



March 4, 2020

Phil Davis, Member  
Cascade River LLC  
19 Warm Lake HWY  
Cascade, ID 83611

Dear Mr. Davis,

Attached please find our completed analysis of the projected fiscal impact of the proposed River District project in Cascade, Idaho.

Using conservative assumptions, we project the proposed development will contribute a net revenue surplus of at least \$200,000 annually to the City of Cascade's General and Special Funds. The Sewer and Water Funds are projected to receive sufficient operating revenues to support their operations.

We would be happy to meet with the City of Cascade to discuss this analysis and our findings at their convenience.

Sincerely,

Anne Wescott  
Galena Consulting



**The River District – Cascade, Idaho**  
**Fiscal Impact Analysis**  
**March 2020**

Galena Consulting was retained by the Cascade River LLC to calculate the fiscal impact to ongoing operations of the City of Cascade as a result of The River District Development in Cascade, Idaho. Galena has prepared Fiscal Impact Studies for multiple governmental jurisdictions in Idaho and Utah and used the methodology created for those studies in its development of this analysis.

The River District was broken down into three distinct projects:

- A 187 unit residential development consisting of 135 single family homes, 9 cottages and 43 townhouses
- A 256 unit multi-family residential development consisting of 48 four-plex units and 4 apartment buildings containing 16 units in each building.
- A commercial development consisting of 12 commercial lots on 6.17 acres, with the anticipated buildout of 54,000 square feet of commercial space.

Revenue calculations for the project were based on the following:

- Property Taxes - FY 2020 Levy rates for the City of Cascade only
- Water Service Fees - \$46.10 per month per unit/lot
- Water Service Availability Fee of \$1,694 per unit/lot
- Sewer Service Fees - \$33.30 per month per unit/lot
- Sewer Service Availability Fee of \$4,834 per unit/lot
- Residential Assessed Property Values at a blended rate of \$275,000 per unit
- Multi-Family Assessed Property Values at \$575,000 per lot
- Commercial Assessed Property Values at \$150 per square foot.
- Homeowners Exemption assumed at 30% of residential construction as owner occupied primary homes.

Expenditure calculations were based on the following factors:

- FY 2020 City of Cascade Budget
- Existing housing inventory using 2010 Census data. This is a conservative figure and assumes the City did not grow over the last decade.
- Variable costs for City services and Residential vs Commercial impacts based on Fiscal Impact Studies, conducted by Galena, for other Idaho Cities.
- Snow Removal will be provided for by the Development until the project reaches a 35% completion level in Phase 1.



### ***Methodology and Results***

Galena calculated the average cost per unit (residential housing units and/or commercial acreage) for each City Service and multiplied that cost by the number of units of development proposed by The River District. This amount was then multiplied by a factor which applied the variable costs of service. This factor is vital to a Fiscal Impact as not all services are variable. For example, if the City were to double in size, it would not require two Mayors or two “Police Chiefs”. It would, however require twice as many police officers. The majority of administrative functions are typically fixed, while the majority of police functions are typically variable. A final factor that affects costs is related to the mix between residential and commercial development. Administrative costs are more heavily impacted by residential development and police services are basically shared equally between residential and commercial needs. In this fiscal impact study, each City service was given an impact factor that is a result of historical studies conducted by Galena for several cities in Southwestern Idaho.

As a result of the most standard calculations for impacts, the City of Cascade’s General and Special Funds could reasonably anticipate a net annual operating surplus of approximately \$184,000 driven by residential development (\$59,248 plus \$125,017) and approximately \$44,000 from commercial development (\$10,634 plus \$33,686). The Enterprise Funds, consisting of Sewer and Water Services, would effectively balance as the revenues received would support the operating needs.

### ***Sensitivity***

The primary fiscal impact analysis was created assuming the completed project at full buildout. The actual length time for development completion, the actual ratio of primary vs secondary homeowners and the actual impact factors will have an effect on the overall results. The first year of a new development generally has the greatest negative impact to a jurisdiction as the property taxes are collected in arrears. The City is required to provide services for tax revenue that will be collected at least a year into the future. To quantify this impact, Galena assumed a complete buildout of 20 years and calculated the fiscal impact for the first year, assuming an evenly spread development period. Under this scenario, the General Fund would be obligated to provide approximately \$22k in services throughout the City. Fortunately, this is a temporary situation as development is projected to generate ongoing surpluses by the second year of development. There are numerous financial strategies that the City can incorporate to mitigate the first year shortfall and City staff is eminently qualified to choose the best alternative. After the first year, the City will continue to operate in a net positive position throughout the life of the project.

### ***Notes***

It should be noted that this analysis was conducted on the fiscal impact of The River District on the City of Cascade’s annual operating budgets for the General Fund, Special Funds and Enterprise Funds. It



does not take into consideration the cost of any offsite capital infrastructure that may be necessitated by the proposed development.

**Galena Consulting**

**ESTIMATE OF FISCAL IMPACT  
FOR  
THE RIVER DISTRICT**

**STATE HIGHWAY 55  
CASCADE ID 83611  
Valley County, Idaho**

**4-Mar-2020**

**Property Details:  
Section 31 T.14N R.4E**

**Prepared By Galena Consulting  
1214 Johnson St.  
Boise, Idaho 83705**

# Galena Consulting

Project: THE RIVER DISTRICT

## COMBINED ESTIMATE OF FISCAL IMPACT

Services Impacted			
Item	Site Impact	Property Tax/ User Fees	Surplus/(Deficit)
City of Cascade - General Fund			
City Administration	\$39,653	\$99,815	\$60,162
Planning Zoning	\$8,284	\$18,004	\$9,720
Police	\$80,140	\$80,140	\$0
Subtotal	\$128,076	\$197,959	\$69,883
City of Cascade - Special Funds			
Streets	\$130,378	\$247,312	\$116,934
Library	\$44,351	\$66,920	\$22,570
Parks	\$30,422	\$49,622	\$19,200
Airport/Cemetery	\$14,440	\$14,440	\$0
Subtotal	\$219,591	\$378,295	\$158,704
City of Cascade - Enterprise Funds			
Water	\$245,068	\$245,068	\$0
Sewer	\$177,023	\$177,023	\$0
<b>TOTAL CITY SERVICE IMPACT</b>	<b>\$769,758</b>	<b>\$998,344</b>	<b>\$228,586</b>
<b>TOTAL ONE TIME FEES - ENTERPRISE FUNDS</b>	NA	\$2,656,896	NA
<b>TOTAL ONE TIME FEES - GENERAL FUND</b>	\$598,274	\$598,274	\$0
<b>TOTAL ANNUAL FEES - ENTERPRISE FUNDS</b>	\$422,090	\$422,090	\$0
<b>TOTAL ANNUAL CASCADE CITY FISCAL IMPACT</b>	\$347,668	\$576,254	\$228,586
<b>TOTAL FEES</b>	<b>\$1,368,032</b>	<b>\$4,253,514</b>	<b>\$228,586</b>

# Galena Consulting

Project: THE RIVER DISTRICT

## ESTIMATE OF RESIDENTIAL FISCAL IMPACT

Services Impacted - Assuming 30.0% Primary Residence With Homeowners Exemption										
Item	FY 2020 City Budget	Existing Units	Cost per Unit	New Units	IMPACT FACTORS		Site Impact	Property Tax/ User Fees	Surplus/(Deficit)	
					Variable Cost %	Residential %				
City of Cascade - General Fund										
City Administration	\$284,941	847	\$336	443	35%	75%	\$39,121	\$90,169	\$51,048	
Planning Zoning	\$51,395	847	\$61	443	50%	60%	\$8,064	\$16,264	\$8,200	
Police *	\$228,774	847	\$270	443	100%	61%	\$72,395	\$72,395	\$0	
Subtotal	\$565,110						\$119,580	\$178,828	\$59,248	
City of Cascade - Special Funds										
Streets	\$411,267	847	\$486	443	75%	80%	\$129,061	\$223,411	\$94,350	
Library	\$111,336	847	\$131	443	80%	95%	\$44,256	\$60,453	\$16,197	
Parks	\$76,370	847	\$90	443	80%	95%	\$30,357	\$44,827	\$14,470	
Airport/Cemetery	\$911,480						\$13,045	\$13,045	\$0	
Subtotal	\$1,510,453						\$216,718	\$341,736	\$125,017	
City of Cascade - Enterprise Funds **										
Water	\$307,425	847	\$363	443	NA	80%	\$245,068	\$245,068	\$0	
Sewer	\$510,917	847	\$603	443	NA	80%	\$177,023	\$177,023	\$0	
<b>TOTAL CITY SERVICE IMPACT</b>	<b>\$6,163,905</b>						<b>\$758,389</b>	<b>\$942,654</b>	<b>\$184,266</b>	
<b>TOTAL ONE TIME FEES - ENTERPRISE FUNDS</b>								NA	\$2,578,560	NA
<b>TOTAL ONE TIME FEES - GENERAL FUND</b>								\$555,818	\$555,818	\$0
<b>TOTAL ANNUAL FEES - ENTERPRISE FUNDS</b>								\$422,090	\$422,090	\$0
<b>TOTAL ANNUAL CASCADE CITY FISCAL IMPACT</b>								\$336,298	\$520,564	\$184,266
<b>TOTAL FEES</b>								<b>\$1,314,207</b>	<b>\$4,077,032</b>	<b>\$184,266</b>

**NOTES:** This analysis reflects Impacts to Operating Budgets only. It does not reflect Offsite Capital Costs (Streets/Parks) that may be necessitated by this development.

\* Police services are provided for by the Valley County Sheriffs Office. Any increase in revenue will be used to provide for additional services, no surplus is anticipated.

\*\* Enterprise Funds receive fees commensurate with provided services, no surplus or deficit will occur.

# Galena Consulting

Project: [THE RIVER DISTRICT](#)

## ESTIMATE OF COMMERCIAL FISCAL IMPACT

Services Impacted									
Item	FY 2020 City Budget	Existing Acres	Cost per Acre	New Acres	IMPACT FACTORS		Site Impact	Property Tax/ User Fees	Surplus/(Deficit)
					Variable Cost %	Commercial %			
City of Cascade - General Fund									
City Administration	\$284,941	289	\$986	6.17	35%	25%	\$532	\$9,646	\$9,114
Planning Zoning	\$51,395	289	\$178	6.17	50%	40%	\$219	\$1,740	\$1,520
Police *	\$228,774	289	\$792	6.17	NA	39%	\$7,745	\$7,745	\$0
Subtotal	\$565,110						\$8,497	\$19,131	\$10,634
City of Cascade - Special Funds									
Streets	\$411,267	289	\$1,423	6.17	75%	20%	\$1,317	\$23,901	\$22,584
Library	\$111,336	289	\$385	6.17	80%	5%	\$95	\$6,467	\$6,372
Parks	\$76,370	289	\$264	6.17	80%	5%	\$65	\$4,796	\$4,730
Airport/Cemetery	\$911,480						\$1,396	\$1,396	\$0
Subtotal	\$1,510,453						\$2,873	\$36,559	\$33,686
City of Cascade - Enterprise Funds **									
Water	\$307,425	289	\$1,064	6.17	NA	20%	\$0	\$0	\$0
Sewer	\$510,917	289	\$1,768	6.17	NA	20%	\$0	\$0	\$0
<b>TOTAL CITY SERVICE IMPACT</b>	<b>\$6,163,905</b>						<b>\$11,369</b>	<b>\$55,690</b>	<b>\$44,321</b>
<b>TOTAL ONE TIME FEES - ENTERPRISE FUNDS</b>							NA	\$78,336	NA
<b>TOTAL ONE TIME FEES - GENERAL FUND</b>							\$42,456	\$42,456	\$0
<b>TOTAL ANNUAL FEES - ENTERPRISE FUNDS</b>							\$0	\$0	\$0
<b>TOTAL ANNUAL CASCADE CITY FISCAL IMPACT</b>							\$11,369	\$55,690	\$44,321
<b>TOTAL FEES</b>							\$53,825	\$176,482	\$44,321

**NOTES:** This analysis reflects Impacts to Operating Budgets only. It does not reflect Offsite Capital Costs (Streets/Parks) that may be necessitated by this development.

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**Galena Consulting**

Project: **THE RIVER DISTRICT**

Residential Lot Count **187**

**ESTIMATE OF TAX REVENUE GENERATION**

**ONE-TIME FEES**

<u>Item</u>	<u>Per Lot</u>	<u>Total</u>
Sewer Service Availability Fee (SAF)	\$4,834	\$903,958
Water Service Availability Fee (SAF)	\$1,694	\$316,778
Building Permit-Average SF Fee	\$1,974	\$369,138
<b>TOTAL ONE-TIME FEES</b>	<b>\$8,502</b>	<b>\$1,589,874</b>

**ANNUAL TAXES AND FEES**

<u>Annual Fees</u>	<u>Per Unit</u>	<u>Total</u>
Annual Water Fee	\$553	\$103,448
Annual Sewer Fee	\$400	\$74,725
<b>Total Annual Fees</b>	<b>\$953</b>	<b>\$178,174</b>

<u>Annual Taxes</u>				
<u>Description</u>	<u>Levy</u>		<u>Per SF Home</u>	<u>Total</u>
Assessed Property Value		\$245,000 *		
City of Cascade				
General Fund	0.0023618550		\$578.65	\$108,208
Streets	0.0029506880		\$722.92	\$135,186
Library	0.0007984290		\$195.62	\$36,580
Parks & Recreation	0.0005920460		\$145.05	\$27,125
Airport/Cemetery	0.0001722860		\$42.21	\$7,893
<b>Total Annual Taxes</b>			<b>\$1,684.45</b>	<b>\$314,992</b>

(\*) Net of Homowners Exemption for 30.0% of Homes Occupied as Primary Residences

**ESTIMATE OF TAX REVENUE GENERATION**

**ONE-TIME FEES**

<u>Item</u>	<u>Per Lot</u>	<u>Total</u>
Sewer Service Availability Fee (SAF)	\$19,336	\$1,005,472
Water Service Availability Fee (SAF)	\$6,776	\$352,352
Building Permit-Average SF Fee	\$3,590	\$186,680
<b>TOTAL ONE-TIME FEES</b>	<b>\$29,702</b>	<b>\$1,544,504</b>

**ANNUAL TAXES AND FEES**

<u>Annual Fees</u>	<u>Per Unit</u>	<u>Total</u>
Annual Water Fee	\$553	\$141,619
Annual Sewer Fee	\$400	\$102,298
<b>Total Annual Fees</b>	<b>\$953</b>	<b>\$243,917</b>

<u>Annual Taxes</u>		<u>Per Lot</u>	<u>Total</u>
<u>Description</u>	<u>Levy</u>		
Assessed Property Value *	\$575,000		
City of Cascade			
General Fund	0.0023618550	\$1,358.07	\$70,619
Streets	0.0029506880	\$1,696.65	\$88,226
Library	0.0007984290	\$459.10	\$23,873
Parks & Recreation	0.0005920460	\$340.43	\$17,702
Airport/Cemetery	0.0001722860	\$99.06	\$5,151
<b>Total Annual Taxes</b>		<b>\$3,953.30</b>	<b>\$205,572</b>

\* The assessed property value is based on an average of 48 four-plex units and 4 sixteen-unit apartments.

Project: THE RIVER DISTRICT

Commercial Lot Count 12

**ESTIMATE OF TAX REVENUE GENERATION**

**ONE-TIME FEES**

<u>Item</u>	<u>Per Lot</u>	<u>Total</u>
Sewer Service Availability Fee (SAF)	\$4,834	\$58,008
Water Service Availability Fee (SAF)	\$1,694	\$20,328
Building Permit-Average SF Fee	\$3,538	\$42,456
<b>TOTAL ONE-TIME FEES</b>	<b>\$10,066</b>	<b>\$120,792</b>

**ANNUAL TAXES AND FEES**

<u>Annual Fees</u>	<u>Per Lot</u>	<u>Total</u>
Annual Water Fee	\$0	\$0
Annual Sewer Fee	\$0	\$0
<b>Total Annual Fees</b>	<b>\$0</b>	<b>\$0</b>

<u>Annual Taxes</u>		<u>Per Lot</u>	<u>Total</u>
<u>Description</u>	<u>Levy</u>		
Assessed Property Value*	\$675,000		
City of Cascade			
General Fund	0.0023618550	\$1,594.25	\$19,131
Streets	0.0029506880	\$1,991.71	\$23,901
Library	0.0007984290	\$538.94	\$6,467
Parks & Recreation	0.0005920460	\$399.63	\$4,796
Airport/Cemetery	0.0001722860	\$116.29	\$1,396
<b>Total Annual Taxes</b>		<b>\$4,640.83</b>	<b>\$55,690</b>

\* The assessed property value is based on 12 commercial units, with 4,500 square feet per unit, at an average value of \$150 per square foot.