



Columbia Town Center Fiscal Impact Analysis

Costs and Revenues Assumptions Document

September 26, 2006

**Prepared by:
Howard County Department of Planning and Zoning
Division of Research**

Table of Contents

I. Overview of Assumptions	1
II. General Fund Revenues	3
A. Property Taxes	3
1. Real Property Taxes	3
2. Corporate Property Tax and Personal/Merchants Property Tax	4
3. Penalties/Interest	5
4. Operating Property Tax.....	5
5. Hopkins In-Lieu of Taxes	5
6. Tax Sale Revenue	5
B. Income Taxes	5
C. Other Local Taxes	8
1. Local Recordation Tax.....	8
2. Hotel/Motel Tax.....	9
3. Admissions and Amusement Tax	9
4. Mobile Home Tax	9
D. State Shared Taxes	9
1. Highway User’s Tax	9
2. Transfer Tax State.....	9
3. Recordation Tax State.....	9
E. Licenses and Permits	10
1. Fixed Revenues.....	10
2. Offset Revenues	10
3. Per Employee and Per Capita Revenues	11
F. Revenues From Other Agencies	11
1. State Aid Police Protection	11
2. 911 System Reimbursement	11
3. Human Resources - Law	11
4. Community College Debt Service	11
5. Soil Conservation and Other Revenues	11
G. Charges for Service.....	12
1. Fixed Revenues.....	12
2. Offset Revenues	13
3. Per Capita Revenues	13
H. Use of Money and Property	13
I. Fines and Forfeitures	13
1. Per Capita and Employee.....	14
2. Per Capita.....	14
J. Interfund Revenue Reimbursements	14
K. Prior Year Funds	15
III. General Fund Operating Expenditures.....	16
A. Education	16
1. Board of Education	16
2. Community College	20

B. Public Safety	20
1. Department of Police	20
2. Department of Corrections.....	21
C. Public Facilities.....	21
1. Department of Planning and Zoning.....	22
2. Department of Public Works	23
3. Department of Inspections, Licenses and Permits.....	23
4. Soil Conservation District.....	23
D. Community Services.....	23
1. Department of Recreation and Parks	24
2. Department of Citizen Services	24
3. Transportation Services/Coordination	25
4. Department of Libraries.....	25
5. Department of Health and Mental Hygiene.....	25
6. Department of Social Services.....	25
7. Other Community Services.....	25
E. Legislative and Judicial.....	25
1. County Council	26
2. Other Legislative and Judicial	26
F. General Government.....	26
1. Office of County Executive	26
2. Department of County Administration	26
3. Department of Finance.....	27
4. Department of Technology and Communication Services	28
5. Other General Government.....	28
G. Capital, Debt Service and Reserves	28
IV. Capital Costs.....	29
A. Public Schools.....	29
B. Community College	31
C. Non-Education Capital.....	31
V. School & Road Excise Taxes and Transfer Tax Revenues.....	34
A. School and Road Excise Taxes	34
B. Transfer Tax	35
VI. Supporting Documentation.....	36
A. Demographic and Employment Assumptions.....	36
B. Nonresidential Trip Generation.....	37

I. Overview of Assumptions

This document discusses the cost and revenue assumptions used in the Columbia Town Center fiscal impact analysis. A separate report summarizes the development scenarios assumed and the associated fiscal results. A fiscal analysis measures the likely impacts a development project has on a jurisdiction's budget. In this case, it measures the Howard County General Fund costs incurred and revenues generated by various development scenarios in downtown Columbia as it is built out over time.

Like any set of projections, a fiscal analysis is only as good as the assumptions used. The fiscal model has been set up to be flexible enough to change assumptions for sensitivity analysis testing. For example, if it is argued that the student generation rates used in the initial analysis are too low, then higher values can be tested and compared to the original assumptions. The relative impacts can then be determined. These relative differences add significant value to the analysis enabling better judgments of any impacts. Although the original fiscal report will be written based on the assumptions in this document, subsequent summary reports can be written showing the impacts of varying assumptions.

The fiscal impact results discussed in this report are in current fixed dollars and do not include inflation. The major reason inflation is not accounted for is because it adds too high a level of uncertainty into the equation. Generally, inflation does not impact all aspects of the economy equally. For example, building construction costs may increase at a different rate than employee or service costs. Real estate values are also unpredictable and rarely increase or decrease at the same rate as the consumer price index, for example. By not including inflation and using current dollars, the results are easier to interpret and are generally a more accurate reflection of costs relative to revenues based on a *snapshot in time*.

For this analysis, only the General Fund has been analyzed. In FY07, the General Fund totals a little more than \$734 million and is the portion of the budget where general tax revenues, such as income and property taxes, are collected, and where general expenditures such as the County's costs for education, police, snow removal, and libraries are made. Other special revenue funds, which collect funds used for a specific purpose, such as the Water and Sewer Fund, are not included in the analysis. Another example is the Self Sustaining Recreation Program Fund, which recovers costs through fees for programs. Generally, these funds are designed to raise revenues directly to cover associated costs.

The fiscal impacts on the Water and Sewer Fund can be conducted once more information is received on the potential impacts the project will have on the water and sewer system. This would include the capital costs for trunk line expansions and potential treatment plant expansion costs. The Fire and Rescue Services Fund is also not included in this analysis. This fund is financed through a separate property tax levy and covers associated costs.

The general methodology used for this analysis is a combination of a per capita or per employee approach combined with the marginal approach. For example, to project costs for the General Fund portion (county contribution) of the Department of Social Services, the budgeted costs for this department are divided by the current population to determine the current per capita level of

spending for the associated services. In this case, the FY07 budgeted amount of \$500,349 is divided by the estimated July 1, 2006 population of Howard County, 276,287 to yield a cost of \$1.81 per person. This factor is then applied to the projected population of the new project over time to determine the associated service costs.

In other cases employees are also used to determine the factor and the projected costs if the service also serves non-residential uses. For example, the Survey Division in the Department of Public Works uses a per capita and employee methodology because this division doesn't just serve residents. This factor is calculated by dividing the FY07 Survey Division budget amount of \$750,515 by the sum of the total population and jobs in the County, 458,221 (276,287 residents + 181,934 jobs). This results in a factor of \$1.64. This factor is then multiplied times each new person and each new job added over time from the new development.

Other special case methodologies are used such as projecting non-residential related police costs based on vehicle trips and road maintenance costs based on future road miles. These unique methodologies are outlined in this document.

In many cases, a marginal approach is used. Unlike per capita or per employee averages, a marginal approach rather estimates costs and revenues based on direct calculations derived from current rates or costs. For example, property tax revenues are based on the assessed values for each of the different residential and non-residential products times the current property tax rate. Income tax revenues also rely on a marginal approach. So do many capital expenditures. For example, school capital costs are based on the average one-time cost per student seat associated with a new school based on current school construction costs and school capacity. Student seats per housing units were based on student yields for new construction by housing unit type. This cost is then debt financed over 20 years. The assumptions used for each of the operating costs and revenues and capital costs are summarized in the following sections of this report.

II. General Fund Revenues

The table below summarizes the General Fund revenues for the approved FY07 budget. Of the total \$734 million budget, 44% of the revenues are from property taxes and 40% from income taxes. The remaining 16% of the revenues are from other sources. The following sections describe the methodologies used to project the various revenues.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total
Property Taxes	\$321,052,420	43.7%
Income Taxes	\$293,636,500	40.0%
Other Local Taxes	\$31,687,574	4.3%
State Shared Taxes	\$16,797,213	2.3%
Licenses and Permits	\$7,435,375	1.0%
Revenues from Other Agencies	\$5,581,001	0.8%
Charges for Service	\$10,295,026	1.4%
Use of Money and Property	\$5,790,298	0.8%
Fines and Forfeitures	\$2,399,500	0.3%
Interfund Reimbursements	\$18,213,093	2.5%
Prior Year's Funds	\$21,282,000	2.9%
TOTAL	\$734,170,000	100.0%

Source: Howard County, MD, FY07 Approved Operating Budget

A. Property Taxes

The table below summarizes the budgeted property taxes for FY07.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Property Taxes				
Real Property Tax	\$284,975,095	38.82%	Per \$100 of Ass. Value	\$1.014
Corporate Property Tax	\$33,194,455	4.52%	Per Non-Gov Employee	\$201.58
Personal/Merchants Property Tax	\$753,301	0.10%	Per Non-Gov Employee	\$4.57
Penalties/Interest Property Taxes	\$750,000	0.10%	% of Real Property Taxes	0.26%
Operating Property Tax	\$724,569	0.10%	Fixed	\$0.00
Hopkins In Lieu of Taxes	\$645,000	0.09%	Fixed	\$0.00
Tax Sale Revenue	\$10,000	0.00%	Fixed	\$0.00
Subtotal	\$321,052,420	43.73%		

1. Real Property Taxes

Real property taxes make of the majority of all property taxes collected and are calculated based on the current tax rate of \$1.014 per \$100 of assessed valuation. In general, the assessed value is less than the market value of new construction. Based on discussions with the State Department of Assessments and Taxation (SDAT) it was determined that residential assessed values are

generally 92% of market value. The table below summarizes the market values assumed for the Town Center development as well as the assessed values based on the 92% factor.

**Assessed Value of New Development
Columbia Town Center Fiscal Impact Analysis**

RESIDENTIAL	Market Values (per unit)	Assessed Value Ratio (1)	Assessed Values (per unit)
Residential Area			
Townhouse (2)	\$425,000	92%	\$391,000
Condo Apt. (3)	\$406,476	92%	\$373,958
MIHU Condo Apt. (4)	\$297,400	92%	\$273,608
Rental Apt. (5)	\$147,304	92%	\$135,519
MIHU Rental Apt. (6)	\$117,843	92%	\$108,416
NON-RESIDENTIAL			
	(per sq. ft.)		(per sq. ft.)
Office (7)	\$140	100%	\$140
Retail (7)	\$110	100%	\$110
Hotel (per room) (8)	\$61,266	100%	\$61,266

- 1) Residential assessed value is 92% of market value per SDAT.
- 2) DPZ Assumption. In-line with recent pricing at Governors Grant townhomes.
- 3) Average assessed value of new Ryland condo unit per SDAT.
- 4) Assumes market value of MIHU units are twice what the owner pays for their share based on a current affordability value of \$148,700 for a 2 bedroom condo. Current affordability is based on information provided by the Department of Housing and Community Development for the July to December, 2006 period.
- 5) Based on per unit assessed value of API Town Center Apartments (formerly Archstone) - see below.
- 6) Assumes that assessed value is 80% of market rate rental assessed value.
- 7) Typical Class A high rise office space in Howard County per discussions with the State Department of Assessments and Taxation (SDAT). Retail based on discussions with SDAT.
- 8) Based on per room value of Town Center Columbia Inn.

\$71,960,800 Current Assessed Value of API Town Center (July, 2006 per SDAT)
531 units

\$135,519 Assessed Value per rental unit

\$17,706,000 Current Assessed Value of Town Center Columbia Inn (July, 2006 per SDAT)
289 rooms

\$61,266 Assessed Value per room

2. Corporate Property Tax and Personal/Merchants Property Tax

Corporate property is the tax collected on the value of the equipment, fixtures and other tangible property owned by an association or joint-stock company. Corporations may be foreign or domestic. Personal merchants is the tax collected on the assessed value of the equipment and fixtures of local businesses. A per non-government employee factor approach is used for this.

Dividing the amounts by 164,669 estimated non-government employees as of July 2004 results in revenues amounts of \$201.58 and \$4.57 per employee, respectively.

3. Penalties/Interest

For the current budget, this amounts to 0.26% of the real property taxes collected. It is assumed that this same ratio applies for this analysis

4. Operating Property Tax

Operating Property is the tax collected on the value of the operating property of a railroad or public utility, like BGE. This is considered fixed.

5. Hopkins In-Lieu of Taxes

By agreement, the Johns Hopkins University Applied Physics Lab pays the County to off-set the cost of local services. This is considered fixed.

6. Tax Sale Revenue

This is revenue for the sale of properties of delinquent taxpayers and is considered fixed.

B. Income Taxes

The current income tax rate in the County is 3.2%. Since this is a major revenue source, representing about 40% of the General Fund budget, it is important to come up with an accurate projection methodology. The tables below summarize the methodology used in this current analysis. Note that the model includes unique assumptions for every residential unit type.

It is assumed that the market values of new housing units are the driver of income tax revenue, with household income increasing as market value increases. However, this is not completely proportionate. The affordability ratio – which is defined as the percentage of monthly gross income used to pay housing costs (principal, interest, taxes and insurance) – generally increases as incomes increase. The typical percentages used by the mortgage industry range from 28% (with no other debt such as car loans or credit cards) to 36% (including other non-housing debt). For purposes of this analysis, a 36% affordability ratio is used for the townhouse and market rate condo units. A 28% ratio is used for the MIHU condo units. A 36% ratio is used for the market rate rental units and a 30% ratio is used for the MIHU rental apartments (per information provided by the Howard County Department of Housing and Community Development).

The second ratio used is the amount of net taxable income as a percentage of gross income. Net taxable income is income after subtracting out itemized deductions such as mortgage interest and property taxes as well as subtracting out for exemptions. The percentage based on the more detailed calculations in the tables below result in a net taxable income ratio ranging from about 62 to 68% depending on the unit type.

Over time mortgage interest declines resulting in less of a mortgage interest deduction (which would raise the net taxable income to gross income ratio). But this decline is gradual in the initial years and only accelerates well into the mortgage term (after year 15 of a 30 year mortgage). Given owner occupied homes turn over about every 15 years on average, it can be

assumed that the new buyer will pay high interest once again. In addition, property taxes increase over time offsetting the deduction from reduced interest. (An analysis has been conducted that shows a 5% increase in property taxes over 15 years almost offsets decreasing mortgage interest.) Furthermore, many homebuyers these days put less than 20% down and have a second mortgage with a generally higher interest rate (and hence greater deductions) to make up the difference, which is not included in the model. Also, home equity loans can be deducted, which many homebuyers opt for in later years and are not included in the model.

Differences in the number of dependents (including self) based on average household size are included depending on the unit type. (See Section VI, Supporting Documentation, for more information on household sizes.) This leads, in addition to mortgage and property tax deductions, to varying deductions by unit type.

Note that for MIHU condo units, a 50% “down payment” is assumed. This is because for MIHU units the builder sells the house at a reduced price and the owner obtains a loan for that reduced price (in this case \$148,700 for a two bedroom condo as established by the Department of Housing and Community Development (DHCD) for the July to December, 2006 period). The assessed value of the unit is assumed to be twice that price (\$297,400), and that is what the property tax is based on (as explained on Page 4). DHCD retains no more than a 49% ownership in the unit, although the owner pays the entire property tax bill. The income tax is based on the \$148,700 mortgage amount. This results in a household income amount of about \$57,000, which is within the range set by DHCD for the current July to December six month period.

TOWNHOUSE			
Gross Income	\$91,197	Market Value	\$425,000
Monthly Income	\$7,599.76	Down Payment	20.0%
Affordability Ratio	36%	Loan Amount	\$340,000
Affordability Amount	\$2,735.91		
Loan Interest Rate	6.82%	(2nd quarter average in Balt-Wash metro area per Federal Housing Finance Board Survey)	
Mortgage Payment	\$2,221	\$1,932	first month interest portion
Property Taxes	\$448	county (\$1.014), state (\$.112), fire (\$.1255), ad valorem (\$.08) per \$100 ass., \$175 trash fee	
Insurance	\$66		
Total Monthly Payment	\$2,735.91		
Gross Income to Market Value Ratio	21.5%		
Monthly Mortgage Deduction	\$2,380.76	first year based on interest and prop tax payments	
Annual Mortgage Deduction	\$28,569.17		
Number of Exemptions	2.60		
Adjustment of AGI	\$6,240	(exemptions times \$2,400 per exemption)	
Total Adjustments - Net Income	\$56,388		
Net Taxable Income Ratio	61.8%		
	13.3%	Combined Ratio	
	0.425%	Combined Ratio times 3.2% Local Property Tax rate	
	Taxable Income	Tax Rate	Annual Local Income Tax
Current Method	\$56,387.96	3.2%	\$1,804.41

CONDO APT.

Gross Income	\$87,243	Market Value	\$406,476
Monthly Income	\$7,270.29	Down Payment	20.0%
Affordability Ratio	36%	Loan Amount	\$325,181
Affordability Amount	\$2,617.30		
Loan Interest Rate	6.82%	(2nd quarter average in Balt-Wash metro area per Federal Housing Finance Board Survey)	
Mortgage Payment	\$2,124	\$1,848	interest portion
Property Taxes	\$430	county (\$1.014), state (\$.112), fire (\$.1255), ad valorem (\$.08) per \$100 ass., \$175 trash fee	
Insurance	\$64		
Total Monthly Payment	\$2,617.30		

Gross Income to Market Value Ratio	21.5%	
Monthly Mortgage Deduction	\$2,277.63	first year based on interest and prop tax payments
Annual Mortgage Deduction	\$27,331.59	
Number of Exemptions	1.90	
Adjustment of AGI	\$4,560	(exemptions times \$2,400 per exemption)
Total Adjustments - Net Income	\$55,352	
Net Taxable Income Ratio	63.4%	
	13.6%	Combined Ratio
	0.436%	Combined Ratio times 3.2% Local Property Tax rate

	Taxable Income	Tax Rate	Annual Income Tax
Current Method	\$55,351.84	3.2%	\$1,771.26

MIHU CONDO APT.

Gross Income	\$57,259	Market Value	\$297,400
Monthly Income	\$4,771.56	Down Payment	50.0% (mortgage based on homeowner portion)
Affordability Ratio	28%	Loan Amount	\$148,700 that is owned - rest is Hse Cmm)
Affordability Amount	\$1,336.04		
Loan Interest Rate	6.82%	(2nd quarter average in Balt-Wash metro area per Federal Housing Finance Board Survey)	
Mortgage Payment	\$971	\$845	interest portion
Property Taxes	\$318	county (\$1.014), state (\$.112), fire (\$.1255), ad valorem (\$.08) per \$100 ass., \$175 trash fee	
Insurance	\$46		
Total Monthly Payment	\$1,336.04		

Gross Income to Market Value Ratio	19.3%	
Monthly Mortgage Deduction	\$1,163.29	first year based on interest and prop tax payments
Annual Mortgage Deduction	\$13,959.43	
Number of Exemptions	1.90	
Adjustment of AGI	\$4,560	(exemptions times \$2,400 per exemption)
Total Adjustments - Net Income	\$38,739	
Net Taxable Income Ratio	67.7%	
	13.0%	Combined Ratio
	0.417%	Combined Ratio times 3.2% Local Property Tax rate

	Taxable Income	Tax Rate	Annual Income Tax
Current Method	\$38,739.32	3.2%	\$1,239.66

RENTAL APT.			
Gross Income	\$50,000		
Monthly Income	\$4,166.67		
Affordability Ratio	36%		
Affordability Amount	\$1,500	(based on a survey of Columbia and Ellicott City apartments, est. average)	
Total Monthly Payment	\$1,500		
Number of Exemptions	1.90		
Adjustment of AGI	\$4,560	(exemptions times \$2,400 per exemption)	
Standard State Deduction	\$3,000	(\$2,000 for single, \$4,000 for joint, so use \$3,000 as avg.)	
Total Adjustments - Net Income	\$42,440		
	Taxable Income	Tax Rate	Annual Income Tax
Current Method	\$42,440	3.2%	\$1,358.08

MIHU RENTAL APT.			
Gross Income	\$47,840		
Monthly Income	\$3,986.67		
Affordability Ratio	30%	(per DHCD for July to December, 2006 period)	
Affordability Amount	\$1,196		
Total Monthly Payment	\$1,196	(per DHCD for July to December, 2006 period)	
Number of Exemptions	1.90		
Adjustment of AGI	\$4,560	(exemptions times \$2,400 per exemption)	
Standard State Deduction	\$3,000	(\$2,000 for single, \$4,000 for joint, so use \$3,000 as avg.)	
Total Adjustments - Net Income	\$40,280		
	Taxable Income	Tax Rate	Annual Income Tax
Current Method	\$40,280	3.2%	\$1,288.96

C. Other Local Taxes

The table below summarizes the other budgeted local taxes for FY07.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Other Local Taxes				
Income Taxes	\$293,636,500	40.00%	Taxable Income	3.20%
Local Recordation Tax	\$25,997,574	3.54%	Per \$500 of Value	\$2.50
Hotel/Motel Tax	\$3,190,000	0.43%	Per Room	5.0%
Admission and Amusement Tax	\$2,000,000	0.27%	Per Capita	\$7.24
Mobile Home Tax	\$500,000	0.07%	Fixed	\$0.00
Subtotal	\$325,324,074	44.31%		

1. Local Recordation Tax

Howard County imposes a tax on every instrument conveying title to real or personal property recorded with the Clerk of the Circuit Court at a rate of \$2.50 per \$500 of the value of each

recording. For purposes of the fiscal study, this rate is multiplied times the assessed value of new construction over time. It is also assumed that there is a turnover (re-sale) of a residential unit once every 15 years on average. This rate is based on an evaluation of recent housing sales in the County.

2. Hotel/Motel Tax

The current tax rate for the hotel/motel tax is 5.0%. It is assumed that the new hotels proposed in Downtown Columbia will have an 65% average occupancy rate with an average daily room charge of \$150.

3. Admissions and Amusement Tax

The County imposes a tax of 7.5% on gross receipts derived from admission charges except for live performances and concerts and certain athletic activities where the rate is 5%. This tax is collected by the state, and after deduction for administrative costs, is remitted to the county quarterly. A per capita methodology is used for the current analysis.

4. Mobile Home Tax

This tax is considered fixed for purposes of the fiscal analysis.

D. State Shared Taxes

The table below summarizes the budgeted state shared taxes for FY07.

**FY07 Approved General Fund Operating Revenues
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total	Methodology	Factor
State Shared Taxes				
Highway Users' Tax	\$16,707,213	2.28%	Per Capita	\$60.47
Transfer Tax State	\$90,000	0.01%	Fixed	\$0.00
Recordation Tax State	\$0	0.00%	Fixed	\$0.00
Subtotal	\$16,797,213	2.29%		

1. Highway User's Tax

The state tax on gasoline and diesel fuel is 23.5 cents per gallon. Thirty percent of that amount is shared with local jurisdictions. The county's share is allocated based on road mileage and motor vehicle registrations. For purposes of the fiscal analysis, a per capita methodology is used.

2. Transfer Tax State

This is a transfer tax on sale of property or assets of a corporation within a county and will be considered fixed for purposes of the analysis.

3. Recordation Tax State

This is a state tax levied when a corporation or limited partnership merges or transfers assets and will also be considered fixed.

E. Licenses and Permits

The table below summarizes the budgeted license and permit revenues for FY07. The majority of these revenues are considered fixed or offset by expenditures. The remaining either use a per capita or per employee methodology.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Licenses and Permits				
Traders	\$410,000	0.06%	Per Employee	\$2.25
Sign Permits	\$30,000	0.00%	Per Employee	\$0.16
Beer and Wine License Fee	\$210,000	0.03%	Per Capita	\$0.76
Dog License	\$65,000	0.01%	Per Capita	\$0.24
Mar. Lic Surcharge -- Domestic Vil	\$67,375	0.01%	Per Capita	\$0.24
Distilled Spirits License Fee	\$3,500	0.00%	Per Capita	\$0.01
Marriage Licenses	\$10,000	0.00%	Per Capita	\$0.04
Cat License	\$9,000	0.00%	Per Capita	\$0.03
Multi Pet Licensing	\$4,000	0.00%	Per Capita	\$0.01
Building Permits	\$2,515,000	0.34%	Offset	\$0.00
Grading Permits	\$1,300,000	0.18%	Offset	\$0.00
Electrical Permits & Inspection Fee	\$1,000,000	0.14%	Offset	\$0.00
Plumbing Permits	\$1,000,000	0.14%	Offset	\$0.00
HVAC Permits	\$225,000	0.03%	Offset	\$0.00
Express Plumbing Permits	\$110,000	0.01%	Offset	\$0.00
Fire Protection Permits	\$150,000	0.02%	Offset	\$0.00
DILP Technology	\$250,000	0.03%	Offset	\$0.00
Building Reinspection	\$5,000	0.00%	Offset	\$0.00
Plumbing Reinspections	\$3,000	0.00%	Offset	\$0.00
Electrical Reinspections	\$1,500	0.00%	Offset	\$0.00
HVAC Reinspections	\$1,000	0.00%	Offset	\$0.00
Overtime Inspection Fee	\$1,000	0.00%	Offset	\$0.00
Building Extension	\$500	0.00%	Offset	\$0.00
Fire Protection Reinspections	\$500	0.00%	Offset	\$0.00
Electrical Licenses	\$40,000	0.01%	Fixed	\$0.00
Pawn Brokers License	\$500	0.00%	Fixed	\$0.00
Peddlers & Solicitors	\$6,500	0.00%	Fixed	\$0.00
Mobile Home Permits	\$7,500	0.00%	Fixed	\$0.00
Plumbers/Gas Fitters Reg	\$5,000	0.00%	Fixed	\$0.00
Message Est/Tech License	\$4,000	0.00%	Fixed	\$0.00
Electrician Examinations	\$500	0.00%	Fixed	\$0.00
Subtotal	\$7,435,375	1.01%		

1. Fixed Revenues

The fixed revenues are those that will not be impacted by the Downtown Columbia development and are noted in the table.

2. Offset Revenues

For the offset revenues, also noted in the table, it is assumed that the revenues “offset” the associated costs incurred by the County. This was confirmed by a consultant fee study that determined that *Developer/Development Activities* had a 102.7% cost recovery rate. That is,

revenues generated from developer related activities such as building permits covered the costs to inspect and administer related services. Therefore, both the costs *and* revenues are not counted in the analysis.

3. Per Employee and Per Capita Revenues

Per employee revenues include traders licenses and sign permits, whereas the per capita revenues include and handful of license fees associated with residents. These are also noted in the table.

F. Revenues From Other Agencies

The table below summarizes the budgeted revenues from other agencies for FY07.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Revenues from Other Agencies				
State Aid Police Protection	\$3,088,000	0.42%	Per Capita	\$11.18
911 System Reimbursement	\$2,050,000	0.28%	Per Capita	\$7.42
Human Resources - Law	\$321,658	0.04%	Fixed	\$0.00
Commity College Debt Service	\$56,343	0.01%	Fixed	\$0.00
Revenue Other Agencies	\$35,000	0.00%	Fixed	\$0.00
Soil Conservation	\$30,000	0.00%	Fixed	\$0.00
Subtotal	\$5,581,001	0.76%		

1. State Aid Police Protection

The state gives the County a grant to support local police services. The funds are allocated by a formula based on population, wealth and spending effort. For purposes of the analysis, a per capita methodology is used.

2. 911 System Reimbursement

A per capita methodology is also used for the 911 System Reimbursement. This revenue is generated from a 65 cent per month surcharge collected from telephone bills in Howard County used to offset the cost of the County's enhanced 911 emergency response system.

3. Human Resources - Law

The State Department of Human Resources, through and agreement with the State's Attorney's Office, reimburses the County 75% of the cost of processing child non-support cases. This revenue is considered fixed.

4. Community College Debt Service

The Howard Community College reimburses the County from student fees for a portion of the debt service cost of the campus student center. This is considered fixed.

5. Soil Conservation and Other Revenues

The state pays a portion of the cost of operation of the local soil conservation office. This and other minor revenues are considered fixed for this analysis.

G. Charges for Service

The table below summarizes the budgeted charges for service revenues for FY07. The majority of these revenues are considered fixed or offset by expenditures. The remaining use a per capita methodology

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Charges for Service				
CATV Franchise Fee	\$3,250,340	0.44%	Per Capita	\$11.76
Court Costs	\$116,187	0.02%	Per Capita	\$0.42
Tax Certifications	\$230,000	0.03%	Per Capita	\$0.83
Residential Mixed Paper	\$300,000	0.04%	Per Capita	\$1.09
Police Records Check	\$35,000	0.00%	Per Capita	\$0.13
Civil Marriages	\$7,000	0.00%	Per Capita	\$0.03
Discover Fee	\$5,000	0.00%	Per Capita	\$0.02
Development Review Fees	\$1,600,000	0.22%	Offset	\$0.00
Developer Overhead Fees W@S	\$890,000	0.12%	Offset	\$0.00
Planning and Zoning Fees	\$1,000,000	0.14%	Offset	\$0.00
Landscape Inspection Fees	\$15,000	0.00%	Offset	\$0.00
House Type Revision Fees	\$5,000	0.00%	Offset	\$0.00
Red Line Revisions	\$65,000	0.01%	Offset	\$0.00
Design Manual Waiver Req	\$30,000	0.00%	Offset	\$0.00
Design Manual Alternative Requests	\$3,000	0.00%	Offset	\$0.00
Extension Developer Agreement Fees	\$25,000	0.00%	Offset	\$0.00
Sales of Maps and Publications	\$12,000	0.00%	Offset	\$0.00
Development Specifications	\$10,000	0.00%	Offset	\$0.00
Fed Boarding Prisoners	\$725,000	0.10%	Fixed	\$0.00
Rental Housing Inspection Fees	\$575,000	0.08%	Fixed	\$0.00
Sheriff Fees	\$250,000	0.03%	Fixed	\$0.00
Reimb Local SNT Prisoners	\$750,000	0.10%	Fixed	\$0.00
Surity Bond OH Charge	\$15,000	0.00%	Fixed	\$0.00
Work Release	\$80,000	0.01%	Fixed	\$0.00
Storage Costs-Szd Cars	\$5,999	0.00%	Fixed	\$0.00
Rental Housing Inspection	\$500	0.00%	Fixed	\$0.00
Boarding Prisoners St	\$75,000	0.01%	Fixed	\$0.00
Parking Meters	\$60,000	0.01%	Fixed	\$0.00
RCNC Pool	\$28,000	0.00%	Fixed	\$0.00
Concession Oper. Food & Svcs	\$38,000	0.01%	Fixed	\$0.00
Private Road Revenue	\$25,000	0.00%	Fixed	\$0.00
Weekender Inmate Fees	\$25,000	0.00%	Fixed	\$0.00
R and P Others	\$30,000	0.00%	Fixed	\$0.00
Inmate Medical Services	\$6,000	0.00%	Fixed	\$0.00
Other Roads Charges	\$5,000	0.00%	Fixed	\$0.00
IRB & MIDFA Loan Fees	\$3,000	0.00%	Fixed	\$0.00
Subtotal	\$10,295,026	1.40%		

1. Fixed Revenues

The fixed revenues are those that will not be impacted by the Town Center development and are noted in the table.

2. Offset Revenues

For the offset revenues, also noted in the table, it is assumed that the revenues “offset” the associated costs incurred by the County. As indicated in the discussion for licenses and permits, this was confirmed by a consultant fee study that determined that *Developer/Development Activities* had a 102.7% cost recovery rate. That is, revenues generated from developer related activities such as building permits covered the costs to inspect and administer related services. Therefore, both the costs and revenues are not counted in the analysis.

3. Per Capita Revenues

Per capita revenues include 7 revenue line items as noted in the table. Cable TV Franchise Fees are the most significant. Cable companies providing cable service in Howard County are required to pay the County 5% of their gross revenues (only for television, not for internet access). Master in Chancery fees are revenues from the costs charged for legal cases heard by the Masters in Chancery (Circuit Ct. Ho. Co.). Cases include adoptions, custody, divorce, annulment, alimony and support and similar cases assigned by the court. Tax Certification fees represent lien certificates that list all liens and assessments due to Howard County on a parcel of property. Residential mixed paper revenue comes from a contractor who pays the County for recycled paper. Police records check are fees collected for this service. Civil Marriage fees are revenues for this service. The County receives \$10 when a marriage ceremony is performed by the Clerk of the Circuit Court or other deputies. Discovery Fees represent photocopying fees for copies of all discoverable material requested in criminal and serious traffic cases.

H. Use of Money and Property

The table below summarizes the budgeted Use and Money and Property revenues for FY07. These are all considered fixed for purposes of this analysis.

FY07 Approved General Fund Operating Revenues Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total	Methodology	Factor
Use and Money and Property				
Interest on Investments	\$4,939,908	0.67%	Fixed	\$0.00
Commissions	\$90,000	0.01%	Fixed	\$0.00
Inv. Interest Clerk of Court	\$75,000	0.01%	Fixed	\$0.00
Debt Payment from 5th District	\$61,890	0.01%	Fixed	\$0.00
Juror & Interpreter Fee	\$60,000	0.01%	Fixed	\$0.00
Rental of Property	\$50,000	0.01%	Fixed	\$0.00
Recycle Proceeds	\$2,000	0.00%	Fixed	\$0.00
Other	\$500,000	0.07%	Fixed	\$0.00
Installment Interest	\$8,000	0.00%	Fixed	\$0.00
Sale of Equipment	\$2,000	0.00%	Fixed	\$0.00
Property Damage Claims	\$1,500	0.00%	Fixed	\$0.00
Subtotal	\$5,790,298	0.79%		

I. Fines and Forfeitures

The table below summarizes the budgeted Fines and Forfeitures revenues for FY07. These are either based on a per capita or a per capita and employee methodology.

**FY07 Approved General Fund Operating Revenues
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total	Methodology	Factor
Fines and Forfeitures				
Redlight Camera Violations	\$1,490,000	0.20%	Per Capita and Employee	\$3.25
Parking Violations	\$255,000	0.03%	Per Capita and Employee	\$0.56
Court Fines	\$60,000	0.01%	Per Capita and Employee	\$0.13
False Alarm Fees and Fines	\$420,000	0.06%	Per Capita	\$1.52
Animal Control Fines & Facility	\$125,000	0.02%	Per Capita	\$0.45
Other Fines and Forfeitures	\$49,500	0.01%	Per Capita	\$0.18
Subtotal	\$2,399,500	0.33%		

1. Per Capita and Employee

As indicated in the table, Redlight Camera Violations, Parking Violations, and Court Fines assume a per capita and employee methodology since both residents and employees generate these fines.

2. Per Capita

False Alarm, Animal Control and Other Fines and Forfeitures assume a per capita methodology.

J. Interfund Revenue Reimbursements

The table below summarizes the Interfund Revenue Reimbursement revenues budgeted for FY07.

**FY07 Approved General Fund Operating Revenues
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total	Methodology	Factor
Interfund Revenue Reimbursements				
Rec & Parks Debt Service	\$3,449,600	0.47%	Fixed	\$0.00
Excise Tax Debt Interfund	\$2,909,584	0.40%	Fixed	\$0.00
DPW Operating Utility Pro Rata	\$2,776,203	0.38%	Fixed	\$0.00
Board of Ed Debt Service - excise tax	\$2,308,904	0.31%	Fixed	\$0.00
Community Renewal	\$988,034	0.13%	Fixed	\$0.00
Fire Tax Reimbursement	\$898,620	0.12%	Fixed	\$0.00
Fire Dept. Debt Service	\$829,925	0.11%	Fixed	\$0.00
Waste Management Pro Rata	\$603,168	0.08%	Fixed	\$0.00
Excess Revenue from DRP	\$547,706	0.07%	Fixed	\$0.00
Self Ins FD-Office of Law	\$450,638	0.06%	Fixed	\$0.00
DPW W&S Developer Cap. Projects	\$450,000	0.06%	Fixed	\$0.00
Housing and Community Dev. Reimburse	\$438,535	0.06%	Fixed	\$0.00
DILP Tech Debt Service	\$404,024	0.06%	Fixed	\$0.00
DPW W&S Cap Proj Pro Rata	\$400,000	0.05%	Fixed	\$0.00
General Capital Pro Rata Share	\$390,000	0.05%	Fixed	\$0.00
Agriculture Land Pres. Fund	\$178,952	0.02%	Fixed	\$0.00
Pension Plan Personnel	\$109,200	0.01%	Fixed	\$0.00
Street Light District Fund	\$60,000	0.01%	Fixed	\$0.00
General Capital Proj. Closeout Acct	\$20,000	0.00%	Fixed	\$0.00
Subtotal	\$18,213,093	2.48%		

These are all considered fixed for purposes of this analysis. The most significant of these revenues are reimbursements for debt payments. They represent transfers from dedicated debt service funds to the General Fund. The revenues from these funds are generated from the transfer and excise taxes which are calculated separately (refer to Sections IV and V of this report). Revenues from other funds such as the Agriculture Preservation Fund and Street Light Districts are not included because these funds are not included in the fiscal analysis given they also are not impacted by the development. The other cost allocation funds are considered fixed because they are administrative cost reimbursements and these costs are not expected to increase from the Town Center development.

K. Prior Year Funds

The table below summarizes these funds which are considered fixed.

**FY07 Approved General Fund Operating Revenues
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total	Methodology	Factor
Prior Year's Funds				
Prior Years Funds	\$21,282,000	2.90%	Fixed	\$0.00
Subtotal	\$21,282,000	2.90%		

III. General Fund Operating Expenditures

The table below summarizes the General Fund operating expenditures for FY07. The majority of revenues, about 61%, are for education, most of which is for the Howard County Public School System (\$393.7 million), with the rest for the Howard County Community College. Public Safety accounts for 11% of the total, followed by Public Facilities making up 7.7% of the total. The following sections describe the methodologies used to project the various expenditures.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total
Education	\$448,270,235	61.1%
Public Safety	\$83,102,663	11.3%
Public Facilities	\$56,788,892	7.7%
Community Services	\$50,836,414	6.9%
General Government	\$22,267,227	3.0%
Legislative and Judicial	\$20,062,199	2.7%
Capital/Reserves	\$52,842,370	7.2%
TOTAL	\$734,170,000	100.0%

Source: Howard County, MD, FY07 Approved Operating Budget

A. Education

The table below summarizes the budgeted General Fund education expenses for FY07.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
EDUCATION				
Board of Education				
Howard County Public School System	\$393,710,890	53.63%	Per New Student	\$8,171.50
County Debt Service Share for HCPSS	\$32,141,256	4.38%	See Capital Section	\$0.00
Subtotal	\$425,852,146	58.00%		
Community College				
Howard Community College	\$20,369,595	2.77%	Per Capita	\$73.73
County Debt Service Share for HCC	\$2,048,494	0.28%	See Capital Section	\$0.00
Subtotal	\$22,418,089	3.05%		
TOTAL EDUCATION	\$448,270,235	61.06%		

1. Board of Education

The General Fund portion of the Howard County Public School System’s operating cost for FY07 is \$393.7 million. This equates to \$8,171.50 per student based on the projected September, 2006 enrollment as shown in the table below. Note that the *total* operating cost per student is about \$11,500 if state, federal and other moneys are included. For purposes of the fiscal analysis

only the County portion is included as a cost. As a result, the state, federal and other funding for schools are *not included* on the revenue side of the equation. State funding is based on enrollment, relative wealth of each county, level of local expenditures for education, and other factors. The county portion represents 71.4% of the total. This percentage has been relatively consistent over the last 10 years. By just projecting the Howard County portion, the analysis assumes that the percentages remain constant over time.

**Operating Cost per Student
Columbia Town Center Fiscal Impact Analysis**

	County	State	Federal/Other	Total
FY07 Operating Cost	\$393,710,890	\$152,004,150	\$5,807,040	\$551,522,080
Percent	71.4%	27.6%	1.1%	100.0%
FY07 Projected FTE Enrollment	48,181	47,881	47,881	47,881
Cost per Student	\$8,171.50	\$3,174.62	\$121.28	\$11,518.60

Source: Howard County, MD, FY07 Approved Operating Budget
School enrollment from HCPSS

Student generation rates are based on information provided by the Howard County Public School System. The first table below shows the actual student counts by housing complex in the current downtown study area at the end of the last school year (2005/2006). (Refer to the map on Page 19 for the housing locations.) The yields by unit type are averaged at the bottom of the table. These yields are quite low when compared to the average Countywide yields for new construction (second table below). For example, the standing average yield for the Governor Grant townhomes (near the movie theater) is 0.102 students per unit. This compares to a countywide average yield of 0.311 in newly constructed townhomes, more than three times the Governor Grant average. The yields for apartment units are similarly much lower in the downtown area compared to the countywide average.

Columbia Town Center - Standing Student Yields (end of 2005/2006 school year)

Name/Description	Type	Units	Students				Existing Unit Yield Rate			
			ES	MS	HS	Tot	ES	MS	HS	Overall
Archstone Rentals	Rental Apt	531	34	10	9	53	0.064	0.019	0.017	0.100
New Ryland Condos	Condo Apt	48	2	0	1	3	0.042	0.000	0.021	0.063
Evergreen Seniors	Rental Apt	156	0	0	0	0	0.000	0.000	0.000	0.000
Whitney Condos	Condo Apt	108	0	1	1	2	0.000	0.009	0.009	0.019
Gramercy Rentals	Rental Apt	210	9	3	1	13	0.043	0.014	0.005	0.062
Governor Grant Townhouses	SFA	127	4	2	7	13	0.031	0.016	0.055	0.102
Total/Average:		1,180	49	16	19	84	0.042	0.014	0.016	0.071
Total/Average with No Senior Units:		1,024	49	16	19	84	0.048	0.016	0.019	0.082
Total/Average Condo Apt:		156	2	1	2	5	0.013	0.006	0.013	0.032
Total/Average Rental Apt:		741	43	13	10	66	0.058	0.018	0.013	0.089
Total/Average Townhouse:		127	4	2	7	13	0.031	0.016	0.055	0.102

Source: Student Counts from Howard County School System, Unit Counts from DPZ

Countywide Average Student Yields from New Construction (1)
Columbia Town Center Fiscal Impact Analysis

Unit Type	Elem. School	Middle School	High School	Total
Townhouse	0.165	0.081	0.065	0.311
Apartments (rental and condo)	0.066	0.050	0.036	0.152

(1) Based on five year average of newly constructed units countywide. Source: HCPPS

As part as the research generated to assess school impacts from the Downtown Master Plan, in December of 2005 the Howard County Public School System contacted Montgomery County to find out student yields associated with multi-family housing units recently constructed in the Washington D.C. suburban region of the county. The below are excerpts from a memo generated by the HCPPS summarizing the results of this research:

The yields are broken into two groups: Group 1 is “Multi-Family Metro” which consists of town house, apartment and condo units located along METRO corridors, typically with structured parking and Group 2 is “Multi-Family High Rise” which consists of five or more floors located in urban areas such as Bethesda, Silver Spring, and Wheaton.

Per unit pupil yields follow:

	<i>ES</i>	<i>MS</i>	<i>HS</i>	<i>K-12</i>
<i>Multi-Family Metro</i>	<i>.040</i>	<i>.015</i>	<i>.025</i>	<i>.080</i>
<i>Multi-Family High Rise</i>	<i>.024</i>	<i>.009</i>	<i>.008</i>	<i>.040</i>

The data above illustrates that the Montgomery County pupil yield rates generated for recent urban housing projects is very similar to Howard County’s Downtown Columbia recent yield rates.

The Multi-Family Metro yield in Montgomery County of 0.080 is almost identical to the current 0.082 yield in Downtown Columbia (not including the age-restricted units). There is currently only one building in the Downtown Columbia study area – the recently built six story Ryland Condos – that is in the Multi-Family High Rise category (five or more stories). The overall student yield for that is 0.063 compared to 0.040, both of which are lower than the more general overall yields including townhomes.

The question becomes, what yield rates should be used for the analysis. The data clearly indicate, *given current trends and comparisons and maintaining current service levels*, that the current downtown standing yields should be used. Sensitivity analysis can be conducted, however, to determine what the impact would be if high yield rates are used. It can be argued that as the housing supply becomes more limited as the County approaches “build-out,” more pressure will be put on existing and new housing (including multi-family housing) to hold more students given the excellent reputation of the HCPPS. Therefore, current trends would not necessarily represent future trends. This sensitivity test can be conducted in a separate analysis to find out what the fiscal impact would be should higher yields materialize. The table below shows the yields.

Countywide Average Student Yields from New Construction (1)
Columbia Town Center Fiscal Impact Analysis

Unit Type	Elem. School	Middle School	High School	Total
Townhouse	0.1652	0.0810	0.0654	0.312
Apartments (rental and condo)	0.0660	0.0500	0.0360	0.152

Student Yields from Existing Housing in Downtown Study Area (2)
Columbia Town Center Fiscal Impact Analysis

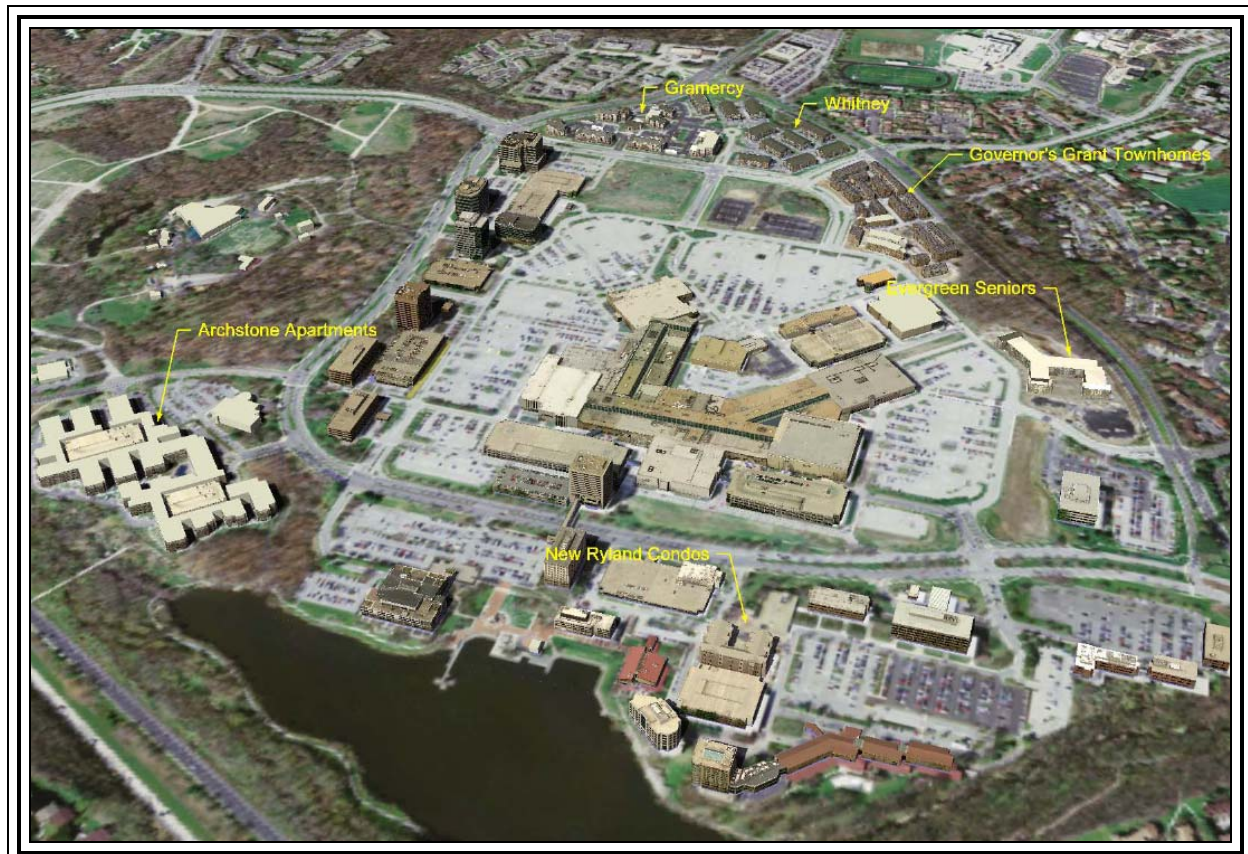
Unit Type	Elem. School	Middle School	High School	Total
Townhouse (Governor Grant)	0.031	0.016	0.055	0.102
Condo Apt. (Ryland, Whitney)	0.013	0.006	0.013	0.032
MIHU Condo Apt. (Ryland, Whitney, Gramercy)	0.013	0.006	0.013	0.032
Rental Apt. (Archstone, Gramercy)	0.058	0.018	0.013	0.089
MIHU Rental Apt. (Archstone, Gramercy)	0.058	0.018	0.013	0.089
Average for all Unit Types	0.048	0.016	0.019	0.082

(1) Based on five year average of newly constructed units countywide. Source: HCPPS

(2) Standing yields based on student enrollment and total numbers of housing units at end of 2005/2006 school year.

The yields are multiplied times the projected units to determine the number of students generated from the project. The number of students are then multiplied times the per student cost to generate the school operating costs.

MAP OF RESIDENTIAL UNITS IN DOWNTOWN STUDY AREA



County Debt Service Share for HCPPS

The County incurs debt for new school capital facilities. For FY07 the debt service expenditures are \$32.1 million, about 4.4% of the General Fund Operating budget. For purposes of the fiscal analysis, new debt associated with Town Center is calculated based on the capital costs required for new students generated from Town Center. Refer to Section IV, Capital Costs, for details.

2. Community College

A per capita methodology is used for the \$20.4 million Community College operating budget. A per capita methodology is based on the assumption that the operating costs for the Community College will increase proportionately with new population. Refer to Section IV for the capital cost methodology.

B. Public Safety

The table below summarizes the budgeted General Fund Public Safety expenditures for FY07. Public Safety costs consist of \$70.9 million for the Department of Police (9.7% of the General Fund budget) and \$12.2 million for the Department of corrections (1.7% of the budget).

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
PUBLIC SAFETY				
Department of Police				
Office of the Chief	\$3,575,674	0.49%	Per Capita and Trips	See Text
Animal Matters Hearing Board	\$150	0.00%	Fixed	\$0.00
Animal Control Division	\$1,278,578	0.17%	Per Capita	\$4.63
Administration Command	\$767,561	0.10%	Per Capita and Trips	See Text
Command Operations	\$26,708,061	3.64%	Per Capita and Trips	See Text
Criminal Investigations Bureau	\$9,294,950	1.27%	Per Capita and Trips	See Text
Special Operations Bureau	\$5,213,326	0.71%	Per Capita and Trips	See Text
Information & Technology Bureau	\$12,437,717	1.69%	Per Capita and Trips	See Text
Human Resources Bureau	\$2,497,189	0.34%	Per Capita and Trips	See Text
Management Services Bureau	\$9,169,812	1.25%	Per Capita and Trips	See Text
Subtotal	\$70,943,018	9.66%		
Department of Corrections				
Detention Center	\$12,159,645	1.66%	Per Capita	\$44.01
Subtotal	\$12,159,645	1.66%		
TOTAL PUBLIC SAFETY	\$83,102,663	11.32%		

1. Department of Police

The Police budget is divided into various bureaus and functions as indicated in the table. The majority of the costs are anticipated to increase proportionally with growth. Fixed costs include only the Animal Matters Hearing Board. Only the Animal Control Division will increase with population only, given this is primarily a function of new housing units and residents. The rest of the costs will increase with population and non-residential vehicle trips. Vehicle trips are used to estimate non-residential costs because they are a good indication of activity at commercial and office establishments. For example, retail space generates more trips than office space, and

police activity is proportionately greater at retail establishments compared to offices. This methodology is preferable to just a per employee methodology. The factors for these are shown in the table below.

**Police Level Of Service Standards
Columbia Town Center Fiscal Impact Analysis**

Divisions that Will Use Per Capita and Trips Methodology

Office of the Chief	\$3,575,674
Administration Command	\$767,561
Command Operations	\$26,708,061
Criminal Investigations Bureau	\$9,294,950
Special Operations Bureau	\$5,213,326
Information & Technology Bureau	\$12,437,717
Human Resources Bureau	\$2,497,189
Management Services Bureau	\$9,169,812
Total Operating Cost:	\$69,664,290

	Proportionate Share	2006 Demand Units		Factors Used
Residential	65.0%	276,287	persons	\$163.89 per person
Nonresidential	35.0%	610,167	nonres trips	\$39.96 per nonres trip

Based on an evaluation of police calls for service, with the assistance of Police Department staff, it has been determined that about 65% of the calls in the County are associated with residential land uses and 35% associated with non-residential land uses. Therefore, the per capita factor is \$163.89 (the total operating cost using this methodology of \$69.6 million times 65% divided by the 2006 population). The nonresidential factor is \$39.96 per trip based on its proportionate share. Trips associated with the Town Center project are generated based on the projected square feet of new nonresidential construction. Refer to Section VI, Supporting Documentation, for further details on trip generation.

2. Department of Corrections

The FY07 budget for the Department of Corrections is \$12.2 million. It is assumed that these costs will increase in direct proportional to population. Therefore a per capita methodology is used.

C. Public Facilities

The table below summarizes the FY07 budget and fiscal impact methodologies for the various Public Facilities departments, which combined represent 7.7% of the General Fund budget. The sections below describe the various components in more detail.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
PUBLIC FACILITIES				
Department of Planning and Zoning				
Office of the Director	\$1,020,598	0.14%	Fixed/Offset	\$0.00
Historic District Commission	\$3,150	0.00%	Fixed/Offset	\$0.00
Planning Board	\$10,100	0.00%	Fixed/Offset	\$0.00
Development Engineering Division	\$1,167,502	0.16%	Fixed/Offset	\$0.00
Baltimore Metropolitan District	\$162,724	0.02%	Fixed/Offset	\$0.00
Division of Transportation Planning	\$455,296	0.06%	Fixed/Offset	\$0.00
Public Transportation Board	\$700	0.00%	Fixed/Offset	\$0.00
Public Service and Zoning Administration	\$680,760	0.09%	Fixed/Offset	\$0.00
Division of Land Development	\$1,020,814	0.14%	Fixed/Offset	\$0.00
Division of Research	\$637,741	0.09%	Fixed/Offset	\$0.00
Division of Environmental & Comm. Planning	\$692,188	0.09%	Fixed/Offset	\$0.00
Subtotal	\$5,851,573	0.80%		
Department of Public Works				
Director's Office	\$3,066,332	0.42%	Fixed	\$0.00
Administrative Management Division	\$580,588	0.08%	Per Capita & Emp	\$1.27
Transportation and Special Projects	\$817,322	0.11%	Per Capita & Emp	\$1.78
Construction Inspection Division	\$3,381,636	0.46%	Offset	\$0.00
Survey Division	\$750,515	0.10%	Per Capita & Emp	\$1.64
Highways Operations Division	\$996,937	0.14%	Per Road Mile	\$1,012.12
Highways Maintenance Division	\$14,322,330	1.95%	Per Road Mile	\$14,540.44
Traffic Engineering Division	\$1,182,626	0.16%	Per Road Mile	\$1,200.64
Facilities Administration	\$5,653,369	0.77%	Per Capita	\$20.46
Facilities Maintenance	\$6,819,572	0.93%	Per Capita	\$24.68
Stormwater Management Division	\$1,260,232	0.17%	Per Capita & Emp	\$2.75
Recycling Division	\$4,657,781	0.63%	Per Capita & Emp	\$10.16
Subtotal	\$43,489,240	5.92%		
Department of Inspections Licenses and Permits				
Operations Division	\$1,630,327	0.22%	Fixed/Offset	\$0.00
Inspections Enforcement	\$3,331,929	0.45%	Offset	\$0.00
Plan Review Division	\$1,040,863	0.14%	Offset	\$0.00
Licenses and Permits	\$727,476	0.10%	Fixed/Offset	\$0.00
Subtotal	\$6,730,595	0.92%		
Soil Conservation District				
Soil Conservation District	\$717,484	0.10%	Per Capita & Emp	\$1.57
Subtotal	\$717,484	0.10%		
TOTAL PUBLIC FACILITIES	\$56,788,892	7.74%		

1. Department of Planning and Zoning

The FY07 budget for the Department of Planning and Zoning (DPZ) amounts to less than 1% of the General Fund budget. DPZ expenditures are either fixed costs or offset costs. As indicated in the discussion on Charges for Service revenues earlier on Page 13, a consultant fee study determined that *Developer/Development Activities* had a 102.7% cost recovery rate.¹ That is,

¹ The study also showed that the more modest *DPZ – Special Services* costs, such as administering and reviewing waivers, pre-submission meetings, redlines revisions, and other special subjects were not fully recovered by fees. The fee structure was changed in FY05 to partially cover this deficit with plans to review these costs in more detail

revenues generated from developer related activities such as plan review charges covered the costs to inspect and administer related services. For purposes of this analysis, these are treated as offset costs so both the fees collected and the associated costs incurred are not projected. Other DPZ costs that are not directly related to development review are considered fixed given they do not increase with new growth.

2. Department of Public Works

Total expenditures for this department amount to 5.9% of the total General Fund budget. As indicated in the table, various methodologies are used to project these costs. The Director's Office costs are considered fixed given the function is primarily administrative. This includes the administration of other funds besides the General Fund such as the Water and Sewer Fund. As indicated earlier in the revenue section of this report, pro-rate share or cost allocation reimbursements from other funds are also considered fixed so this acts as a direct offset.

The Construction Inspection Division is considered an offset cost, with revenues generated from Developer/Development activity fees associated with Town Center covering inspection costs.

The Highways Operation Division, Highways Maintenance Division and Traffic Engineering Division will increase based on additional public road miles planned for the Town Center project. The factors used are determined by the current per road mile cost for each of these functions. There are currently 985 road miles in the County. DPZ's Division of Environmental and Community Development estimates that this is 9.195 road miles based on the current draft master plan. It is assumed that these roads will be built over the first five years of the project.

The remaining Public Works expenditures either use a per capita or per capita and employee methodology as indicated in the table.

3. Department of Inspections, Licenses and Permits

The Department of Inspections, License and Permits budget for FY07 amount to less than 1% of the total General Fund budget. These costs are considered offset or fixed for this analysis given that they are either administrative and not anticipated to increase with new growth or are recovered by fees and permits. As indicated earlier, a recent consultant fee study determined that *Developer/Development Activities* had a 102.7% cost recovery rate.

4. Soil Conservation District

The Soil Conservation District budget will increase based on a per capita and employee methodology.

D. Community Services

The table below summarizes the FY07 budget and fiscal impact methodologies for the various Community Services departments, which represents 6.9% of the General Fund budget. The sections below describe the various components in more detail.

for further potential of full cost recover in the near future. It is assumed in this analysis that full cost recovery will be in effect by the time Town Center begins development.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
COMMUNITY SERVICES				
Department of Recreation and Parks				
Depart. of Rec. and Parks - General Fund	\$12,660,193	1.72%	Per Capita	\$45.82
Subtotal	\$12,660,193	1.72%		
Department of Citizen Services				
Citizen Services Administration	\$2,422,054	0.33%	Per Capita	\$8.77
Woman's Commission	\$5,800	0.00%	Fixed	\$0.00
Disability Issues Commission	\$1,190	0.00%	Fixed	\$0.00
Office of Consumer Affairs	\$373,865	0.05%	Per Capita	\$1.35
Consumer Affairs Advisory Board	\$500	0.00%	Fixed	\$0.00
Office on Aging	\$4,443,031	0.61%	Per Capita	\$16.08
Commission on Aging	\$2,550	0.00%	Fixed	\$0.00
Subtotal	\$7,248,990	0.99%		
Transportation Services/Coordination				
Transp. Services - General Fund	\$5,419,435	0.74%	Per Capita	\$19.62
Subtotal	\$5,419,435	0.74%		
Department of Libraries				
Libraries - General Fund	\$12,907,935	1.76%	Per Capita	\$46.72
Subtotal	\$12,907,935	1.76%		
Department of Health & Mental Hygiene				
Health & Mental Hygiene - General Fund	\$7,427,036	1.01%	Per Capita	\$26.88
Mental Health Authority	\$289,411	0.04%	Fixed	\$0.00
Subtotal	\$7,716,447	1.05%		
Department of Social Services				
Social Services - General Fund	\$500,349	0.07%	Per Capita	\$1.81
Subtotal	\$500,349	0.07%		
Other Community Services				
Maryland Cooperative Extension	\$390,723	0.05%	Fixed	\$0.00
Community Service Partnerships	\$3,992,342	0.54%	Per Capita	\$14.45
Subtotal	\$4,383,065	0.60%		
TOTAL COMMUNITY SERVICES	\$50,836,414	6.92%		

1. Department of Recreation and Parks

The total budget for the Department of Recreation and Parks is about \$29 million, of which \$12.7 million is in the General Fund. The remaining amount is budgeted in the Self-Sustaining Recreation Program Fund, which recovers costs for programs through fees, as well as in the Grants, Forest Conservation and Recreation Special Facilities Funds. The General Fund portion covers administration as well as general management and maintenance of the County's parks and playgrounds. For purposes of the fiscal analysis, these costs will increase using a per capita methodology.

2. Department of Citizen Services

The Department of Citizen Services is responsible for managing and implementing human service programs operated by the Office of Aging, Children Services, Consumer Affairs, Disabilities Services and the Women's Commission. Like the Department of Parks and Recreation, a large portion of the budget is not in the General Fund. The total budget is \$19.7 million, with only about \$7.2 million in the General Fund, and the rest in the Grants Fund. A

significant portion of the General Fund dollars will increase with population. Some minor components are not anticipated to be impacted by growth and therefore will remain fixed for purposes of the analysis. These methodologies are summarized in the table above.

3. Transportation Services/Coordination

Transportation Services represents management and oversight of the county transit system. The General Fund portion of this is \$5.4 million. It includes money for the County's paratransit system which is coordinated by the Department of Citizen Services as well as matching funds for grants for the County's fixed Route service. For purposes of the fiscal analysis, this cost will increase with population growth. Therefore, a per capita methodology is used.

4. Department of Libraries

The General Fund portion of the Department of Libraries is \$12.9 million. This is the majority of the library budget with an additional \$1.5 million received from the State and other sources. For purposes of the fiscal analysis, the General Fund portion will increase with population.

5. Department of Health and Mental Hygiene

This department is under county and state jurisdiction, with the Howard County contributing about 50% of its cost. This General Fund portion will increase with population growth. Funds for the Mental Health Authority will remain fixed given its oversight administrative function.

6. Department of Social Services

This department is also under state and county jurisdiction. Its functions include child support services, income maintenance programs providing financial assistance for the needy, and parent aid programs. The associated costs will increase on a per capita basis.

7. Other Community Services

This includes Cooperative Extension Services and Community Service Partnerships. Cooperative Extension Services is run through the University of Maryland and provides agriculture and home economics training and education and 4-H youth development. For purposes of the analysis, these costs will remain fixed. Community Service Partnerships helps to support a multitude of non-profit organizations including Grassroots Crisis Intervention, the Community Action Council, the Domestic Violence Center, among others. These funds will increase with population.

E. Legislative and Judicial

The table below summarizes the FY07 budget and fiscal impact methodologies for the various Legislative and Judicial departments, which represent about 2.7% of the General Fund budget. The sections below describe the various components in more detail.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
LEGISLATIVE AND JUDICIAL				
County Council				
County Council	\$1,983,208	0.27%	Per Capita & Emp	\$4.33
County Auditor	\$763,762	0.10%	Fixed	\$0.00
Board of License Commissioners	\$18,751	0.00%	Fixed	\$0.00
Zoning Board	\$132,186	0.02%	Per Capita & Emp	\$0.29
Board of Appeals	\$171,352	0.02%	Per Capita & Emp	\$0.37
Subtotal	\$3,069,259	0.42%		
Other Legislative and Judicial				
Circuit Court	\$2,246,244	0.31%	Per Capita	\$8.13
Orphan's Court	\$56,756	0.01%	Per Capita	\$0.21
States Attorney	\$6,024,764	0.82%	Per Capita	\$21.81
Sheriff's Office	\$5,436,620	0.74%	Per Capita	\$19.68
Board of Elections	\$3,228,556	0.44%	Per Capita	\$11.69
Subtotal	\$16,992,940	2.31%		
TOTAL LEGISLATIVE AND JUDICIAL	\$20,062,199	2.73%		

1. County Council

The majority of the County Council budget will increase with population and employment, since the Council represents and serves both residents and employers in Howard County. The fixed components include the County Auditor and the Board of License Commissioners.

2. Other Legislative and Judicial

As indicated in the table above costs for the Circuit Court, Orphan's Court, States Attorney, Sheriff's Office and the Board of Elections will increase based on population growth. Therefore a per capita methodology is used.

F. General Government

The table below summarizes the FY07 budget and fiscal impact methodologies for the various General Government departments, which represent about 3.0% of the General Fund budget. The sections below describe the various components in more detail.

1. Office of County Executive

This office supervises and directs all departments and agencies of county government. The office presents the annual budget to the County Council and recommends legislative action in the best interest of the county. For purposes of the fiscal analysis, the costs of this office will increase with population and employment.

2. Department of County Administration

The Department of County Administration assists the County Executive by supervising the day-to-day operations of the county government. The Department manages human resources, employee benefits administration, budget preparation, labor relations, employment and training services, public information, purchasing activities, central operations and other functions. Most

of the functions increase with growth and therefore a per capita and employee methodology is used. Other items are fixed relative to new growth. These include the Personnel Board, the Human Rights Commission and the Budget Division.

**FY07 Approved General Fund Operating Expenditures
Columbia Town Center Fiscal Impact Analysis**

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
GENERAL GOVERNMENT				
Office of County Executive				
Office of County Executive	\$916,048	0.12%	Per Capita & Emp	\$2.00
Subtotal	\$916,048	0.12%		
Department of County Administration				
Staff Services	\$2,201,340	0.30%	Per Capita & Emp	\$4.80
Personnel Board	\$2,300	0.00%	Fixed	\$0.00
Office of Human Rights	\$627,105	0.09%	Per Capita & Emp	\$1.37
Human Rights Commission	\$14,400	0.00%	Fixed	\$0.00
County Employment Services	\$284,243	0.04%	Per Capita & Emp	\$0.62
Budget Division	\$704,291	0.10%	Fixed	\$0.00
Office of Human Resources	\$1,656,877	0.23%	Per Capita & Emp	\$3.62
Purchasing Division	\$1,104,951	0.15%	Per Capita & Emp	\$2.41
Central Services Staff	\$1,296,665	0.18%	Per Capita & Emp	\$2.83
Public Information	\$1,379,786	0.19%	Per Capita & Emp	\$3.01
Subtotal	\$9,271,958	1.26%		
Department of Finance				
Office of Director	\$2,056,785	0.28%	Fixed	\$0.00
Bureau of Accounting	\$1,333,566	0.18%	Per Capita & Emp	\$2.91
Bureau of Revenue and Cust. Service	\$1,138,478	0.16%	Per Capita & Emp	\$2.48
Bond Issue Expense	\$300,000	0.04%	Fixed	\$0.00
Utility & Misc. Billing	\$810,696	0.11%	Per Capita & Emp	\$1.77
Financial Dispersements	\$982,729	0.13%	Per Capita & Emp	\$2.14
Subtotal	\$6,622,254	0.90%		
Department of Technology & Comm. Services				
Cable Advisory Committee	\$2,100	0.00%	Fixed	\$0.00
Cable Television Administration	\$194,452	0.03%	Per Capita & Emp	\$0.42
Communication Services	\$558,040	0.08%	Per Capita & Emp	\$1.22
Subtotal	\$754,592	0.10%		
Other General Government				
Office of Law	\$2,902,767	0.40%	Per Capita & Emp	\$6.33
Economic Development Authority	\$1,024,608	0.14%	Fixed	\$0.00
Employee Tuition Reimbursement	\$75,000	0.01%	Fixed	\$0.00
Revenue Authority	\$200,000	0.03%	Fixed	\$0.00
Performance Awards Summary	\$500,000	0.07%	Per Capita & Emp	\$1.09
Subtotal	\$4,702,375	0.64%		
TOTAL GENERAL GOVERNMENT	\$22,267,227	3.03%		

3. Department of Finance

The Department of Finance administers the collection of state and county taxes, special assessments, metropolitan district changes, and other fees and revenues. Most of these expenditures are projected to increase with growth and thus a per capita and employee methodology is used. Fixed costs include the Office of the Director, given this is primarily an

administrative function and Bond Issue Expense, which is to plan, implement and manage long-term financing and debt for Howard County.

4. Department of Technology and Communication Services

This department provides information technology systems and services to all departments and agencies of the County. The majority of the costs are charge-back costs which are incurred in the individual departments. The remaining General Fund costs are shown in the budget above. The Cable Television Administration and Communication Services will increase with growth. The Cable Advisory Committee costs will remain fixed.

5. Other General Government

For this category, costs for the Office of Law and Performance Awards will increase with growth. The Economic Development Authority and Employee Tuition Reimbursement will remain fixed relative to new growth for purposes of the fiscal analysis.

G. Capital, Debt Service and Reserves

The table below summarizes the FY07 spending for capital, debt service and reserves which represent about 7.2% of the total General Fund budget. The majority of this is for non-education related debt service totaling about \$27.8 million. For purposes of the fiscal impact model the Contingency Reserve will remain fixed relative to growth. Refer to Part IV for the methodology discussion for Debt Service and Pay-As-You-Go fund expenditures.

FY07 Approved General Fund Operating Expenditures Columbia Town Center Fiscal Impact Analysis

Category	FY07 Budget	% of Total General Fund	Methodology	Factor
CAPITAL, DEBT SERVICE & RESERVES				
Debt Service - General County	\$17,157,957	2.34%	See Capital Section	
Debt Service - Road Excise Tax	\$2,909,584	0.40%	See Capital Section	
Debt Service - Storm Drain	\$1,039,846	0.14%	See Capital Section	
Debt Service - School Surcharge	\$2,308,904	0.31%	See Capital Section	
Debt Service - DILP Technology	\$404,024	0.06%	See Capital Section	
Debt Service - Fire Department	\$829,925	0.11%	See Capital Section	
Debt Service - Community Renewal	\$988,034	0.13%	See Capital Section	
Debt Service - Police Department	\$972,496	0.13%	See Capital Section	
Debt Service - Parks and Recreation	\$3,449,600	0.47%	See Capital Section	
Pay-As-You-Go Funds	\$21,282,000	2.90%	See Capital Section	
Contingency Reserve	\$1,500,000	0.20%	Fixed	
Subtotal	\$52,842,370	7.20%		
TOTAL CAPITAL, DEBTS SERV. & RES.	\$52,842,370	7.20%		
GRAND TOTAL GENERAL FUND	\$734,170,000	100.00%		

IV. Capital Costs

A. Public Schools

The table below summarizes recent capital costs for three new schools, the new northern high school (recently built) and the new northeast elementary school (currently under construction). The total capital cost for the new northern high school was almost \$46.1 million. The County portion, not including Public School In Aid of Construction (PSIAC) at 21.6% of the total, is \$36 million (\$16 million of Excise Tax bond funding and \$20 million of General Obligation Bond Funding). Based on the number of students the school will accommodate (1,422), the total County cost per student is \$25,416. The total cost for the new northeast elementary school is \$25.6 million. State Aid for that school is 28.1% of the total. The County portion therefore amounts to \$27,011 per student based on a 788 student capacity. The new middle cost is \$27.2 million as indicated in the current capital budget. Given that this school is only in the planning stages, no State Aid has been allocated yet. It is assumed for purposes of this analysis that State Aid is 25%. The resulting cost per middle school student is \$30,809. Total costs including land costs are summarized in the second table below.

School Capital Costs Columbia Town Center Fiscal Impact Analysis

New Northern High School Costs (x 1,000)			New Northeast Elementary School Costs (x 1,000)		
County GO Bond Funded	\$20,072	43.5%	County GO Bond Funded	\$20,785	70.2%
Excise Tax Bond Funded	\$16,070	34.9%	Excise Tax Bond Funded	\$500	1.7%
State Aid	\$9,958	21.6%	State Aid	\$8,304	28.1%
Total	\$46,100	100.0%	Total	\$29,589	100%
County Bonds	\$36,142		County Bonds	\$21,285	
Capacity (inc. spec educ.)	1,422		Capacity (inc. spec educ.)	788	
Cost per Student	\$25,416		Cost per Student	\$27,011	

New Middle School Costs (x 1,000) (1)

County GO Bond Funded	\$20,396	75.0%
Excise Tax Bond Funded	\$0	0.0%
State Aid	\$6,799	25.0%
Total	\$27,194	100.0%
County Bonds	\$20,396	
Capacity (inc. spec educ.)	662	
Cost per Student	\$30,809	

(1) No State Aid allocated to this school yet - assumes 25% State Aid (appx. half way between percentage of State Aid given for New Northern High School and New Northeast Elementary School)

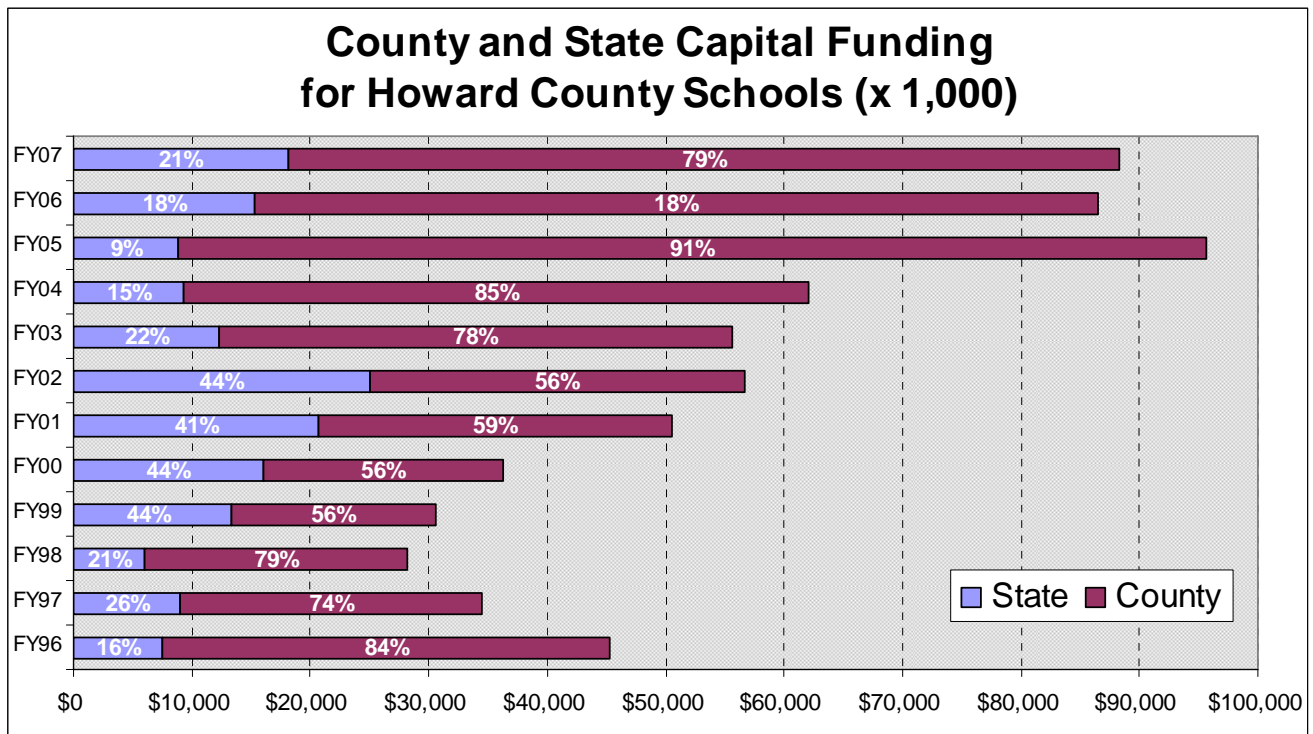
Source: Howard County FY07 Approved Capital Budget

**Total County School Cost Including Land
Columbia Town Center Fiscal Impact Analysis**

	High	Middle	Elementary
Acres Needed	50	30	20
Ex. Land Cost per Acre	\$100,000	\$100,000	\$100,000
Site Acquisition Cost	\$5,000,000	\$3,000,000	\$2,000,000
Capacity	1,422	662	788
Land Cost per Student	\$3,516	\$4,532	\$2,538
Building Cost per Student	\$25,416	\$27,011	\$30,809
Total Cost per Student	\$28,932	\$31,543	\$33,347

Source: Acres needed from HCPPS, Land cost is SDAT estimate.
Capacity is from HCPPS

It should be noted that these costs are conservative because they assume limited State funding. The amount of State contribution to Howard County’s capital program for schools has decreased in recent years compared to the first part of the decade when State funding was in the 40% range. For FY07 it represents 21% of total capital spending. This is an increase over the last several years but still below the earlier 40% range. The chart below summarizes the percentages from the state for the last 12 years. For this fiscal analysis, State funding ranges from 21.6% to 28.1%, depending on the school type. With more state funding, however, the County’s portion of the costs would decrease. Sensitivity analyses can be conducted to determine the impact of varying levels of State contributions.



For purposes of the fiscal analysis, costs will be debt financed over 20 years assuming a 5.25% bond interest rate. This rate was suggested by the Department of Finance, which indicated that they currently float between 4.8% and 5.5%. Note that this debt service includes both School Excise Tax related and General Obligation bonds. Also a portion of the County's Transfer Tax is used for school site acquisitions, which helps offset these costs. The Excise and Transfer Taxes are discussed in more detail in Section V of this report.

B. Community College

A per capita methodology is used for the \$2,048,494 million Community College debt service. The per capita methodology is based on the assumption that the current debt service costs for the Community College will increase proportionately with new population. The resulting factor is \$7.41 per person.

C. Non-Education Capital

As indicated above in Section III, Operating Expenditures, the FY07 budget includes \$27.8 million for non-education debt service payments. This includes \$24.8 million in General County bond debt service and \$2.9 million for Road Excise Tax bonds. The table below summarizes this for the current fiscal year and the previous 11 years. Non-education debt service has remained relatively stable over this time period. For purposes of the fiscal analysis, the current year is used as a proxy given this represents the current level of service. The second table below summarizes a further breakdown of the debt service by category and the projection methodology used in the fiscal analysis.

**10 Year PayGo and Non-Education Debt Service in Howard County (1)
Columbia Town Center Fiscal Impact Analysis**

Year	Pay Go Funds	Non-Education Debt Service	Road Excise Tax Debt Service	Total Debt Service
FY96	\$0	\$22,732,900	\$0	\$22,732,900
FY97	\$5,000,000	\$24,227,521	\$0	\$24,227,521
FY98	\$9,500,000	\$24,336,815	\$0	\$24,336,815
FY99	\$19,720,000	\$23,909,250	\$0	\$23,909,250
FY00	\$26,000,000	\$23,569,049	\$0	\$23,569,049
FY01	\$27,125,000	\$23,815,082	\$1,173,358	\$24,988,440
FY02	\$17,800,000	\$24,676,732	\$3,563,235	\$28,239,967
FY03	\$0	\$23,745,843	\$4,222,139	\$27,967,982
FY04	\$0	\$24,312,917	\$4,408,545	\$28,721,462
FY05	\$5,203,000	\$24,307,039	\$5,664,896	\$29,971,935
FY06	\$16,393,001	\$23,142,536	\$5,379,772	\$28,522,308
FY07	\$21,282,000	\$24,841,882	\$2,909,584	\$27,751,466

(1) Only General Fund related expenses - Water and Sewer Fund not included.

Source: Howard County FY Budgets

**FY07 Non-Education Debt Service by Category
Columbia Town Center Fiscal Impact Analysis**

		Methodology	Factor
GENERAL COUNTY BONDS			
General County	\$17,157,957	Per Capita & Emp.	\$37.44
Storm Drain	\$1,039,846	Per Capita & Emp.	\$2.27
DILP Technology	\$404,024	Per Capita & Emp.	\$0.88
Fire Department	\$829,925	Per Capita & Emp.	\$1.81
Community Renewal	\$988,034	Per Capita	\$3.58
Police Department	\$972,496	Per Capita & Emp.	\$2.12
Parks and Recreation	\$3,449,600	Per Capita	\$12.49
Total General County	\$24,841,882		
ROAD EXCISE BONDS			
Road Excise Bonds	\$2,909,584	Per Capita and Emp.	\$6.35
TOTAL	\$64,250,120		

For FY07, an additional \$21.3 million will be used for pay-as-you-go or cash capital expenditures. These are one-time expenditures that are not debt financed. Projects funded using cash are those with a usable life less than the time required to pay off bonds normally sold to fund capital projects, or which the County chooses to pay from current revenues. This funding comes from surplus dollars in excess of what is needed to maintain the Budget Stabilization Fund at optimal levels. The table above on Page 31 shows the 12 year history of pay-as-you-go funds. This current year budgets the greatest amount since FY01. Although the current level of pay-as-you-go funding will not realistically occur into the future, since the current budget is based on it and this fiscal analysis needs to maintain current levels of service, per capita or per capita and employee methodologies need to be used. This is summarized per more detailed category below.

FY07 PayGo by Category

Columbia Town Center Fiscal Impact Analysis

		Methodology	Factor
Recreation & Parks	\$2,200,000	Per Capita	\$7.96
Road Resurfacing	\$8,900,000	Per Capita & Emp.	\$19.42
Police & General Projects	\$5,337,000	Per Capita & Emp.	\$11.65
Road & Traffic Projects	\$745,000	Per Capita & Emp.	\$1.63
Bridge, Storm Drain & Other Projects	\$4,100,000	Per Capita & Emp.	\$8.95
Total	\$21,282,000		

Note that a portion of the debt service is financed through Transfer and Excise Taxes. These are discussed in Part V. The Road Excise Tax has been collected since the early 1990s, whereas the School Excise Tax was initiated two years ago. Any excess debt service is paid for from General Fund revenues. This is known as General Obligation debt.

Major Road Capital Projects

With the proposed intensification of Downtown Columbia, some major county funded road projects have been identified. Although the fiscal analysis already includes costs associated with general county road projects based on the current level of service using current budget numbers (see Road Excise Bond factor above), since this project is of such large scale and major road improvements are necessary and tied directly to it , these associated costs should also be included. The table below summarizes two major projects and the associated costs.

Major County Road Capital Improvements Columbia Town Center Fiscal Impact Analysis

Improvement	Total Cost	State	County
North Bound Rt 175 Bridge Expansion & Lane from Old Columbia Rd to 29 Interchange	\$20,000,000	\$10,000,000	\$10,000,000
Full Grade Separated Interchange at South Entrance Rd and 29	\$30,000,000	\$15,000,000	\$15,000,000
Total	\$50,000,000	\$25,000,000	\$25,000,000

*Source: Estimated Costs from Department of Public Works - Gross Estimate
Road Projects from DECP, projects subject to change based on further study*

Since these proposed improvements include major interchanges involving US 29, it is assumed that half the costs would be paid for by the State. Similar cost sharing has recently occurred for the construction of three other major interchanges in the County: 1) Snowden River Parkway & MD 175, 2) US 29 and Hopkins Rd, and 3) US 29 and MD 216. Road Excise taxes were leveraged with State money to complete these projects. It is assumed that this will also occur for the downtown Columbia projects. Road excise tax revenues can only be used for new road construction (not maintenance) that add capacity.

For purposes of the fiscal analysis, the total cost for the North Bound Rt 175 Bridge Expansion will be incurred evenly over the first 5 years of the development. The South Entrance interchange will occur starting in year 6 of the development phasing with the cost incurred evenly over 5 years. Both projects will be debt financed over 20 years assuming a 5.25% bond interest rate. This rate was suggested by the Department of Finance, which indicated that they currently float between 4.8% and 5.5%. Note that this debt service includes both Road Excise Tax related and General Obligation bonds, which would be used if the Road Excise Tax revenues are not enough to cover the debt service. The Excise and Transfer Tax revenues are discussed in more detail in Section V below.

It is assumed that the other new local roads and road improvements necessary for the master plan implementation will all be paid for by the developer.

V. School & Road Excise Taxes and Transfer Tax Revenues

A. School and Road Excise Taxes

Starting on July 1, 2004 Howard County began collecting School Excise Taxes on new residential construction at the initial rate of \$1.00 per square foot. The rate has been increased since then based on inflation and is currently \$1.07 per square foot. The purpose of this tax is to pay off bonds for new school construction. The Department of Inspections, Licenses and Permits collects this tax at time of building permit. The building size calculation is based on *all livable space including unfinished basements and garages*. An analysis was conducted to determine average unit sizes over time. This is summarized in the table below. As indicated in the table unit sizes have been increasing over time. The highlighted values are used in the analysis. The revenue generated will be used to pay for a the debt service for new school construction.

**Square Feet of New Units by Unit Type - For Excise Tax Calculations
Columbia Town Center Fiscal Impact Analysis**

Year	SFD		SFA		Apt.	Condo
	Average	Median	Average	Median	Average	Average
10/96-9/97	4,262	4,089	2,032	1,979	1,282	1,522
10/97-9/98	4,272	4,201	2,197	2,040	1,335	1,651
10/98-9/99	4,420	4,271	2,240	2,160	1,207	1,575
10/99 to 6/00 *	4,498	4,381	2,380	2,213	820	1,627
07/00 to 06/01	4,856	4,692	2,574	2,361	NA	NA
07/01 to 06/02	5,076	4,753	2,535	2,559	NA	NA
07/02 to 06/03	5,109	4,901	2,865	2,756	NA	NA
07/03 to 06/04	5,499	5,138	2,984	2,756	1,283	2,053
07/04 to 06/05	5,574	5,154	3,158	3,021	1,332	2,071
07/05 to 06/06	5,513	5,079	3,380	3,021	1,311	2,033
			MIHU ==>		1,049	1,626

Used in Analysis =

Note that for MIHU units square feet is reduced by 20%

Source: Department of Inspections, Licenses and Permits Building Permit Database

*Note: Apt. for 10/99 to 6/00 are small because reflects senior apartments on Dorsey Hall Drive.

In addition to the new School Excise Tax, an \$0.80 per square foot Road Excise tax is also assessed on new construction. Both residential and nonresidential development are levied this charge at time of building permit. (A lower rate of \$0.40 per square foot is levied on manufacturing, industrial and institutional uses – uses not associated with Town Center, and therefore not applied in this analysis.) The Road Excise Tax is used to pay off debt service for new roads associated with capacity enhancing projects. Unlike the School Excise Tax, the road Excise Tax has been fixed at \$0.80 per square foot since initial adoption in the early 1990s. The County has had the option to increase it based on inflation but has opted not to do so. Road and school capital costs are discussed in Part IV.

B. Transfer Tax

A 1% Transfer Tax is levied on all property transfers in Howard County and is dedicated as indicated in the table below. For purposes of the fiscal analysis, the portion generated for School Land Acquisition and Construction will be used to off-set school capital costs, and the portion generated for Park Construction and Development will be used to offset park capital costs. The portions for Housing and Community Development and Fire and Rescue Equipment will also be included because their associated pay-as-you-go and debt service costs are part of the expenditure side of the equation in the analysis. The portion for the Agricultural Land Preservation Fund is not included in the bottom line net revenue results since they do not offset any costs associated with the project. It should not be ignored, however, that Town Center will generate revenues for the Agricultural Preservation Fund. These revenues will be shown, however, in the results report.

Transfer and Excise Tax Revenues Columbia Town Center Fiscal Impact Analysis

Tax Category	
Transfer Tax	
School Land Acquisition and Construction	0.25%
Park Construction and Development	0.25%
Agricultural Land Preservation	0.25%
Housing and Community Development	0.125%
Fire and Rescue Capital Equipment	0.125%
Total	1.00%

Transfer Tax revenues will be projected based on the market values of new residential construction. Similar to the recordation tax it is also assumed that residential units will be re-sold an average of once every 15 years. As units are re-sold transfer tax will be collected again. It is assumed that the nonresidential space will not generate any transfer tax given it is not clear whether the developer will maintain ownership of the office and retail space.

VI. Supporting Documentation

A. Demographic and Employment Assumptions

The tables below summarize the demographic and employment assumptions used in the analysis. These values are used to generate the various factors used in the fiscal analysis.

July, 2006 Demographic Profile Columbia Town Center Fiscal Impact Analysis

Population	276,287
Housing Units	
SFD	55,762
SFA	21,358
Apartments	23,671
MH	1,531
Total	102,322

Employment

Government	17,265
Retail	24,487
Non-retail	140,182
Total	181,934

Source:

*Population and Housing from DPZ Construction Report
Employment estimated based on 2003 and 2004
U.S. Bureau of Economic Analysis Data*

Persons Per Housing Unit Columbia Town Center Fiscal Impact Analysis

Unit Type	Persons per Unit
Townhouse	2.6
Condo Apt.	1.9
MIHU Condo Apt.	1.9
Rental Apt.	1.9
MIHU Rental Apt.	1.9

Source: U.S. Census Bureau, 2000 Census

At Place Employment in Howard County Columbia Town Center Fiscal Impact Analysis

	2003	2004	2006 Estimate
Government	17,324	17,297	17,265
Retail	22,758	23,325	24,487
Non-Retail	131,865	134,514	140,182
Total	171,947	175,136	181,934

Source: U.S. Bureau of Economic Analysis for 2003 and 2004
2006 estimate based on 2003 to 2004 percent growth

Jobs to Building Ratios Columbia Town Center Fiscal Impact Analysis

Office	248	sq. ft. per emp.
Retail	400	sq. ft. per emp.
Hotel	0.42	employees per room
Hotel	682	square feet per room

Source: Retail based on Dollars and Cents of Shopping Centers (Urban Land Institute)
Office based on ITE Trip Rates
Hotel based on Town Center Columbia Inn

B. Nonresidential Trip Generation

Nonresidential vehicle trips are used to generate factors for estimating police costs associated with nonresidential development. The table below shows the detailed employment data for Howard County. This information is used to estimate total average weekday nonresidential vehicle trips in Howard County in 2006.

TOTAL FULL AND PART-TIME JOBS (by place of work) BY TYPE AND INDUSTRY HOWARD COUNTY

JOB TYPE	2003	2004	2006 est. (1)
TOTAL JOBS	171,947	175,136	181,934
PRIVATE	154,623	157,839	164,669
Forestry, fishing, related activities, and other	(D)	(D)	(D)
Mining	(D)	(D)	(D)
Farming	540	537	531
Utilities	184	179	169
Construction	12,836	13,269	14,164
Manufacturing	6,693	6,747	6,856
Wholesale trade	13,707	14,093	14,887
Retail Trade	22,758	23,325	24,487
Transportation and warehousing	4,919	4,767	4,472
Information	2,487	2,490	2,496
Finance and insurance	8,167	8,418	8,935
Real estate and rental and leasing	6,979	7,133	7,448
Professional and technical services	25,992	25,963	25,905
Management of companies and enterprises	342	502	972
Administrative and waste services	10,170	10,273	10,481
Educational services	2,832	3,142	3,830
Health care and social assistance	14,119	14,359	14,847
Arts, entertainment, and recreation	3,861	4,065	4,495
Accommodation and food services	10,068	10,465	11,290
Other services, except public administration	7,767	7,916	8,220
GOVERNMENT & GOVERNMENT ENTERPRISES	17,324	17,297	17,265
Federal, civilian	662	620	541
Military	896	813	662
State	3,914	3,903	3,881
Local	11,852	11,961	12,181

2003 and 2004 data from U.S. BEA Table CA-25N, April 2006.

1) 2006 estimate based on 2003 to 2004 percent growth.

"(D)" Not shown to avoid disclosure of confidential information.

The following table shows the average weekday trip ends based on information collected by the Institute of Transportation Engineers. Square feet per employee data is also shown in the table. For office and industrial uses these square footage estimates are based on trip data. For retail space the square feet per employee data comes from the Dollars and Cents of Shopping Centers published by the Urban Land Institute.

**Nonresidential Vehicle Trip End Generation
Columbia Town Center Fiscal Impact Analysis**

Land Use (ITE code)	Wkdy Trip Ends		Emp Per 1,000 Sq Ft	Sq Ft Per Emp (2)
	Per 1,000 Sq Ft (1) (Per room for hotel)	Wkdy Trip Ends Per Employee (1)		
Commercial / Shopping Ctr (820)				
50 KSF GLA	87.31	na	3.33	300
100 KSF GLA	68.17	na	2.50	400
200 KSF GLA	53.22	na	2.00	500
General Office (710)				
10 KSF GFA	22.64	5.16	4.39	228
25 KSF GFA	18.31	4.53	4.04	248
50 KSF GFA	15.59	4.11	3.80	263
Industrial				
Manufacturing (140)	3.82	2.10	1.82	550
Warehousing (150)	4.96	3.89	1.28	784
Hotel (310)	8.92	14.34	0.62	1,608

Yellow background = used in this analysis

- (1) Based on Information provided from Trip Generation, Institute of Transportation Engineers, 1997.
- (2) Square feet per employee calculated from trip rates except for Shopping Center data, which are derived from Development Handbook and Dollars and Cents of Shopping Centers, published by the Urban Land Institute.

Town Center Columbia Inn	
197,194	square feet (from July, 2006 assessment data)
1,608	square feet/employee (from above table)
122.63	employees (calculated)
289	rooms
0.42	employees per room

The total 2006 average weekday nonresidential trips in Howard County is estimated based on the building square footage accommodating the at-place employment by employment type (based on the square feet per employee factors by building type) multiplied times the various trip ends and trip end factors for each building type. Trip factors translate trip ends into trips. For all categories except retail, a 50% factor is used because 2 trip ends equals one trip, a starting point and a destination point. The retail category uses a 32% trip factor. This is because unlike office and industrial establishments where people primarily travel between work and home, retail establishments are often stopping points in between. For example, someone may stop at a store on the way home from work. The ITE manual indicates that 63% of retail attraction trips are

primary destination trips, with the remaining 37% based on “pass-by” trips. Therefore the retail trip factor is 32% (50% of 63%).

The results of these calculations are summarized in the table below. It is estimated that a total of 610,167 nonresidential vehicle trips occur in Howard County on an average weekday.

**2006 Nonresidential Vehicle Trips on An Average Weekday in Howard County
Columbia Town Center Fiscal Impact Analysis**

Non-Residential Gross Floor Area (Sq. Ft. x 1,000) (1)

Retail/Shopping Center	14,311
Office - Gov	4,282
Office - Non Gov	21,732
Warehousing	15,177
Manufacturing	11,654

Average Weekday Vehicle Trip Ends per 1,000 Sq. Ft. (2) Trip Factors (3)

Retail/Shopping Center	68.17	32%
Office - Gov	18.31	50%
Office - Non Gov	18.31	50%
Warehousing	4.96	50%
Manufacturing	3.82	50%

Non-Residential Vehicle Trips on an Average Weekday

Retail/Shopping Center	312,166
Office - Gov	39,190
Office - Non Gov	198,911
Warehousing	37,640
Manufacturing	22,259

NONRESIDENTIAL TOTAL **610,167**

(1) Derived from number of employees times square feet per employee by employment type.

(2) Factors based on ITE Manual. Typical Retail/Shoping Center is assumed to be 100KSF and typical Office is assumed to be 25 KSF.

(3) See text for explanation of trip factors.