

Merion Pike West – Fiscal Analysis

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Fiscal Impact Shows Need for Regular Analysis

- **Anticipated budget shortfall of about \$17-\$23 million through 2031**
- Increase in spending of **\$32 million** through 2031 in APS and county operating budgets
- Increase in spending of **\$6 million** through 2031 for its share of school construction
- This project's net fiscal costs are about 5 to 7 percent of the anticipated Amazon revenues over the next 10 years
- Important to incorporate the same type of fiscal analysis treatment given to Amazon to support comprehensive long-term planning

Methodology

Data from census, schools, maps, property, assessment and more to estimate:

- New student enrollments (checked against similar numbers from APS)
- New residents
- New assessments

We use estimates to get:

- Revenue effects across about 20 categories
- General fund and APS operating expenditures across about 20 spending categories
- Rough costs of new school seats (we do **not** estimate effects on most CIP categories)

This allows us to conduct robust fiscal analysis tailored to the type of development and the location of the development for the entire county.

(Additional explanation available at <https://www.arlington-analytics.com/papers.php>)

Results

- **Revenues increase a little under \$2 million/yr.**
 - Most come from real estate taxes, however, this property has a lower-than-average assessment
- **New spending is in APS operating budget alone of \$2.5-\$3 million/yr.**
 - Student generation factors are high for this type of property in this location
 - This number not include other county services: libraries, recreation, transit, etc.
- **Average school construction costs of \$750K/yr. for 20 years**
 - APS expects Abingdon, Barcroft, and Carlin Springs elementary schools to be close or above capacity

Key Uncertainties and Other Findings

- Unusually large number of kids in PU 35072
 - Development displaces more kids than expected, lower fiscal costs
 - Development attracts more kids than expected, higher fiscal costs
- New school construction may not necessary if student enrollment permanently declines due to COVID
- County evaluates capital expenditures such as parks, recreation facilities, transportation improvements; we do not have that
- Fiscal impact of additional affordable units is comparatively small

Conclusions

- We expect that the net cost of these services would run about \$17 to \$23 million through 2031
- This development is a long-term commitment to fiscal resources to provide high-quality services to new residents and students
- This particular project is a relatively cost effective way of providing affordable units
- This single project is clearly well within the county's means; scaling up this type of development may force some difficult choices
- Illustrates need for regular fiscal analysis of county policy as part of comprehensive cost-benefit analysis and long-term planning