



Sustainable Communities Building Blocks

EPA Office of Sustainable Communities

PLANNING FOR ECONOMIC & FISCAL HEALTH: DAY 2

Community: Stony Point, NY
Date: June 21-22, 2012
Presenters: Janet Smith-Heimer, BAE
Matt Kowta, BAE

Day 2: Overview of Technical Assistance Work Session

1. Review local goals for economic & fiscal health
 - Exercise #1: Refine Goals for Economic & Fiscal Health
2. Assess your community's position and identify opportunities and challenges
 - Example analytical tools
 - Exercise #2: Strengths, Weaknesses, Opportunities, and Threats (SWOT)
3. Develop strategizes to achieve local goals for economic and fiscal health
 - Exercise #3: Public Capital Investment Scorecard
 - Exercise #4: Fiscal Impact of Major Future Project
4. Formulate Action Plan and next steps

1. Review Local Goals for Economic & Fiscal Health



Summary of Initial Technical Assistance Request: Stony Point

1. Declining tax base due to both business closures and decline in residential property values
 - Business closures - Mirant Corp., Insl-X paint company, U.S. Gypsum, LJ Kennedy trucking company
 - Stop & Shop grocery in heart of retail district closed and eliminated 100 jobs. New grocery opened, but site remains vacant and deteriorating.
 - Most of small businesses are owned by local residents who then get double tax hit.
 - Community is 25 sq. miles, but 72% is NY State Parkland
2. Other economic development challenges
 - Inadequate public transportation
 - Not eligible for funding through state and federal programs (due to incomes)
3. Need guidance to structure and implement economic development and to obtain fiscal health

Exercise #1:

Refine Goals for Economic & Fiscal Health

- Refine technical assistance request to express as goals
- What is the appropriate time frame to achieve each goal?
 - Near Term (next 1 – 5 years)
 - Longer-Term (5 to 10 years)
- What are some key indicators (data measures) that you would use to track achievement of the goals?
 - Example Indicators:
 - Increased workforce educational attainment
 - Increase jobs in certain industries
 - Increased retail sales downtown
 - Reduced capital costs for new infrastructure
 - Reduced costs for services and O & M
 - Increased tax revenues per acre of development
 - Reduced commute time, VMT, GHGs

2. Assess Your Community's Economic & Fiscal Health



Overview of Assessment Process

1. Assess Competitive Position (Strengths & Weaknesses)

- What are you community's most important economic assets (major employers, place features, location advantages, etc.)
- What do demographic trends tell you about who lives and works in your community today?
- What do job trends tell you about your local economy?
- Where do residents live and work? Where do workers live? Is there a match between these or lots of in/out commuting? How do real estate market conditions reflect these trends?

2. Assess Fiscal Conditions

- Budget trends
- What are key sources of funding for capital projects and ongoing services?
- How do land uses, economic conditions, and trends impact the budget?

3. Assess Potential for Change (Opportunities & Challenges)

- Review regional and local job and household projections, understand your competitive position
- Inventory sites available for development and/or redevelopment
- Identify available infrastructure capacity and deficiencies

Assess Your Competitive Position

- What are you community's most important economic assets (major employers, place features, locational advantages, etc.)
 - Assets create competitive advantages
- What do demographic trends tell you about who lives and works in your community today?
 - Population growth or decline? Change in age, income, education, occupation?
 - Where do people live and work?
 - Is there a match between these or lots of in/out commuting?
- What do job trends tell you about your local economy?
 - How are your largest employers doing, and what is the outlook for their industry sector?
 - Do you have identifiable emerging businesses or industry sectors?
 - Examples: small businesses, start-ups and home-based businesses
- How do real estate market conditions reflect these trends?
- What is your role in the regional economy?

Assess Your Competitive Position: Demographic Trends

- Is there actual population growth or decline, or are people and jobs just moving around the region?
 - What kind of change in population?
 - Smaller households, larger households, children?
 - New residents, immigrants, retirees?
 - What kind of movement by population?
 - Suburban to urban or reverse?
 - Does your inventory of housing, retail, office, and industrial space meet these changing needs?

Example Analytical Tool: Demographic Trends

- Stony Point grew more less rapidly than US
- Stony Point residents are older than US
- Stony Point has more households with children and seniors than US
- Stony Point has strong housing occupancy, and strong ownership rates compared to US

	Stony Point, New York			United States		
	<u>2000</u>	<u>2010</u>	<u>Change</u>	<u>2000</u>	<u>2010</u>	<u>Change</u>
Population	11,744	12,147	3%	281,421,906	308,745,538	10%
Median Age	38.3	43.3	13%	35.3	37.2	5%
Total Households	3,991	4,302	8%	105,480,101	116,716,292	11%
Average Household Size	2.91	2.81	-3%	2.59	2.58	0%
Households with Children Under 18 Years	1,634	1,541	-6%	38,022,115	38,996,219	3%
<i>% of Households with Children</i>	41%	36%	-13%	36%	33%	-7%
Households with Seniors Age 65 Years and Over	1,057	1,428	35%	24,672,708	29,091,122	18%
<i>% of Households with Seniors</i>	26%	33%	25%	23%	25%	7%
Total Housing Units	4,074	4,525	11%	115,904,641	131,704,730	14%
Occupied Housing Units	3,991	4,302	8%	105,480,101	116,716,292	11%
<i>Vacancy Rate</i>	2%	5%	142%	9%	11%	27%
Owner Occupied Housing Units	3,378	3,550	5%	69,815,753	75,986,074	9%
<i>Ownership Rate</i>	85%	83%	-3%	66%	65%	-2%

Assess Your Competitive Position: Employment Trends

- What do job trends tell you about your local economy?
 - How are your largest employers doing, and what is the outlook for their industry sector?
 - Do you have identifiable emerging businesses or industry sectors?
 - Examples: small businesses, start-ups and home-based businesses
 - What sectors are in decline?

Example Analytical Tool: Employment Trends

Local Economy Background Data: Stony Point, New York

	Rockland County, New York					United States				
	2001		2010		% change 2001-2010	2001		2010		% change 2001-2010
	Number	% of total	Number	% of total		Number	% of total	Number	% of total	
NAICS 11 Agriculture, forestry, fishing and hunting	ND	ND	ND	ND	N/A	1,170,570	1.1%	1,146,962	1.1%	-2.0%
NAICS 21 Mining, quarrying, and oil and gas extraction	ND	ND	ND	ND	N/A	535,189	0.5%	651,631	0.6%	21.8%
NAICS 22 Utilities	1,004	1.1%	1,156	1.3%	15.1%	599,899	0.5%	551,287	0.5%	-8.1%
NAICS 23 Construction	ND	ND	4,726	ND	N/A	6,773,512	6.2%	5,489,499	5.2%	-19.0%
NAICS 31-33 Manufacturing	11,724	13.3%	9,889	10.9%	-15.7%	16,386,001	15.0%	11,487,496	10.8%	-29.9%
NAICS 42 Wholesale trade	4,717	5.4%	4,390	4.9%	-6.9%	5,730,294	5.2%	5,466,463	5.1%	-4.6%
NAICS 44-45 Retail trade	14,168	16.1%	13,692	15.1%	-3.4%	15,179,753	13.9%	14,481,324	13.6%	-4.6%
NAICS 54 Professional and technical services	4,984	5.7%	5,286	5.8%	6.1%	6,871,441	6.3%	7,457,913	7.0%	8.5%
NAICS 55 Management of companies and enterprises	936	1.1%	943	1.0%	0.7%	1,716,130	1.6%	1,854,778	1.7%	8.1%
NAICS 56 Administrative and waste services	4,313	4.9%	4,850	5.4%	12.5%	7,737,320	7.1%	7,399,320	7.0%	-4.4%
NAICS 61 Educational services	3,244	3.7%	3,406	3.8%	5.0%	1,883,564	1.7%	2,460,150	2.3%	30.6%
NAICS 62 Health care and social assistance	16,316	18.5%	18,993	21.0%	16.4%	12,966,103	11.9%	16,196,009	15.3%	24.9%
NAICS 48-49 Transportation and warehousing	2,349	2.7%	2,327	2.6%	-0.9%	4,138,146	3.8%	3,943,659	3.7%	-4.7%
NAICS 51 Information	3,122	3.5%	2,454	2.7%	-21.4%	3,591,995	3.3%	2,703,886	2.5%	-24.7%
NAICS 52 Finance and insurance	3,028	3.4%	2,630	2.9%	-13.1%	5,642,689	5.2%	5,486,241	5.2%	-2.8%
NAICS 53 Real estate and rental and leasing	1,625	1.8%	1,376	1.5%	-15.3%	2,036,285	1.9%	1,915,571	1.8%	-5.9%
NAICS 71 Arts, entertainment, and recreation	1,178	1.3%	1,272	1.4%	8.0%	1,784,330	1.6%	1,903,739	1.8%	6.7%
NAICS 72 Accommodation and food services	5,875	6.7%	7,649	8.5%	30.2%	10,100,636	9.2%	11,103,075	10.5%	9.9%
NAICS 81 Other services, except public administration	3,881	4.4%	4,813	5.3%	24.0%	4,206,345	3.8%	4,349,563	4.1%	3.4%
NAICS 99 Unclassified	325	0.4%	558	0.6%	71.7%	254,603	0.2%	152,667	0.1%	-40.0%
Total (a)	88,087	100.0%	90,410	100.0%	2.6%	109,304,802	100.0%	106,201,232	100.0%	-2.8%

Example Analytical Tools: Employment Trends

- Industry Location Quotient
 - Method to measure snapshot of current economic strengths by industry
- Industry Shift-Share Analysis
 - Measures emerging and declining industries in local economy over time
 - Compares change in jobs locally, to change in jobs in larger economy
- Industry Cluster Analysis
 - Process of identifying businesses linked together, typically in support of an “export” industry
- Inventory of vacant land and land suitability analysis
 - Include publicly-owned land
- Infrastructure capacity analysis
 - How do transportation systems, sewer/water systems, parks, schools, hospitals meet current needs? Future needs?

Example Analytical Tool: Location Quotient

- Rockland County

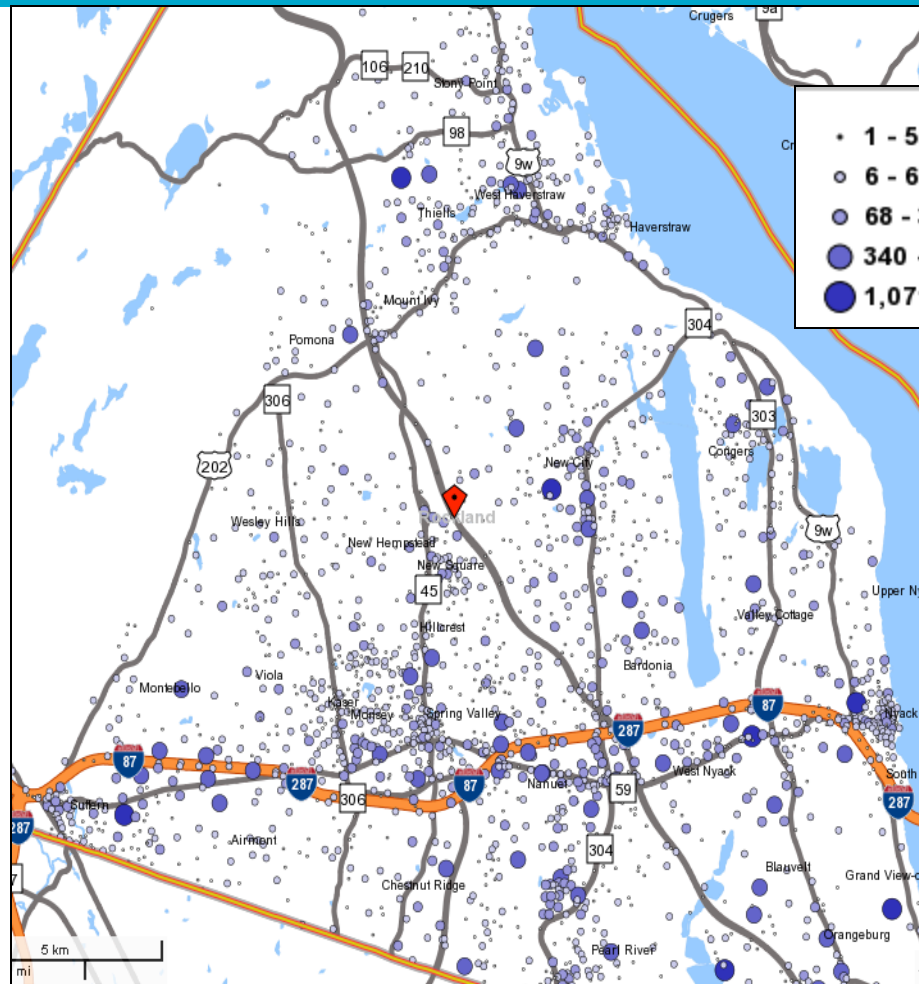
Three Sectors with Highest Location Quotients (b)

	2010
NAICS 22 Utilities	2.46
NAICS 61 Educational services	1.62
NAICS 62 Health care and social assistance	1.37

Three Sectors with Lowest Location Quotients (b)

NAICS 52 Finance and insurance	0.56
NAICS 55 Management of companies and enterprises	0.60
NAICS 48-49 Transportation and warehousing	0.69

Rockland County: Where People Work

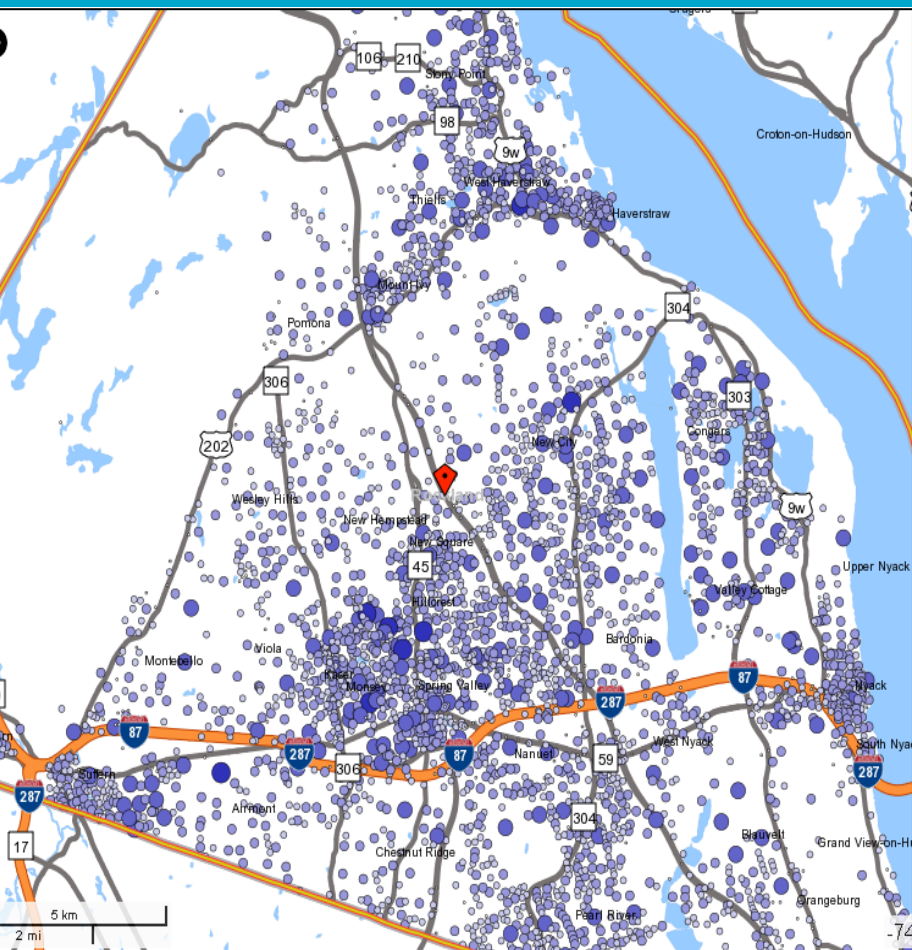


All Jobs

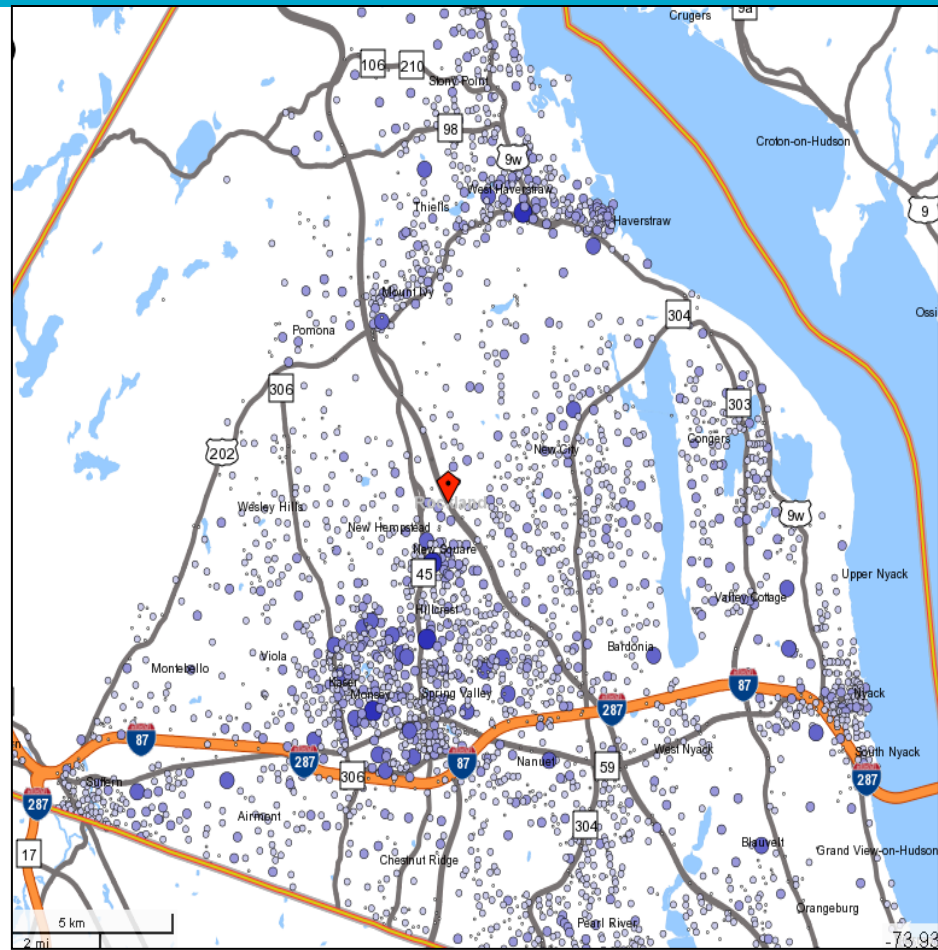


Jobs Held by Workers Under Age 30

Rockland County: Where Workforce Lives



Place of Residence of Workforce (All)



Place of Residence of Workforce Under Age 30

Fiscal Conditions: Local Budget Trends

- Overall, is revenue up or down over past few years?
 - What factors are causing these changes?
 - Are any of these factors under local control (e.g., ability to adjust tax rates)?
 - Are revenues tracking general growth trends?
- Overall, are costs up or down over past few years?
 - What factors are causing these changes?
 - Is there a link between costs and land use decisions made previously?
 - Are costs tracking general growth trends?

Example:

Local Budget Trends

- Stony Point had operating deficit in FY 2010 and FY 2011

		Actual FY 2010	Actual FY 2011	Projected FY 2012
1. Total Operating Revenues		\$12,888,408	\$13,389,454	\$13,500,000
2. Total Operating Expenditures		\$14,207,338	\$14,883,888	\$13,500,000
3. Operating Surplus (Deficit)		-\$1,318,930	-\$1,494,434	\$0
Top 3 Sources of Operating Revenue (fill out)				
REAL ESTATE TAXES				
SALES TAX REVENUE				
RECEIVER FEES				
Top 3 Operating Expenditure Categories (fill out)				
POLICE DEPARTMENT COSTS				
HEALTH AND DENTAL INSURANCE				
RETIREMENT COSTS				

Fiscal Conditions: Sources and Uses of Funds

- Key Sources

- What are your key sources of revenue for capital projects?
- What are your key sources of revenue for ongoing services?
- Metrics
 - What is your average revenue per capita? Per acre? Is it rising or falling?
 - What are your top three per-acre revenue locations?
- What is driving changes in your revenues?

- Key Uses

- What are your primary current capital expenditures?
- What are your primary current ongoing service costs?
 - What is the average per capita capital expenditure? Is it rising or falling?
 - What is the average per capita ongoing service cost? Is it rising or falling?
 - How does your community's budget compare to similar communities?
- How are major capital investment decisions made?
- Who pays for major improvements?

Exercise #2: SWOT Analysis

- Economic Health
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats or Challenges
- Fiscal Health
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats or Challenges



3. Develop Strategies for Economic & Fiscal Health



Overview of Strategies

- **Invest in “Place”** to create lasting value and prosperity
- **Build on local strengths** to create high quality of life
- **Do more with less** through a compact development pattern and strategic public investments
- **Connect the dots** between economic and fiscal health

Strategies: Invest in Place

- Grow value in existing neighborhoods
- Invest public dollars strategically at a district level
 - More effective than individual project subsidies

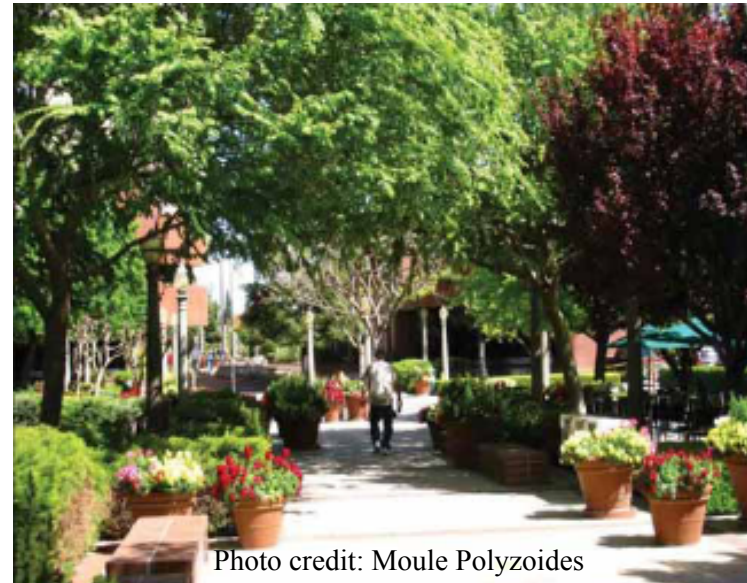


Photo credit: Moule Polyzoides

Strategies: Invest in Place

Financing Strategy in Warm or **Hot** Market Locations:



Financing Strategy in **Cooler** Market Locations:
(aka “Unlocking Private Capital”)



Strategies: Build on Local Strengths

- Economic Gardening
 - Build on strengths in local economy
 - It is easier to retain or expand an existing company than to attract a new one
 - Economic gardening starts with nurturing existing businesses and retaining them in the community as they grow
 - Successful local businesses can spawn new businesses
- Focus on developing quality of life
 - Attracts workforce talent, which will attract jobs
 - Creates a fertile environment for business activity

Strategies: Build on Local Strengths

- Collaborate regionally
 - Regional collaboration for economic development will improve local outcomes
 - Regional collaboration is key to building on local strengths without duplication
 - Can lead to efficiencies and cost savings in services
 - Can improve service levels

Strategies: Do More With Less

- Conduct strategic infrastructure planning
 - Link infrastructure development to land use plans
 - Use capital improvement plans to target public investments and do more with less
 - Target investments where they can attract private investment and strengthen compact development
 - Establish infrastructure financing plans/programs to determine how to pay for public improvements
 - Impact fees, benefit districts, other land use/fiscal linkages

Strategies: Do More with Less

- Seek cost-effective solutions
 - Maximize existing infrastructure and service capacities
 - A fire station costs almost the same whether it serves 2,500 people or 5,000 people
 - Consolidation of services with neighboring jurisdictions can lead to economies of scale
 - Invest in projects that achieve multiple goals
 - Traffic roundabouts can enhance bike/pedestrian safety, increase intersection capacity, and save on O&M costs
 - Consider lifecycle costs (capital, O&M, replacement) in addition to initial costs of infrastructure

Strategies: Do More with Less

- Leverage Public Properties
 - Identify publicly-owned properties to incentivize public-private partnerships
 - Public partners with available land can change project feasibility and directly influence private investments
 - Ensure that....
 - There is equitable sharing of risk and returns between public and private partners
 - Public assets and funding are safeguarded in case developer is not able to perform

Strategies: Do More with Less

- Create Effective Partnerships
 - Pro-actively implement catalyst projects
 - Types of Partnerships
 - Public/Public
 - Public/Private
 - Public/Institutional/Private
 - How to Form Partnerships
 - Engage with local developer and business communities
 - Identify common interests
 - Establish clear understanding of roles and responsibilities
 - Equitably share risks/rewards

Strategies: Do More with Less

- Use budgeting process to:
 - Establish priorities
 - Anticipate changes in costs and revenues and identify “structural” budget problems
 - Match revenues and costs to link who pays for growth
- Evaluate fiscal impact of major new private projects to:
 - Understand how new development will affect budget
 - Determine how new services will be financed

Strategies: Connect the Dots

- Align capital investment and fiscal policies to support compact development
 - Target capital improvement programs to preserve and enhance value in existing neighborhoods
 - Structure funding programs to influence location of new development
 - Identify true costs associated with greenfield development and do not subsidize with public funds
 - Offer tiered Impact fee programs to reduced fees targeted locations

Strategies: Connect the Dots

- Coordinate with other departments and agencies to:
 - Update comprehensive plans, zoning, and design guidelines to support desired development
 - Parking regulations, site coverage ratios, Floor Area Ratios, height limits
 - Offer incentives in targeted locations
 - Fast track permitting
 - Fee waivers or reductions

Exercise #3:

Capital Investment Scorecard

- Identify 3 largest planned public capital investments (pre-workshop “homework”)
- Evaluate each project using the “scorecard”
 - Do these investments create “value” to the community and support economic and fiscal health?
 - Should adjustments or re-prioritizations be made?
 - Are there other criteria that should be considered?

Capital Investment Scorecard

	Project 1	Project 2	Project 3
PROJECT INFORMATION TO BE FILLED OUT BY STAFF IN ADVANCE OF SITE VISIT			
Project Name			
Description/ Purpose			
Planned Completion Year			
Estimated Construction Cost (Staff to Fill Out in Advance)			
Design, Permitting, Construction			
Site Costs (e.g., land/right-of-way purchase)			
Total Construction Cost			
RATINGS TO BE FILLED OUT ON DAY AS EXERCISE - Rate on 1 to 5 scale, with 1 as lowest rating, 5 as highest rating			
Economic Prosperity - Does the project...			
Help to retain or expand existing businesses or attract new businesses?			
Increase the value of surrounding residential or non-residential property in the area?			
Make the community a more desirable place to live, work, or visit?			
Help to diversify the community's economy and make it more resilient?			
Build on your community's existing economic strengths?			
Contribute to an equitable sharing of positive and negative impacts throughout the community?			
Fiscal Health - Does the project...			
Effectively leverage local funds by combining with other private, or public funds?			
Encourage additional private investment?			
Direct new development to areas where existing infrastructure & services can be better utilized?			
Remove barriers to infill or compact development?			
Maximize existing public investments?			
Have an identified method to pay for annual maintenance and operations costs (ongoing)?			
TOTAL POINTS IN COLUMN			

Exercise #4:

Fiscal Impact Analysis

- This exercise evaluates the net impact of a major new private development project on a community's budget
 - Does the new project pay for itself?
 - If not, how can it be changed to be fiscally sustainable?

Fiscal Impact Worksheet

Project Name:					
Description:					
Site size (acres)		acres			
Use 1		sf, number of units, or number of hotel rooms			
Use 2		sf, number of units, or number of hotel rooms			
Use 3		sf, number of units, or number of hotel rooms			
Parking Type (surface, garage)					
Number of Parking Spaces		spaces			
Applicable Tax Rates:					
Property Tax Rate					
Property Tax Rate					
Sales Tax Rate					
Payroll Tax Rate					
Other revenue generator					
Other revenue generator					
To be completed by BAE and discussed during workshop:					
Potential General Fund Rev					
Property Taxes					
Sales Taxes					
Payroll Taxes					
Other					
Total Annual Revenues					
Potential General Fund Costs					
Admin					
Police					
Fire					
Public Works					
Com Services					
Other					
Total Annual Costs					
Net Fiscal Impact					

Questions & Comments

