

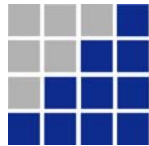


TOWN OF BETHLEHEM

Finding the Balance:

Fiscal Balance Modeling for Vision 2020

November 21, 2008



camoin associates
ECONOMIC DEVELOPMENT



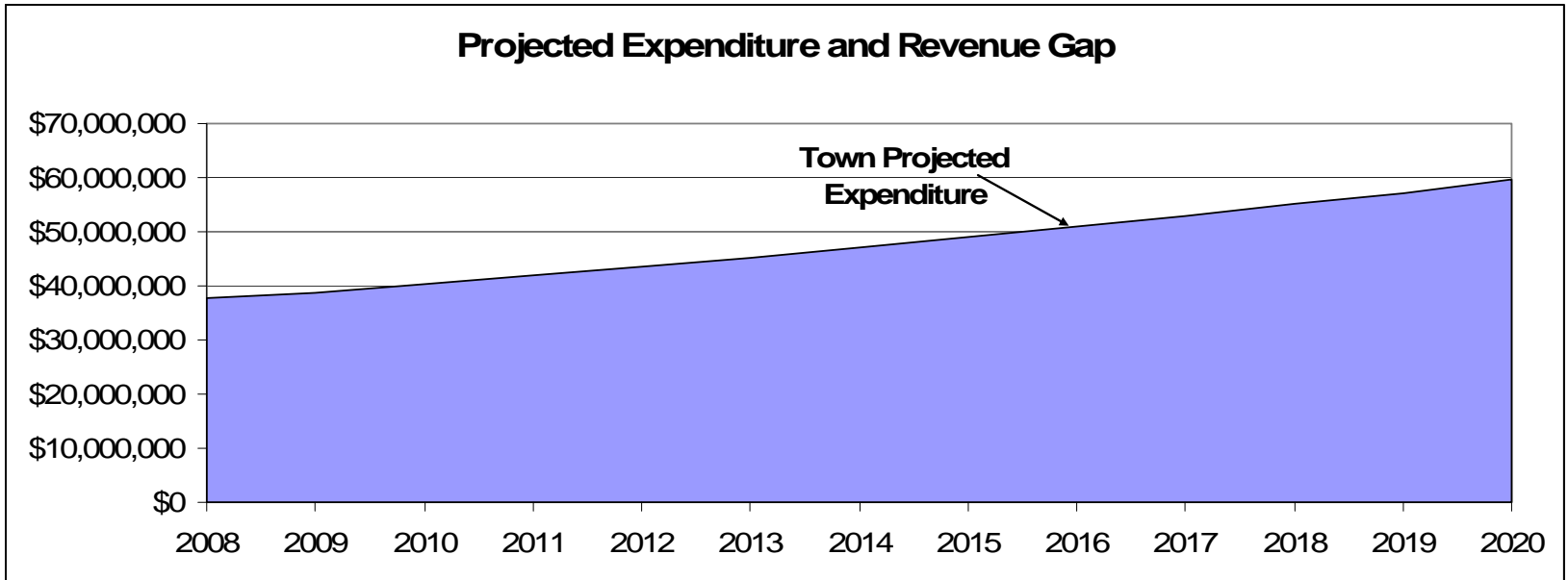
PRESENTATION OVERVIEW

1. Existing Fiscal Conditions and Trends
2. Managing Expenditure Growth
3. Development Scenarios
4. Revenue Sharing Possibilities
5. Conclusions





TOWN EXPENDITURE TRENDS

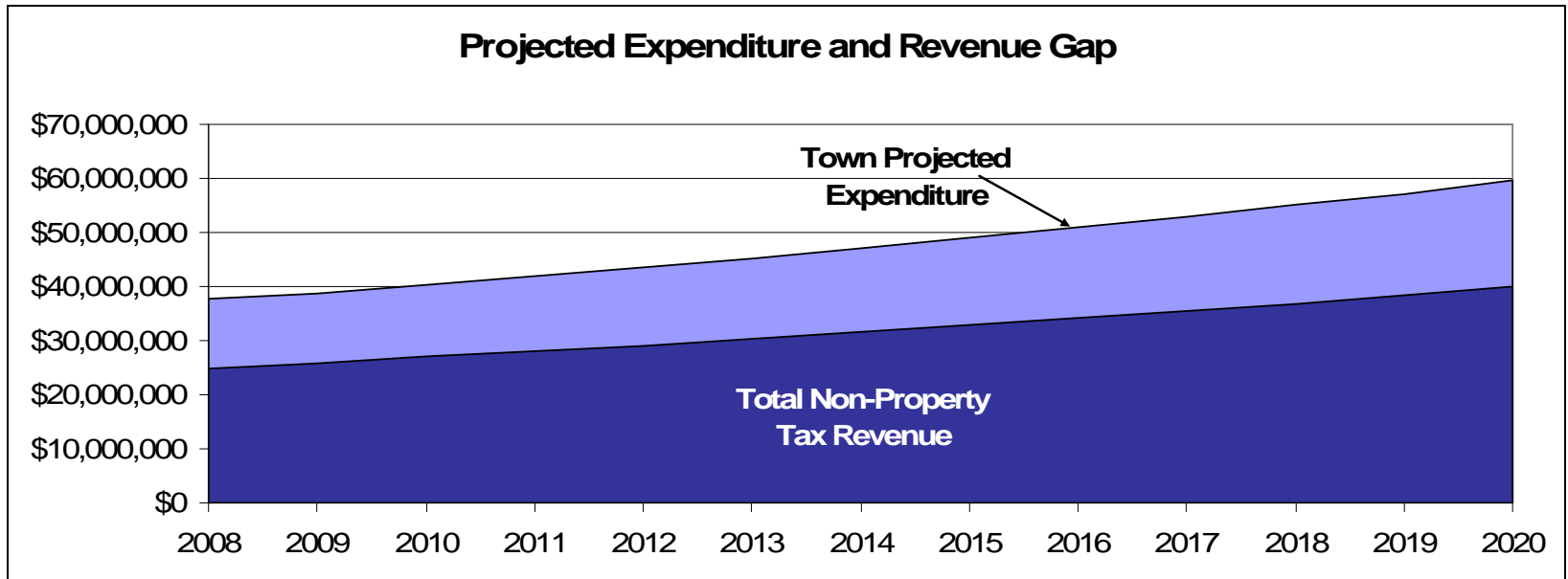


Town-wide expenditures are based
on a 4% annual growth rate





TOWN EXPENDITURE TRENDS



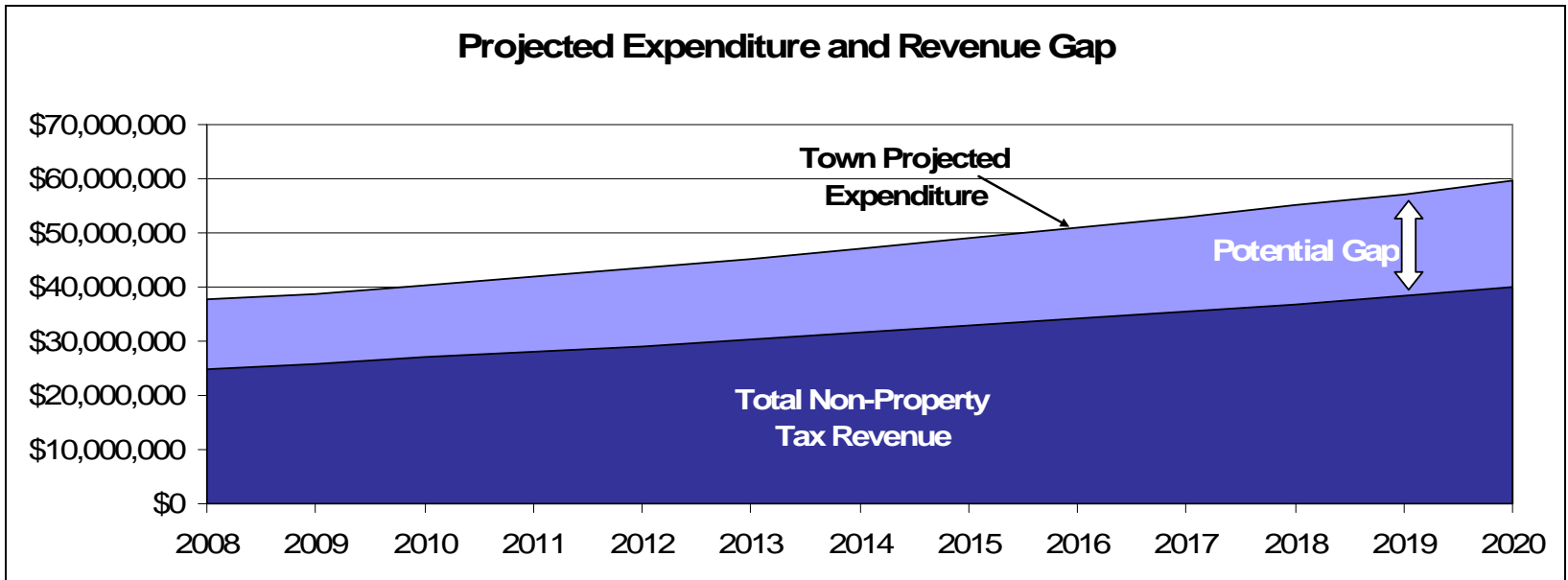
Town-wide expenditures are based on a 4% annual growth rate

Town-wide non-property tax revenue is based on a 4% annual growth rate





TOWN EXPENDITURE TRENDS



Projected Gap Before Property Tax

2008 = \$8,548,200

2013 = \$19,439,759





HOW TO MANAGE EXPENDITURE GROWTH

Identified Issues:

- Increasing difference between revenue and expenditures
- Deferred maintenance and capital expenditure needs
- Change in Town-wide demographics
- Balancing “needs” and “wants” of Town
- Future liabilities





HOW TO MANAGE EXENDITURE GROWTH

Possible Solutions:

- Reduction in costs or services
- Non-Residential development to build the tax base
- Revenue sharing
- Opportunities for shared municipal services
- Increased external revenue





HOW TO MANAGE EXENDITURE GROWTH

Average Net Impacts Commercial & Industrial Property to Town & School District

Land Use	Average Net Impact to Town	Average Net Impact to School District
Agriculture	-\$67	\$1,869
Eating & Drinking Establishments	\$45	\$5,450
Retail Establishments	\$713	\$95,140
Banking & Office	\$141	\$12,712
Industrial	\$1,133	\$90,727

Source: Town of Bethlehem 2007 Tax Rolls, Camoin Associates





DEVELOPMENT SCENARIOS

Probable Growth	
Additional Square Feet	1,600,000
Additional Assessed Value	\$202,500,000

Aggressive Growth	
Additional Square Feet	3,850,000
Additional Assessed Value	\$483,750,000





DEVELOPMENT SCENARIOS

Fiscal impact of development:

- Increasing the town-wide assessed value, through non-residential development, can spread out the tax burden
- Non-residential property typically requires less in services than it pays in taxes
- Won't be the only answer to the growing non-property tax and expenditure difference





DEVELOPMENT SCENARIOS

- Additional non-residential development will positively impact both the Town and the School District.

Impact of Development Scenarios on the Town and School District - 2020				
	Probable Growth		Aggressive Growth	
	Town	School District	Town	School District
Estimated Tax Payments	\$512,508	\$3,746,250	\$1,224,323	\$8,949,375
Estimated Costs	\$465,556	\$0	\$1,112,162	\$0
Total Net Impact	\$46,952	\$3,746,250	\$112,161	\$8,949,375

Source: Town of Bethlehem, Camoin Associates





REVENUE SHARING

Concept:

Taxing jurisdictions negotiate a compact to share property tax revenues for the Town to use for specific infrastructure and service improvements.





REVENUE SHARING

For example, the Town and School District could reach an agreement where 20% of revenue generated by development is transferred.

Town would use the additional revenue to pay for infrastructure upgrades necessary to support the development and reduce the burden on the residents.

20% Revenue Sharing Between Town and School District - 2020		
	Probable Growth	Aggressive Growth
Net Impact of Development to School	\$3,746,250	\$8,949,375
Net Impact of Development to Town	\$46,952	\$112,161
Adjusted Impact to Town*	\$796,202	\$1,902,036

**Adjusted impact is the net impact to the town plus 20% of the net impact to the school*





CONCLUSIONS

- Pursue prudent economic development Town-wide
- Consider how to reduce costs through efficiency and non-essential service reduction
- Research feasibility of revenue sharing





Questions?

Additional information and methodology available in the report.

