

Appendix IV: Cost of Services Study

Cost of Community Services Study

The purpose of the Cost of Community Services Study is to determine the fiscal contribution of existing land uses. According to the American Farmland Trust, Cost of Community Services (COCS) studies are “ a snapshot in time of costs versus revenues for each type of land use.”¹ Local government, decision-makers and residents in the Town of Victor could use the Cost of Community Services study undertaken as part of the comprehensive planning process to make informed land use and policy decisions regarding future growth in the municipality.

Methodology

The methodology used in this study was based on the methodology developed by the American Farmland Trust. A four-step process similar to the American Farmland Trust approach was developed. Steps included the following:

- 1) Develop Land Use Category Definitions
- 2) Collect budgetary information from the municipality. The latest budget (2009) was used, to include both Projected 2009 Expenditures (Appropriations) and Projected 2009 Revenues.
- 3) Allocate municipal expenditures and revenues by land use category
- 4) Analyze the data and calculate revenue-to-expenditure ratios for each land use category.

COCS studies generally break down a municipality’s land base into four land use categories:

- > Residential
- > Commercial
- > Industrial, and
- > Working Landscapes (Agriculture and Forest)

¹ American Farmland Trust, “Fact Sheet: Cost of Community Services Studies,” August 2006.

Land Use Category Definitions

For purposes of this study, property class codes and definitions provided by the New York State Office of Real Property Services were used to classify different land uses.

CATEGORY	DESCRIPTION
Residential	Property used for human habitation. For purposes of this study, other types of living accommodations such as apartments (code 411), mobile home parks (code 416) and homes for the aged (633) were included.
Sub-Categories	
210	One Family Year-Round Residence
215	
220	Two Family Year-Round Residence
230	Three-Family Year-Round Residence
240	Rural Residence with Acreage
250	Estate
260	Seasonal Residences
270	Mobile Home
280	Residential – Multi-Purpose Structure
411	Apartments
416	Mobile Home Parks (trailer parks, trailer courts)
633	Homes for the Aged
Commercial	Property used for sale of goods and services
Sub-Categories	
415	Motel
418	Inns, Lodges, Boarding & Rooming Houses, Tourist Homes, Fraternity and Sorority Houses
421	Restaurants
422	Diners and Luncheonettes
425	Bar
426	Fast Food Franchises
431	Auto Dealers – Sales and Service
432	Service and Gas Stations
433	Auto Body, Tire Shops, Other Related Auto Sales
434	Automatic Car Wash
438	Parking Lot
441	Fuel Storage & Distribution Facilities
442	Mini Warehouse (Self Service Storage)

444	Lumber Yards, Sawmills
446	Cold Storage Facilities
449	Other Storage, Warehouse & Distribution Facilities
451	Regional Shopping Centers
452	Area or Neighborhood Shopping Centers
453	Large Retail Outlets
455	Dealerships – Sales and Service (other than auto with large sales operation)
462	Drive-In Branch Bank
464	Office Building
465	Professional Building
471	Funeral Homes
472	Dog Kennels, Veterinary Clinics
473	Greenhouses
480	Multiple Use or Multipurpose
481	Downtown Row Type (with common wall)
482	Downtown Row Type (detached)
483	Converted Residence
484	One Story Small Structure
485	One-Story Small Structure – Multi occupant
486	Minimart
512	Motion Picture Theaters (excludes drive-in)
Industrial	Property used for the production and fabrication of durable and non-durable man-made goods.
710	Manufacturing and Processing
712	High Tech, Manufacturing and Processing
720	Mining and Quarrying
721	NA
Working Landscapes	Property designated as Agricultural or Forest Land.
105	Agricultural Vacant Land (Productive)
112	Dairy Products
113	Cattle, Calves, Hogs
117	Horse Farms
120	Field Crops
151	Apples, Pears, Peaches, Cherries, etc.
170	Nursery and Greenhouse
910	Private Wild and Forest Lands except for Private Hunting and Fishing Clubs

Allocating Municipal Expenditures and Revenues by Land Use Category

This analysis involved examining each budget line item revenue and expenditure and allocating all or a portion of each line item amount to one or more types of land uses. The allocation (apportionment) was determined based on the relationship between the budget line item and the various land uses. Several standard ratios were used to allocate budgetary share for each land use. These included the following:

1. Property Ratio or Apportionment based on Parcels: The property ratio is used when a relationship exists between the number of parcels in each land use category and a revenue or expense.
2. Population or Per Capita Ratio: The population ratio is used when there is a relationship between the size of the population and a revenue or expense. For example, population is used to determine State aid. In the same manner, the number of school children determines school expenditures and budgets. Both examples (State Aid and School Expenditure) are completely allocated to Residential Uses.
3. Land Use Ratio: The land use ratio is derived by getting the ratio of the acreage for a particular land use versus the total acreage of all land uses under consideration. The land use ratio is used when all types of land uses under consideration utilize a particular service or generate a particular type of revenue.
4. Property Tax Ratio: This type of apportionment is used as basis when there is a relationship between the assessed value of the land and a budgetary revenue or expense.

In using apportionment basis for each line item, analytical discretion was often used. For example, it was deemed appropriate that spending on cemeteries is completely allocated to residential uses, as only residents are likely to use this service. Likewise, both residents and workers buy goods and services. Therefore, Per Capita Ratio was used as apportionment basis.

The following tables show the Budgetary Allocation by Land Use for Expenditures and Revenues.



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<i>Intergovernmental Charges</i>	\$ 140,000	\$ 82,166.93	\$ 8,362.07	\$ 8,730.41	\$ 40,740.60	\$ 140,000	Apportionment Based on Land Use		
<i>State Aid</i>	\$ 1,034,994	\$ 1,034,994	\$ -	\$ -	\$ -	\$ 1,034,994	Apportionment based on Population (Wholly Residential)		
<i>All Other</i>	\$ 1,418,060	\$ 848,377.47	\$ 166,010.69	\$ 86,370.30	\$ 317,301.54	\$ 1,418,060			
Licenses & Permits	\$ 87,050	\$ 80,260.80	\$ 4,526.13	\$ 1,092.51	\$ 1,170.55	\$ 87,050	Apportionment Based on Parcels		
Fines & Forfeitures	\$ 245,000	\$ 130,730.20	\$ 96,618.19	\$ 17,554.15	\$ 97.46	\$ 245,000	Apportionment Based on Per Capita		
Miscellaneous Income	\$ 200	\$ 117.38	\$ 11.95	\$ 12.47	\$ 58.20	\$ 200	Apportionment Based on Land Use		
Transfer to Reserves	\$ 410,310	\$ 240,813.66	\$ 24,507.43	\$ 25,586.95	\$ 119,401.96	\$ 410,310	Apportionment Based on Land Use		
Interfund Transfers	\$ 675,000	\$ 396,161.97	\$ 40,317.12	\$ 42,093.04	\$ 196,427.87	\$ 675,000	Apportionment Based on Land Use		
Unclassified	\$ 500	\$ 293.45	\$ 29.86	\$ 31.18	\$ 145.50	\$ 500	Apportionment Based on Land Use		
<i>Appropriated Fund Balance</i>	\$ 2,128,534	\$ 1,249,250.71	\$ 127,135.34	\$ 132,735.49	\$ 619,412.45	\$ 2,128,534	Apportionment Based on Land Use		
<i>Total Revenues</i>	\$ 13,509,298	\$ 8,409,012.77	\$ 2,553,467.83	\$ 784,188.47	\$ 1,762,628.93	\$ 13,509,298			
<i>Estimated Total Revenues With School District</i>	\$ 32,488,822	\$ 23,286,822	\$ 5,775,642	\$ 1,532,880	\$ 1,893,478	\$ 32,488,822			
<i>Estimated School District Assessments</i>	\$ 18,979,524	\$ 14,877,809.19	\$ 3,222,174.57	\$ 748,691.38	\$ 130,848.75	\$ 18,979,523.89			
School Taxable Assessed Value	\$ 1,034,870,441	\$ 811,221,875	\$ 175,691,089	\$ 40,822,867	\$ 7,134,610	\$ 1,034,870,441			
Equalization Rate	100.00								
School Tax Rate per \$1000	\$ 18.34								
Estimated Revenue from Assessments		\$ 14,877,809.19	\$ 3,222,174.57	\$ 748,691.38	\$ 130,848.75	\$ 18,979,524			

Calculating Cost of Community Services Ratios

Once all the expenditure and revenue data were collected and allocated to land uses under consideration, the sums of these values were used to create a series of ratios, comparing revenues to expenditures for each land use. Two sets of ratios were calculated:

- 1) Without Education, and
- 2) With Education.

The ratio calculation formula follows:

$$\text{Ratio Calculation is } 1: \frac{\text{Sum of Expenditures}}{\text{Sum of Revenues}}$$

The following tables show the education-excluded and education-included scenarios. A ratio greater than 1.0 suggests that more than one dollar is spent for every dollar of revenue collected from a given land use category.

Cost of Community Services Ratios Without Education

	Residential	Commercial	Industrial	Working Landscape	Total
Expenditures	\$ 13,051,921	\$ 1,092,362	\$ 448,333	\$ 947,351	\$ 15,539,967
Revenues	\$ 8,409,013	\$ 2,553,468	\$ 784,188	\$ 1,762,629	\$ 13,509,298
Ratios	1.552134763	0.427795305	0.571716325	0.53746473	
	1: 1.55	1: 0.43	1: 0.57	1: 0.54	

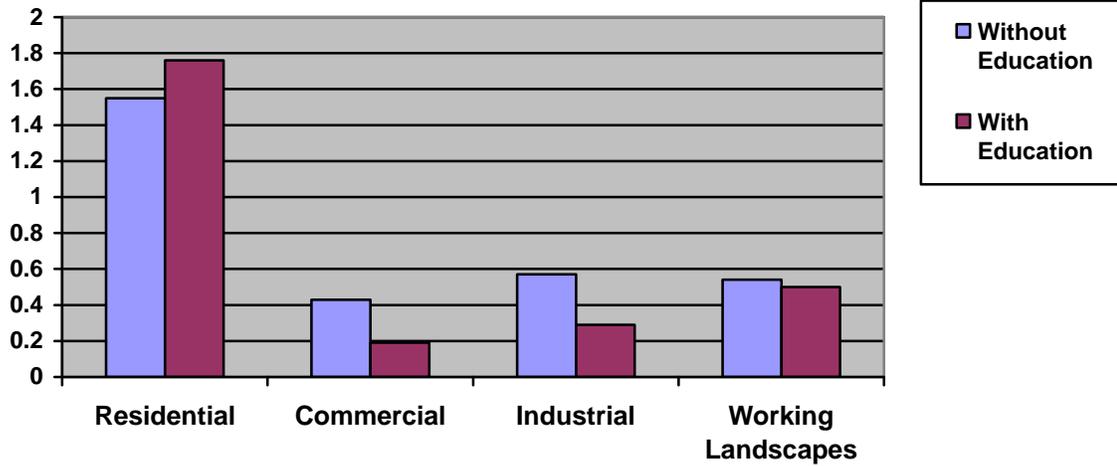
Cost of Community Services Ratios With Education

	Residential	Commercial	Industrial	Working Landscape	Total
Expenditures	\$ 40,941,377	\$ 1,092,362	\$ 448,333	\$ 947,351	\$ 43,429,423
Revenues	\$ 23,286,822	\$ 5,775,642	\$ 1,532,880	\$ 1,893,478	\$ 32,488,822
Ratios	1.758135014	0.189132476	0.292477815	0.500323238	
	1: 1.76	1: 0.19	1: 0.29	1: 0.50	

Comparison of Baseline Ratios



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Conclusions

The results of the Cost of Community Services study for the Town of Victor are consistent with the results of other COCS studies either sponsored or conducted by the American Farmland Trust. All of the studies indicate that the COCS ratio is substantially above 1.0 for residential land. A summary of all COCS studies conducted by the American Farmland Trust shows that COCS ratios for residential land in New York State range from 1:1.05 to 1:1.88. For commercial/industrial uses, COCS ratios range from 1:0.18 to 1:0.31. Ratios for working landscapes range from 1:0.17 to 1:0.74 in New York State. Results of the American Farmland Trust studies were used to validate the ratios derived from the Cost of Community Services Study for the Town of Victor. The following table shows a summary of the Revenue-to Expenditure ratios in New York State.

Summary of Cost of Community Services Studies, Revenue-To-Expenditure Ratios for Selected New York State Communities

(Source: American Farmland Trust 2006)

Community	Residential	Commercial & Industrial	Working & Open Land	Source
Amenia	1: 1.23	1:0.25	1:0.17	Bucknall, 1989
Beekman	1: 1.12	1:0.18	1:0.48	American Farmland Trust, 1989
Dix	1:1.51	1:0.27	1:0.31	Schuyler County League of Women Voters, 1993
Farmington	1:1.22	1:0.27	1:0.72	Kinsman, et al., 1991
Fishkill	1:1.23	1:0.31	1:0.74	Bucknall, 1999
Hector	1:1.30	1:0.15	1:0.28	Schuyler County League of Women Voters, 1993
Kinderhook	1:1.05	1:0.21	1:0.17	Concerned Citizens of Kinderhook, 1996
Montour	1:1.50	1:0.28	1:0.29	Schuyler County League of Women Voters, 1993
Northeast	1:1.36	1:0.29	1:0.21	American Farmland Trust, 1989
Reading	1:1.88	1:0.26	1:0.32	Schuyler County League of Women Voters, 1993
Red Hook	1:1.11	1:0.20	1:0.22	Bucknall, 1999

Residential Uses

The Cost of Community Services Study for the Town of Victor indicates that for every dollar of revenue received for residential uses, \$1.55 dollars are spent or a ratio of 1:1.55 for scenarios that exclude school district expenditures. If one were to include school district expenditures, the ratio of spending goes up to 1: 1.76. This indicates that other land uses subsidize



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residential development, whether or not additional school children are involved.

Commercial Uses

COCS ratios show that commercial uses provide positive fiscal impacts to the Town of Victor. Data indicate that Commercial Uses provide higher subsidies to other land uses, with a ratio of 1:0.43 or an average of forty-three cents (\$0.43) spent on services for every dollar of revenue received. With education expenditure included, the ratio goes down to 1:0.19, with only nineteen cents (\$0.19) spent for commercial uses for every dollar of revenue received from property taxes and other revenues.

Industrial Uses

Industrial uses, like commercial uses, subsidize other land uses in the community. COCS ratios indicate that for every dollar of revenue received from industrial uses, only fifty-seven cents (\$0.57) are spent on services for industrial uses or a ratio of 1:0.57. With school district costs added, the COCS ratio goes further down to 1:0.29, with only twenty-nine cents (\$0.29) spent for every dollar of revenue received for industrial uses.

Working Landscapes

Farmland and forestry generate more revenue than expenditures for services. The COCS study for the Town of Victor shows a revenue-to-expenditure ratio of 1:0.54 for scenarios excluding school district expenditure and a slightly lower ratio of 1:0.50 for scenarios that include spending for education.