

Return on Investment Model



DRAFT FINDINGS
JUNE 2012

Summary



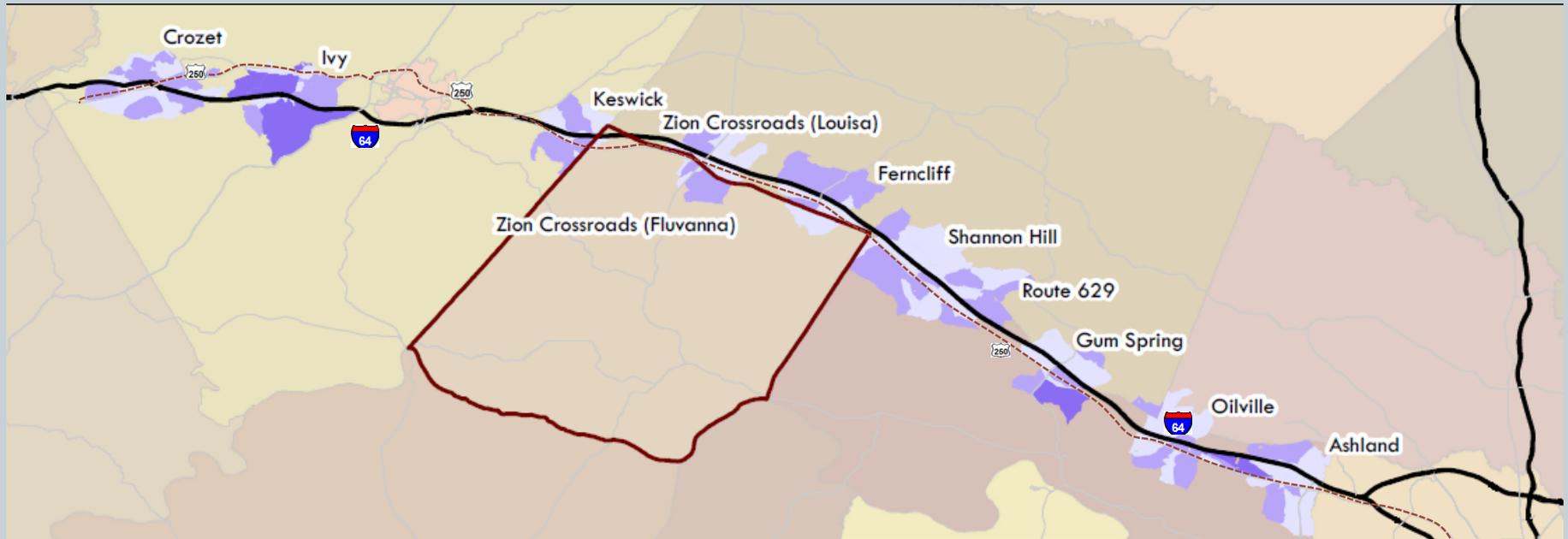
- **Purpose**
- **Methods**
 - Market Study
 - Growth Scenarios
 - Study Area
 - Revenue Breakdown
 - Cost Breakdown
- **Results**
 - Existing Net Revenue
 - Cumulative Net Revenues over 5 to 10 years

Purpose



- **Provide unbiased information to decision-makers**
- **The ROI model is:**
 - **Inclusive with all costs/revenues associated with water/sewer and anticipated growth**
 - **Transparent with its assumptions and methodology**
 - **Easily Modified – changes in assumptions provide instant results**
 - **Focused on a 10-Year Planning Horizon**
- **This PowerPoint is an overview provided to help interested parties to understand the ROI study. For further information and a thorough review of the study, refer to the final report.**

Market Study



Study Areas around I-64 interchanges

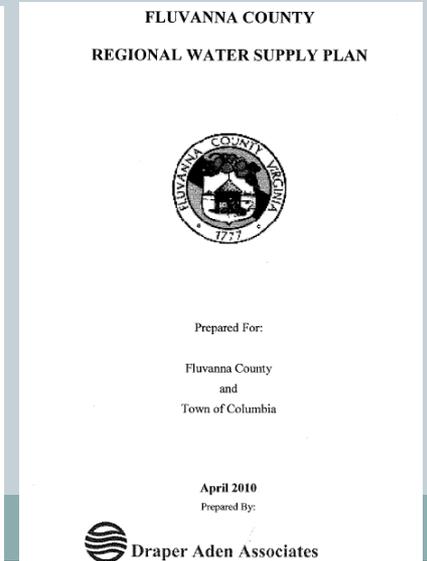
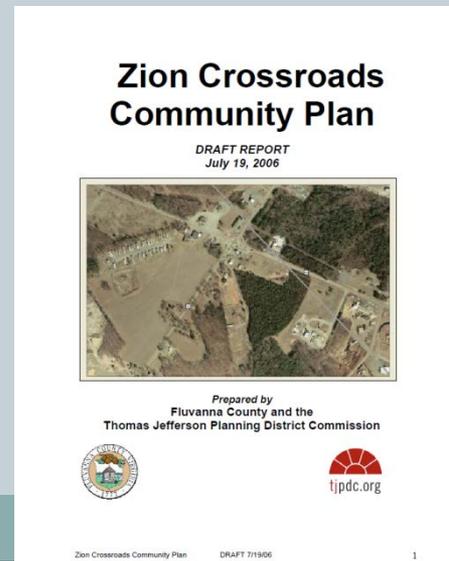
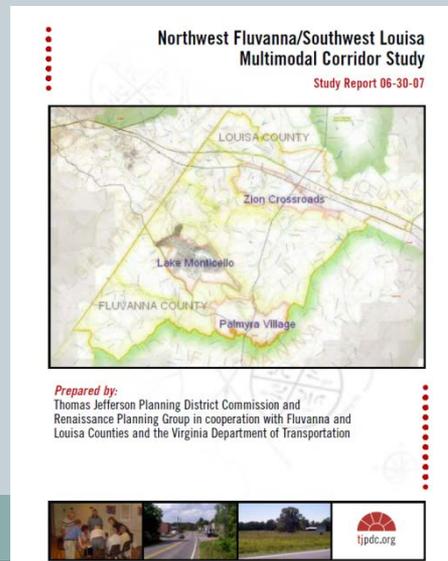
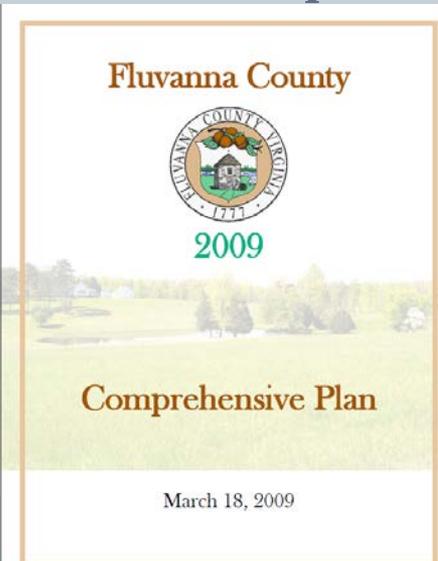
Market Study



- Compared growth that occurred at interchanges over the past 10 years
- Ignored development with low probability of occurring in the future – such as the Wal-Mart Distribution Center
- Considered residential and non-residential growth
- Functioned as basis for growth scenarios
 - No Water/Sewer-line
 - Slow growth (with Water/Sewer)
 - Expected Growth (with Water/Sewer)

Plans for Zion Crossroads

- Existing Plans and Studies Recommend that the Zion Crossroads area:
 - Serve as the primary growth area for the County.
 - Function as a regional mixed-use center with office, retail and residential uses.
 - Provide public water and sewer infrastructure to support future development.



Basis for Growth Assumptions



- **Findings from Market Study.**
 - The No Water/Sewer Scenario is a continuation from the previous decade in Fluvanna County
 - The Slow Growth Scenario assumes increased growth, but only at a small fraction of what occurred in Louisa County between 2000-2010
 - The Expected Growth Scenario is closer to but still under Louisa County growth from 2000-2010

Louisa County Zion Crossroads – Growth between 2000 – 2010	
Land Use	Growth
Residential	340 Homes
Office	10,000 ft ²
Retail/Service	488,000 ft ²
Restaurants	5,000 ft ²
Industrial	68,000 ft ²

10 Year No Water/Sewer-Line Scenario



Category	10 Year Growth Assumptions	Example:
Residential	24 Homes	10 students, including 68 new residents
Office	30,000 ft ²	120 office employees
Retail/Service	15,000 ft ²	1 small retail store
Restaurants	0 ft ²	n/a
Industrial	259,702 ft ²	Multiple large warehouses

10 Year **Slow** Growth Scenario



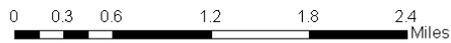
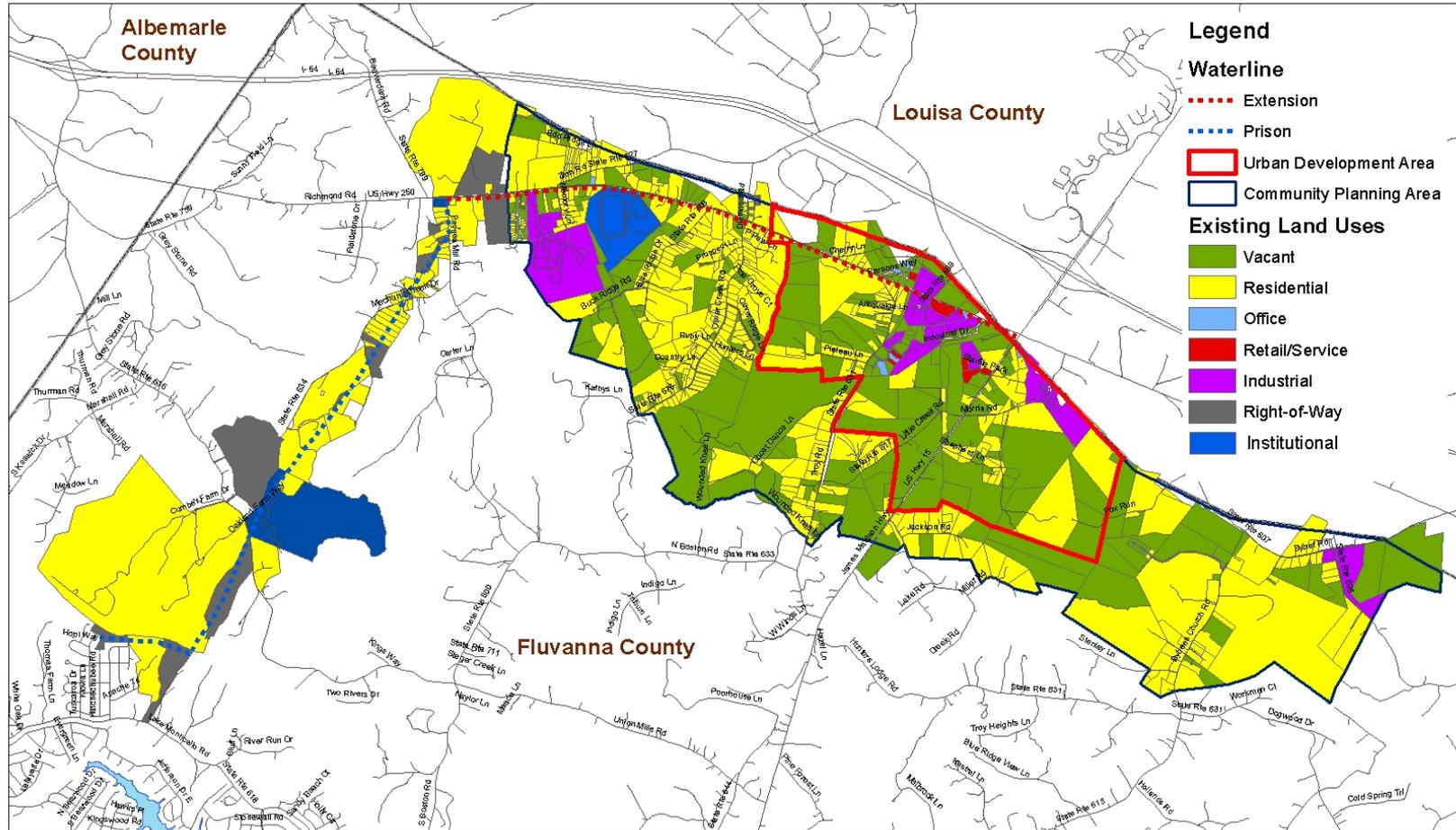
Category	10 Year Growth Assumptions	Example:
Residential	63 Homes	26 students, including 169 new residents = .6% increase in the Countywide population
Office	45,000 ft ²	180 office employees
Retail/Service	153,000 ft ²	<u>1 small convenience center</u> – grocery store with retail anchor and several small retail stores.
Restaurants	9,000 ft ²	3 fast food establishments or combination of 1 fast food and 1 dine-in restaurant
Industrial	54,000 ft ²	2 to 3 medium-sized warehouses Medium-sized warehouse = the Blue Ridge Mountain Sports building off Route 15

10 Year **Expected** Growth Scenario



Category	10 Year Growth Assumptions	Example:
Residential	126 Homes	52 students, including 337 new residents = 1.3% increase in the Countywide population
Office	135,000 ft ²	540 office employees
Retail/Service	292,500 ft ²	2 retail anchors, a grocer and several small retail outparcels = Commercial center 3/4 the size of the “Shoppes at Spring Creek”
Restaurants	22,500 ft ²	3 dine-in restaurants and a fast-food establishment
Industrial	63,000 ft ²	2 to 3 medium-sized warehouses or 1 large warehouse Medium-sized warehouse = the Blue Ridge Mountain Sports building off Route 15 Large warehouse = Mac Steel Building

Study Area



**Zion Crossroads Waterline ROI:
Existing Land Uses**



Basic Considerations



Revenues	Costs
Existing Development	Existing Services
Future Development	Future Services
Waterline Revenue	Waterline Capital/Maintenance
Sewer-Line Revenue	Sewer-Line Capital/Maintenance
Total Revenue	Total Costs

Total Revenue - Total Costs = Net Revenue

Revenue Assumptions



- **Tax Rate Assumptions**

- Real Estate (per \$100 assessed value) - \$.5981
- Personal Property (per \$100 assessed value) - \$4.15
- County share of sales (on the dollar) - 1%
- Space-holders for other revenue sources:
 - Meals Tax
 - Machinery and Tool Tax



Revenue Assumptions



- **Water System Assumptions**

- Connection Fee - \$3,750
- Water Rate (per 1,000 gallons) - \$8
- Availability Fee - \$500,000/year for first 6 years

- **Sewer System Revenue**

- Connection Fees - \$4,500
- Sewer Rate (per 1,000 gallons) - \$10

Cost Assumptions



- **Waterline Costs**

- Meter Box Maintenance (per connection) - \$250
- Water for first 127,000 gallons/day – \$950,000 per year
- Water over 127,000 gallons (per 1,000 gallons) - \$2.95

- **Sewer Line Costs**

- Baseline Cost – \$94,900 per year (for first 4,000 GPD)
- Maintenance (per 1,000 gallons) – \$.10
- Charge from DOC (per 1,000 gallons) – \$2



Cost Assumptions



- **Service Costs**

- Schools (Local Costs per Student)
- \$4,302

- New High School Debt Services
(per Developed Acre) - \$96.6

- County Administrative Costs
(per Developed Acre) - \$176



Results



\$.5981 Tax Rate

Annual	Gross Revenue	Gross Cost	Net Revenue
Existing (Snapshot)	\$1,639,811	-\$1,977,747	-\$337,935

Scenarios	Year 5: Cumulative Figures			Year 10: Cumulative Figures		
	Gross Revenue	Gross Cost	Net Revenue	Gross Revenue	Gross Cost	Net Revenue
Without Waterline	\$ 7,417,327	-\$ 10,003,801	-\$ 2,586,474	\$ 15,502,507	-\$ 20,295,270	-\$ 4,792,763
Waterline: Slow Growth	\$ 16,438,091	-\$ 16,346,267	\$ 91,824	\$ 36,174,012	-\$ 34,167,189	\$ 2,006,823
Waterline: Expected Growth	\$ 18,772,297	-\$ 16,695,620	\$ 2,076,676	\$ 45,381,034	-\$ 35,678,978	\$ 9,702,056

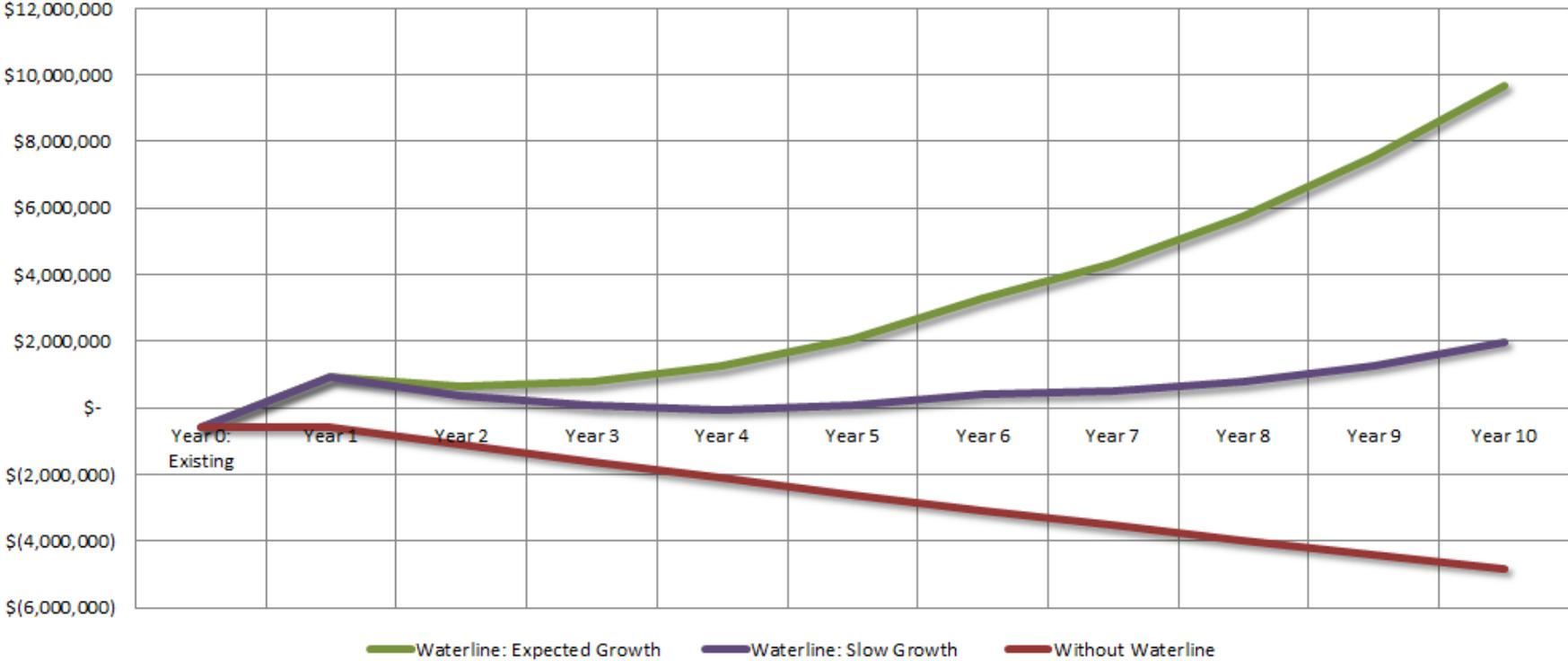
Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
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Results



\$.5981 Tax Rate

Annual Cumulative Net Revenue: 10-Year Horizon



Summary



- Currently, Fluvanna County loses **\$337,935** per year in the Zion Crossroads area
(Cost of Services > Revenue Collected)

10 Year Cumulative Figures

Scenarios	Net Revenue
No Waterline	-\$ 4,792,763
Slow Growth	\$ 2,006,823
Expected Growth	\$ 9,702,056

Questions



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