Urban3 & Analysis of Our Financial Future

May 1, 2023
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An Urban3 type of analysis shows us how and where we could increase taxable "revenue." That is important, but before doing that, we should determine how much "revenue" we need by doing a capital needs analysis. These two analyses combined would give us a powerful long-term planning tool.

We have a lot of information we can use to create the analysis. For example, our Transportation Master Plan identifies future projects and estimates costs. Shown below is a simple spreadsheet model showing our capital needs based on the first 5-year projects in that master plan, excluding the Hwy 91 work in progress.

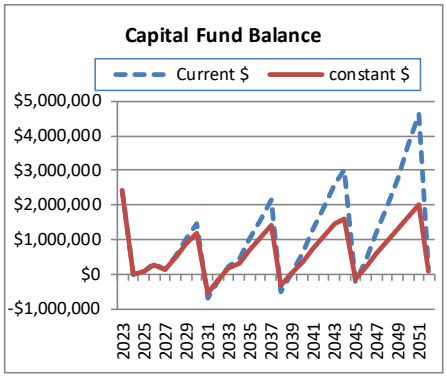
The example shows that if we have $2 million already set aside for capital projects, Ivins will need to set aside an additional $350,000 a year to pay for these projects. That considers only the Ivins share of the costs after deducting impact fees or other funding sources. The Ivins share of costs is the column, "City funding level."

That set-aside not only pays for the initial capital costs, but the recurring costs. For example, I used a 7-year life for the last item, pavement maintenance. You can see on the chart (Annual capital expenses) that this appears as a cost every 7 years and adds in inflation. The other chart, "Capital fund Balance" shows there will always be enough capital available for these costs, as long as we set aside that $350,000 a year.

IVINS CAPITAL NEEDS ANALYSIS

May 2023

***** THIS IS HYPOTHETICAL - EXAMPLE ONLY *****



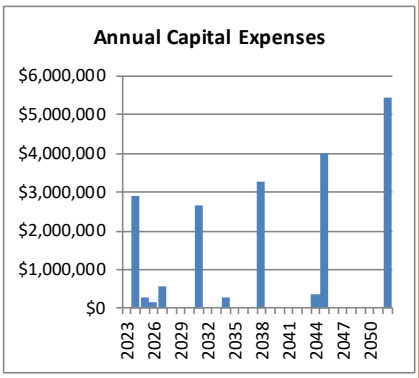


TABLE 1: ASSUMPTIONS

Current year	2023
Inflation (long-term average)	3.0%
Interest earnings	3.0%
Current capital fund balance	$ 2,000,000
Income tax rate	0%
Annual contribution to capital fund	$ 350,000
	$ -
Annual increase in contribution	**3.0%**
	$ -
	$ -

TABLE 2: CAPITAL NEEDS COMPONENTS

	Quantity	Cost per quantity today	Cost new today	useful life (years)	City Funding level	Annual capital needed	Useful life (years left)	Next capital expense
Hwy 91 - Kwavasa to Shivwits	1	$ 500,000.00	$ 500,000	40	50%	$ 6,250	1	2024
Chip seal access road to 100 acre BLM prope	1	$ 200,000.00	$ 200,000	10	25%	$ 5,000	1	2024
Roundabout - Kayenta Pkwy & Kwavasa	1	$ 170,000.00	$ 170,000	40	25%	$ 1,063	2	2025
Center St. streetscape improvements 750-95	1	$ 100,000.00	$ 100,000	35	100%	$ 2,857	2	2025
Puerto - safe routes to school	1	$ 100,000.00	$ 100,000	40	100%	$ 2,500	3	2026
Puerto - mini roundabouts	1	$ 50,000.00	$ 50,000	40	50%	$ 625	3	2026
Misc projects - safety, etc.	1	$ 200,000.00	$ 200,000	25	50%	$ 4,000	4	2027
Street light replacement	1	$ 300,000.00	$ 300,000	35	100%	$ 8,571	4	2027
Pavement maintenance	1	$ 2,100,000.00	$ 2,100,000	7	100%	$ 300,000	1	2024
?	1	$ -	$ -	0	100%		0	2023
?	1	$ -	$ -	0	100%		0	2023
?	1	$ -	$ -	0	100%		0	2023
?	1	$ -	$ -	0	100%		0	2023
?	2	$ -	$ -	0	100%		0	2023

Urban3?

I'm unsure about the value we would get from an Urban3 study. I am very impressed with Joe Minicozzi, and his spatial mapping of data is amazing. But it looks like the results are things we already know:

(1) commercial generates more revenue than low-density single-family,
(2) higher density generates more revenue than lower density, and
(3) we know where in the city the higher revenue properties are now and through good planning we can identify where additional higher revenue parcels can happen.

If I am missing something else that the Urban3 analysis does for us that is important and beyond our abilities to create properly, please let me know. I will happily pivot 180 degrees.

Urban3-ish-Light

If we want the type of analysis Urban3 does, we could do most of it ourselves. The report won't be as pretty or provide 3D spatial results. But it will provide answers and give us the ability to run a variety of scenarios.

To do this in-house, hopefully we can get a data dump from the Assessor. The math is simple for calculating taxes per acre for every property. The tougher part is Urban3 also overlays the sales/room taxes for each property. I don't know if that is based on actual data provided by the state. If we can't get actual data, we can estimate it, which I guess is what Urban3 would also do if state data isn't available.

Whether we use Urban3 or another consultant for this type of analysis or do it ourselves, I believe it is "step 2." Step 1 should be our own capital needs analysis. And staff has all the knowledge about the infrastructure needs, costs, timing, useful lives, etc. All we need is a simple spreadsheet model like I used here for an example, but better.