management	\$346,249 ²	100.0%	0.0%	\$346,249	29.26%	\$0	0.00%
3 Public Safety	\$926,304 ^{1,3}	54.0%	46.0%	\$500,019	42.25%	\$426,285	58.54%
4 Public Works	\$355,965 ¹	56.5%	43.5%	\$201,191	17.00%	\$154,774	21.26%
5 Health and Welfare	\$0	97.1%	2.9%	\$0	0.00%	\$0	0.00%
6 Parks, Recreation and Culture	\$32,639	96.0%	4.0%	\$31,333	2.65%	\$1,306	0.18%
7 Economic Development	\$65,306	0.0%	100.0%	\$0	0.00%	\$65,306	8.97%
8 Conservation of Natural Resources	\$0	56.5%	43.5%	\$0	0.00%	\$0	0.00%
9 Education	\$0	100.0%	0.0%	\$0	<u>0.00%</u>	\$0	<u>0.00%</u>
Total	<u>\$1,911,538</u>			<u>\$1,183,397</u>	100.00%	<u>\$728,141</u>	100.00%
				Contribution Margin:	61.91%		38.09%

Note:

- 1 Includes debt service.
- 2 Includes urban development and housing.
- 3 Net of \$837,306 in Police Department Capital Outlays.

Source:

Town of Denton Financial Report for FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-3
Revenue by Source Multipliers
Town of Easton, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Revenues</u> ¹	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Residential</u>		<u>Non-Residential</u>	
1 Real Estate							
Residential	\$3,353,403	100.0%	0.0%	\$3,353,403	56.50%		
Non-Residential	\$1,019,836	0.0%	100.0%			\$1,019,836	26.40%
2 Business Personal Property	\$0	0.0%	100.0%	\$0	0.00%	\$0	0.00%
3 Income Taxes	\$1,119,267	100.0%	0.0%	\$1,119,267	18.86%	\$0	0.00%
4 Taxes - State Shared	\$527,092 ²	47.4%	52.6%	\$249,631	4.21%	\$277,461	7.18%
5 Ordinary Business Corp. Tax	\$1,137,796	0.0%	100.0%	\$0	0.00%	\$1,137,796	29.45%
6 Other Local Taxes	\$0 ⁴	100.0%	0.0%	\$0	0.00%	\$0	0.00%
7 Licenses, Fees, Permits	\$500,174	15.6%	84.4%	\$77,977	1.31%	\$422,197	10.93%
8 Fines & Forfeitures	\$45,200	47.4%	52.6%	\$21,407	0.36%	\$23,793	0.62%
9 Interest (Use of Money)	\$0	47.4%	52.6%	\$0	0.00%	\$0	0.00%
10 Charges for Services	\$753,748	47.4%	52.6%	\$356,975	6.01%	\$396,773	10.27%
11 Miscellaneous	\$789,273 ⁵	47.4%	52.6%	\$373,800	6.30%	\$415,473	10.76%
12 Intergovernmental - Federal	\$36,948	95.0%	5.0%	\$35,108	0.59%	\$1,840	0.05%
13 Intergovernmental - State	\$515,654 ³	67.5%	32.5%	\$347,860	<u>5.86%</u>	\$167,794	<u>4.34%</u>
Total	<u>\$9,798,391</u>			<u>\$5,935,428</u>	100.00%	<u>\$3,862,963</u>	100.00%
				Contribution Margin: 60.58%		39.42%	

Note:

- 1 Operating Revenues only. Does not include revenues from Capital Projects.
- 2 Includes Highway User Revenue.
- 3 Includes Police Aid.
- 4 Includes Amusement Tax and Franchise Fees.
- 5 Net of Capital Projects revenues.

Source:

Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-4
Baseline Service Level Multipliers
Town of Easton, Maryland
FYE June 30, 2004**

Category	2004 Expenditures ⁴	Allocation Factor		Contribution Margin			
		Resident	Non-Res.	Resident		Non-Res.	
1 General Government Administration	\$1,472,388 ^{1,2,3}	47.4%	52.6%	\$697,323	10.27%	\$775,065	17.33%
2 Planning & Growth Management	\$269,657	100.0%	0.0%	\$269,657	3.97%	\$0	0.00%
3 Public Safety	\$5,748,128 ³	69.3%	30.7%	\$3,983,453	58.67%	\$1,764,675	39.45%
4 Public Works	\$3,315,039 ³	47.4%	52.6%	\$1,570,002	23.12%	\$1,745,037	39.01%
5 Health and Welfare	\$0	97.1%	2.9%	\$0	0.00%	\$0	0.00%
6 Parks, Recreation and Culture	\$279,980 ³	96.0%	4.0%	\$268,781	3.96%	\$11,199	0.25%
7 Economic Development	\$177,662 ³	0.0%	100.0%	\$0	0.00%	\$177,662	3.97%
8 Conservation of Natural Resources	\$0	47.4%	52.6%	\$0	0.00%	\$0	0.00%
9 Education	\$0	100.0%	0.0%	\$0	<u>0.00%</u>	\$0	<u>0.00%</u>
Total	<u>\$11,262,854</u>			<u>\$6,789,216</u>	100.00%	<u>\$4,473,638</u>	100.00%
				Contribution Margin:	60.28%		39.72%

Note:

- 1 Net of Planning & Zoning expenditures.
- 2 Includes \$324,110 in Nondepartmental (Miscellaneous).
- 3 Includes \$2,310,084 in Debt Service (apportioned).
- 4 Operating expenditures only. Does not include \$1,151,200 in Capital Projects.

Source:

Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-5
Revenue by Source Multipliers
City of Cambridge, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Revenues</u>	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Residential</u>		<u>Non-Residential</u>	
1 Real Estate							
Residential	\$2,320,726	100.0%	0.0%	\$2,320,726	44.65%		
Non-Residential	\$265,971	0.0%	100.0%			\$265,971	6.99%
2 Business Personal Property	\$1,099,822	0.0%	100.0%	\$0	0.00%	\$1,099,822	28.89%
3 Income Taxes	\$410,576	100.0%	0.0%	\$410,576	7.90%	\$0	0.00%
4 Taxes - State Shared	\$0	0.0%	0.0%	\$0	0.00%	\$0	0.00%
5 Ordinary Business Corp. Tax	\$0	0.0%	100.0%	\$0	0.00%	\$0	0.00%
6 Other Local Taxes	\$1,153,103 ¹	10.1%	89.9%	\$116,694	2.25%	\$1,036,409	27.23%
7 Licenses, Fees, Permits	\$365,806	25.4%	74.6%	\$92,842	1.79%	\$272,964	7.17%
8 Fines & Forfeitures	\$43,719	85.5%	14.5%	\$37,380	0.72%	\$6,339	0.17%
9 Interest (Use of Money)	\$0	56.5%	43.5%	\$0	0.00%	\$0	0.00%
10 Charges for Services	\$525,828	75.5%	24.5%	\$396,948	7.64%	\$128,880	3.39%
11 Miscellaneous	\$127,857	59.1%	40.9%	\$75,576	1.45%	\$52,281	1.37%
12 Intergovernmental - Federal	\$622,524 ²	59.1%	40.9%	\$367,974	7.08%	\$254,550	6.69%
13 Intergovernmental-State/County	\$2,068,476	66.7%	33.3%	\$1,379,053	<u>26.53%</u>	\$689,423	<u>18.11%</u>
Total	<u>\$9,004,408</u>			<u>\$5,197,768</u>	<u>100.00%</u>	<u>\$3,806,640</u>	<u>100.00%</u>
Note:				Contribution Margin:	57.72%		42.28%

1 Includes Admission & Amusement, Hotel, Impact Fees, Enterprise Zone, & Southside Landing Park.
2 Includes Highway User Revenue & FEMA revenue.

Source:
City of Cambridge Financial Statements for FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-6
Baseline Service Level Multipliers
City of Cambridge, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Expenditures</u> ⁶	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Resident</u>		<u>Non-Res.</u>	
1 General Government Administration	\$2,279,407 ^{1,5}	59.1%	40.9%	\$1,347,357	27.64%	\$932,050	32.41%
2 Planning & Growth Management	\$93,383 ²	89.7%	10.3%	\$83,783	1.72%	\$9,600	0.33%
3 Public Safety	\$3,832,884 ⁵	69.3%	30.7%	\$2,656,189	54.49%	\$1,176,695	40.92%
4 Public Works	\$1,101,594 ⁵	59.1%	40.9%	\$651,152	13.36%	\$450,442	15.66%
5 Health and Welfare	\$129,326 ³	59.1%	40.9%	\$76,445	1.57%	\$52,881	1.84%
6 Parks, Recreation and Culture	\$55,349 ⁵	96.0%	4.0%	\$53,135	1.09%	\$2,214	0.08%
7 Economic Development	\$257,816 ^{4,5}	2.4%	97.6%	\$6,162	0.13%	\$251,654	8.75%
8 Conservation of Natural Resources	\$0	59.1%	40.9%	\$0	0.00%	\$0	0.00%
9 Education	\$0	100.0%	0.0%	\$0	<u>0.00%</u>	\$0	<u>0.00%</u>
Total	<u>\$7,749,759</u>			<u>\$4,874,223</u>	100.00%	<u>\$2,875,536</u>	100.00%
				Contribution Margin:	62.90%		37.10%

Note:

- 1 Net of Planning & Zoning, Other & General Government, and Seafood Festival. Includes Non-Departmental.
- 2 Includes Planning & Zoning.
- 3 Includes General Government.
- 4 Includes Seafood Festival and Other Government.
- 5 Includes debt service (apportioned).
- 6 Operating expenditures & capital outlays only. Net of capital improvements.

Source:

City of Cambridge Financial Statements for FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-7
Revenue by Source Multipliers
Caroline County, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Revenues</u>	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Residential</u>		<u>Non-Residential</u>	
1 Real Estate							
Residential	\$9,905,628	100.0%	0.0%	\$9,905,628	35.29%		
Non-Residential	\$2,476,407	0.0%	100.0%			\$2,476,407	35.25%
2 Business Personal Property	\$48,436	0.0%	100.0%	\$0	0.00%	\$48,436	0.69%
3 Income Taxes	\$9,481,201	100.0%	0.0%	\$9,481,201	33.78%	\$0	0.00%
4 Taxes - State Shared	\$2,665,523 ²	78.2%	21.8%	\$2,084,972	7.43%	\$580,551	8.26%
5 Ordinary Business Corp. Tax	\$1,987,307	0.0%	100.0%	\$0	0.00%	\$1,987,307	28.28%
6 Other Local Taxes	\$2,649,013	77.7%	22.3%	\$2,058,813	7.34%	\$590,200	8.40%
7 Licenses, Fees, Permits	\$370,995	31.0%	69.0%	\$114,971	0.41%	\$256,024	3.64%
8 Fines & Forfeitures	\$0	0.0%	0.0%	\$0	0.00%	\$0	0.00%
9 Interest (Use of Money)	\$84,862	78.2%	21.8%	\$66,379	0.24%	\$18,483	0.26%
10 Charges for Services	\$859,748	78.2%	21.8%	\$672,495	2.40%	\$187,253	2.67%
11 Miscellaneous	\$869,813	78.2%	21.8%	\$680,368	2.42%	\$189,445	2.70%
12 Intergovernmental - Federal	\$352,383	82.7%	17.3%	\$291,315	1.04%	\$61,068	0.87%
13 Intergovernmental - State	\$3,341,462	81.1%	18.9%	\$2,710,594	<u>9.66%</u>	\$630,868	<u>8.98%</u>
Total	<u>\$35,092,778</u>			<u>\$28,066,736</u>	100.00%	<u>\$7,026,042</u>	100.00%
				Contribution Margin:		79.98%	20.02%

Note:

- 1 Operating revenues only. Does not include Capital Improvements & Capital Reserves revenues.
- 2 Includes Highway User Revenue.

Source:

Caroline County Financial Statements and Supplementary Information for the FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-8
Baseline Service Level Multipliers
Caroline County, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Expenditures</u> ¹	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Resident</u>		<u>Non-Res.</u>	
1 General Government Administration	\$5,300,010 ^{2,3,4,7}	78.2%	21.8%	\$4,145,668	15.12%	\$1,154,342	22.88%
2 Planning & Growth Management	\$607,176 ⁷	78.2%	21.8%	\$474,933	1.73%	\$132,243	2.62%
3 Public Safety	\$7,245,173 ⁷	67.8%	32.2%	\$4,910,054	17.91%	\$2,335,119	46.29%
4 Public Works	\$3,637,417 ⁷	78.2%	21.8%	\$2,845,188	10.38%	\$792,229	15.71%
5 Health and Welfare	\$1,143,899	97.3%	2.7%	\$1,112,556	4.06%	\$31,343	0.62%
6 Parks, Recreation and Culture	\$1,757,582 ⁷	96.0%	4.0%	\$1,687,279	6.15%	\$70,303	1.39%
7 Economic Development	\$525,056 ^{5,7}	8.6%	91.4%	\$45,050	0.16%	\$480,006	9.52%
8 Conservation of Natural Resources	\$223,292	78.2%	21.8%	\$174,659	0.64%	\$48,633	0.96%
9 Education	\$12,023,077 ^{6,7}	100.0%	0.0%	\$12,023,077	<u>43.85%</u>	\$0	<u>0.00%</u>
Total	<u>\$32,462,682</u>			<u>\$27,418,463</u>	100.00%	<u>\$5,044,219</u>	100.00%
				Contribution Margin:	84.46%		15.54%

Note:

- 1 Operating Expenditures only. Does not include Capital Improvements & Capital Reserve expenditures.
- 2 Net of Planning & Zoning.
- 3 Includes Chesapeake (Community) College.
- 4 Includes Intergovernmental-Local, Contingency, Capital Outlays, and Miscellaneous expenditures.
- 5 Includes Housing Rehabilitation.
- 6 Net of Chesapeake (Community) College.
- 7 Includes debt service (apportioned).

Source:

Caroline County [Financial Statements and Supplementary Information](#) for the FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-9
Revenue by Source Multipliers
Talbot County, Maryland
FYE June 30, 2004**

<u>Category</u>	<u>2004 Revenues</u> ¹	<u>Allocation Factor</u>		<u>Contribution Margin</u>			
		<u>Resident</u>	<u>Non-Res.</u>	<u>Residential</u>		<u>Non-Residential</u>	
1 Real Estate							
Residential	\$16,421,774	100.0%	0.0%	\$16,421,774	35.06%		
Non-Residential	\$4,808,979	0.0%	100.0%			\$4,808,979	48.12%
2 Business Personal Property	\$0	0.0%	100.0%	\$0	0.00%	\$0	0.00%
3 Income Taxes	\$15,429,138	100.0%	0.0%	\$15,429,138	32.94%	\$0	0.00%
4 Taxes - State Shared	\$2,153,704 ²	65.0%	35.0%	\$1,399,046	2.99%	\$754,658	7.55%
5 Ordinary Business Corp. Tax	\$0	0.0%	100.0%	\$0	0.00%	\$0	0.00%
6 Other Local Taxes	\$12,063,661	75.4%	24.6%	\$9,094,794	19.42%	\$2,968,867	29.71%
7 Licenses, Fees, Permits	\$657,060	81.1%	18.9%	\$533,007	1.14%	\$124,053	1.24%
8 Fines & Forfeitures	\$22,220	65.0%	35.0%	\$14,434	0.03%	\$7,786	0.08%
9 Interest (Use of Money)	\$0	65.0%	35.0%	\$0	0.00%	\$0	0.00%
10 Charges for Services	\$1,874,539	58.8%	41.2%	\$1,102,979	2.35%	\$771,560	7.72%
11 Miscellaneous	\$443,490	65.0%	35.0%	\$288,091	0.62%	\$155,399	1.56%
12 Intergovernmental - Federal	\$1,017,047	85.7%	14.3%	\$871,304	1.86%	\$145,743	1.46%
13 Intergovernmental - State	\$1,942,785	86.8%	13.2%	\$1,686,532	<u>3.60%</u>	\$256,253	<u>2.56%</u>
Total	<u>\$56,834,397</u>			<u>\$46,841,099</u>	100.00%	<u>\$9,993,298</u>	100.00%
				Contribution Margin:		82.42%	17.58%

Note:

- 1 Operating revenues only. Does not include Capital Projects revenues.
- 2 Includes Highway User Revenue.

Source:

Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004.
Urban Analytics, Inc.

**Appendix Table A-10
Baseline Service Level Multipliers
Talbot County, Maryland
FYE June 30, 2004**

Category	2004 Expenditures ¹	Allocation Factor		Contribution Margin				Multiplier	
		Resident	Non-Res.	Resident	Non-Res.	Per Capita	Per Job		
1 General Government Administration	\$6,863,014 ^{2,3,4,6}	65.0%	35.0%	\$4,458,214	10.02%	\$2,404,800	35.63%	\$127.32	\$127.29
2 Planning & Growth Management	\$501,282 ⁶	100.0%	0.0%	\$501,282	1.13%	\$0	0.00%	\$14.32	\$0.00
3 Public Safety	\$8,434,576 ⁶	65.5%	34.5%	\$5,522,960	12.41%	\$2,911,616	43.14%	\$157.72	\$154.11
4 Public Works	\$2,427,332 ⁶	65.0%	35.0%	\$1,576,795	3.54%	\$850,537	12.60%	\$45.03	\$45.02
5 Health and Welfare	\$3,012,398 ⁶	97.8%	2.2%	\$2,947,330	6.62%	\$65,068	0.96%	\$84.17	\$3.44
6 Parks, Recreation and Culture	\$1,195,766 ⁶	96.0%	4.0%	\$1,147,935	2.58%	\$47,831	0.71%	\$32.78	\$2.53
7 Economic Development	\$388,409 ⁶	0.0%	100.0%	\$0	0.00%	\$388,409	5.75%	\$0.00	\$20.56
8 Conservation of Natural Resources	\$231,996	65.0%	35.0%	\$150,705	0.34%	\$81,291	1.20%	\$4.30	\$4.30
9 Education	\$28,208,952 ⁵	100.0%	0.0%	\$28,208,952	<u>63.37%</u>	\$0	<u>0.00%</u>	<u>\$805.58</u>	<u>\$0.00</u>
Total	<u>\$51,263,725</u>			<u>\$44,514,173</u>	100.00%	<u>\$6,749,552</u>	100.00%	\$1,271.22	\$357.25
				Contribution Margin:	86.83%		13.17%		

Note:

- 1 Operating Expenditures only. Does not include Capital Projects expenditures.
- 2 Net of Planning & Zoning and Economic Development.
- 3 Includes Employee Benefits, Miscellaneous and Contingencies.
- 4 Includes Community College, CRC and DARE education expenditures.
- 5 Net of Community College, CRC and DARE education expenditures.
- 6 Includes debt service (apportioned).

Source:

Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004.
Urban Analytics, Inc.

Appendix Table B-1
Revenues by Source Multipliers
"Composite" Town of Denton, Maryland
FYE June 30, 2004

<u>Revenue Category</u>	<u>Per Capita</u>	<u>Per Job</u>
1 Real Estate		
Residential	\$ 249.41	
Non-Residential		\$ 61.38
2 Business Personal Property	\$ -	\$ 52.50
3 Income Taxes	\$ 67.25	\$ -
4 Taxes - State Shared	\$ 10.97	\$ 13.24
5 Ordinary Business Corp. Tax	\$ -	\$ 54.31
6 Other Local Taxes	\$ 5.13	\$ 49.47
7 Licenses, Fees, Permits	\$ 7.51	\$ 33.18
8 Fines & Forfeitures	\$ 2.58	\$ 1.44
9 Interest (Use of Money)	\$ -	\$ -
10 Charges for Services	\$ 33.14	\$ 25.09
11 Miscellaneous	\$ 19.75	\$ 22.33
12 Intergovernmental - Federal	\$ 17.72	\$ 12.24
13 Intergovernmental - State	\$ 75.91	\$ 40.92
Total	\$ 489.37	\$ 366.10

Note:

1 This "composite" Town of Denton reflects a cross-section of existing jurisdictions analyzed.

Source:

Town of Denton Financial Report for the FYE June 30, 2004
Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004
City of Cambridge Financial Statements for the FYE June 30, 2004
Caroline County Financial Statements and Supplementary Information for the FYE June 30, 2004
Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004
Urban Analytics, Inc.

**Appendix Table B-2
Baseline Service Level Multipliers
"Composite" Town of Denton, Maryland
FYE June 30, 2004**

<u>Revenue Category</u>	<u>Per Capita</u>	<u>Per Job</u>
1 General Government Administration	\$ 89.88	\$ 81.49
2 Planning & Growth Management	\$ 15.54	\$ 0.46
3 Public Safety	\$ 291.85	\$ 140.41
4 Public Works	\$ 97.63	\$ 104.80
5 Health and Welfare	\$ 3.36	\$ 2.52
6 Parks, Recreation & Culture	\$ 14.15	\$ 0.64
7 Economic Development	\$ 0.27	\$ 20.49
8 Conservation of Natural Resources	\$ -	\$ -
9 Education	\$ -	\$ -
Total	\$ 512.68	\$ 350.81

Note:

1 This "composite" Town of Denton reflects a cross-section of existing jurisdictions analyzed.

Source:

Town of Denton Financial Report for the FYE June 30, 2004

Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004

City of Cambridge Financial Statements for the FYE June 30, 2004

Caroline County Financial Statements and Supplementary Information for the FYE June 30, 2004

Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004

Urban Analytics, Inc.

**Appendix Table B-3
 Net Operating Surplus (Deficit)
 "Composite" Town of Denton, Maryland
 FYE June 30, 2004**

	<u>Per Capita</u>	<u>Per Job</u>
Total Operating Revenues	\$ 489.37	\$ 366.10
Total Operating Expenditures	<u>\$ 512.68</u>	<u>\$ 350.81</u>
Net Operating Surplus (Deficit)	\$ (23.31)	\$ 15.29

Note:

1 This "composite" Town of Denton reflects a cross-section of existing jurisdictions analyzed.

Source:

Town of Denton Financial Report for the FYE June 30, 2004

Town of Easton Financial Statements and Supplementary Information for the FYE June 30, 2004

City of Cambridge Financial Statements for the FYE June 30, 2004

Caroline County Financial Statements and Supplementary Information for the FYE June 30, 2004

Talbot County Comprehensive Annual Financial Report (CAFR) for the FYE June 30, 2004

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