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FISCAL IMPACT ANALYSIS

BLUFF POINT PROJECT

Prepared for Northumberland County

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TCN WORLDWIDE

INTRODUCTION

This Fiscal Impact Analysis has been prepared for Northumberland County as part of the Bluff Point Evaluation Study being conducted under the direction of AES Consulting Engineers.

A Fiscal Impact Analysis is a quantitative analysis of the estimated tax revenues and public service costs that can be expected to result from the development of a given development. This report will analyze both the proposed Bluff Point Planned Unit Development (PUD) and the development that can be constructed on this property under existing zoning (By-Right).

This study will review materials provided by the project's development, particularly the Bluff Point Fiscal and Economic Impact Analysis – Northumberland County, VA submitted by ERA AECOM on January 11, 2010, and the Bluff Point Evaluation Study prepared by Bluff Point Holdings, LLC on March 14, 2011. These studies were reviewed to ascertain developer assumptions regarding the projected number, absorption and pricing of housing units and the various commercial components associated with both the proposed PUD and the By-Right development scenario.

This report will provide an analysis and quantitative estimate of the local tax revenues that can expected to be generated from both the PUD and the By-Right scenario from the following local revenue sources:

- Real property taxes
- Personal property taxes and vehicle decal fees
- Business personal property taxes
- Retail sales taxes

These projected revenues will then be compared with anticipated local public service costs to arrive at an estimated "net fiscal impact" to determine the extent to which either the PUD or the By-Right development scenario can be expected to generate either an excess of local revenues over local expenses or the reverse.

An analysis of this type necessarily requires a number of economic assumptions, and it is on the basis of these assumptions that quantitative estimates are prepared. These assumptions are based on a combination of secondary data and the professional experiences of the drafter. No representation or warranty is provided by Mid-Atlantic Commercial as this analysis must necessarily rely upon a series of projections that may or may not prove to be accurate over time.

For the purpose of this report, all estimates will be expressed in terms of 2011 dollars and all tax revenue estimates are based on current County tax rates. The use of "multipliers" will not be employed, and all projected local revenues and public service costs will be direct costs.

I. RESIDENTIAL PROPERTY

The key consideration in determining the ultimate success and fiscal impact to Northumberland County of either the proposed Planned Unit Development (PUD) or the "By-Right" development scenario is the demand for new housing units in this location. It is both the absorption of new housing units and their pricing that will drive real estate and personal property tax revenues, demand for commercial space, retail tax revenues, and public service demands.

This analysis will begin by comparing the developer's build-out assumptions with recent building permit and household formation figures for both Northumberland County and the Northern Neck region as a whole. The developer projects that 297 single family and 168 multi-family units will be absorbed over the first 15 years of the project ("Bluff Point Fiscal and Economic Impact Analysis", ERA AECOM, 1/11/2010). This results in an average absorption of 20 single family units and 11 multi-family units per year. Average single family and multi-family unit prices are projected to be $805,000 and $750,000, respectively.

For the By-Right development, the developer projects that 342 single family and 87 multi-family units will be absorbed during the first 15 years of construction. This equates to an average of 23 single family and 6 multi-family units per year. Single family pricing is projected to be $129,900 to $852,500, and multi-family pricing is projected to be $137,500-$149,900.

Tables I-A and I-B are summaries of building permits in the Northern Neck from the year 2000 through 2010 for single family and multi-family units, respectively. During this time period, the Northern Neck has averaged 443 single family permits and 15 multi-family permits per year. The figures for Northumberland County show an annual average of 149 single family and 0 multi-family permits during this period. The 2000s were characterized by relatively stable housing activity during the first part of the decade, the housing boom of 2004-2007, and the most recent housing bust that began in 2008 and which is continuing today. The aggregate of these three (3) periods results in an annual average that is consistent with the building permit activity that occurred during the relatively stable period of 2000-2003.

The following is a summary comparison of the developer's annual absorption assumptions with annual, average building permit activity in the region and the county from 2000 through 2010:

	Single Family	Multi-Family
Developer, PUD	20	11
Developer, By-Right	23	6
Northern Neck, actual	443	15
Northumberland, actual	149	0

Based on the above figures, the developer's absorption assumptions would reflect the following market shares:

	% of Northern Neck Mkt.	% of Northumberland Mkt.
PUD, Single Family	5%	14%
PUD, Multi-Family	74%	100% plus
By-Right, Single Family	6%	16%
By-Right, Multi-Family	40%	100% plus

Given historical data, the developer's single family absorption estimates do not appear to be unreasonable. Neither Northumberland County or the Northern Neck has exhibited any significant historical demand for new multi-family housing units. Multi-family housing demand in resort-type properties depends on a critical mass of recreational amenities while multi-family demand in traditional developments like the By-Right scenario depends on nearby employment opportunities which are missing from this location.

There is also some question as to what types of single family units can realistically be expected to be absorbed in the Northern Neck/Northumberland market. This question becomes particularly pertinent when one analyzes the disparity between building permit activity and new household formation during the same period.

The Northern Neck Planning Commission has published the following population numbers for the years 2000 and 2010, as reported by the U.S. Census Bureau.

County	2000 Pop.	2010 Pop.	Change 2000-10	% Change
Lancaster	11,567	11,391	-176	-1.6
Northumb.	12,259	12,330	+71	+0.6
Richmond	8,809	9,254	+445	+5.1
Westmore.	16,718	17,454	+736	+4.4

These population numbers suggest an essentially flat population for Northumberland County for the period, which seems to be at odds with the published building permit figures. The Planning District Commission reports that Northumberland County had an 18% increase in total housing units for the period 2000-2009, while the above figures suggest a population increase of less than 1% for essentially the same period.

The most logical reason for the disparity in building permits and population growth is the fact that the Northern Neck in general, and Northumberland County in particular has a relatively large percentage of vacation home buyers. Given the flat demand for new, permanent residences on the Northern Neck, the estimated annual absorption of 23 new units for permanent residences contemplated for the By-Right scenario would appear to be an unrealistically high estimate of future market share. This conclusion is further borne out by the lack of new employment opportunities on the Northern Neck and in Northumberland County, specifically.

Gains in employment are a precursor to the absorption of housing units by permanent residents. The Northern Neck Planning District Commission reports that the total

number of jobs on the Northern Neck (which is treated as one labor market for the purposes of this report) increased from 13,368 in 2000 to 14,277 in 2009, for a gain of 909 jobs over this 9 year period. This represents an average, annual increase of approximately 100 jobs per year for the entire Northern Neck region.

CONCLUSIONS – ANNUAL ABSORPTION

PUD

The developer's absorption estimates for single family homes in the PUD are not seen as unrealistic given the large percentage of second homes on the Northern Neck and the project's desirable location near Kilmarnock. These single-family absorption projections will be utilized in this analysis, with the caveat that they are based on the real estate market returning to equilibrium prior to start of construction.

With regard to the multi-family element, the luxury condominium market has suffered greatly during the past 5 years, with prices trending downward significantly. The multi-family absorption estimates have been revised downward to 10 units per year, beginning in year 2 of the PUD. Given the current financing climate for condominium construction, even this estimate may prove to be overly optimistic.

By-Right

Given the lack of job opportunities on the Northern Neck and resultant stagnation of the growth in permanent residents in the area, the developer's absorption estimate of 23 single family homes per year under the By-Right scenario is considered to be overly aggressive. An annual absorption rate of 10-12 single family units per year is considered more realistic.

In the By-Right development scenario, the developer proposes to bring the first townhouse lots on line in year 6 with a total absorption of 87 lots over the first 15 years of the project. While there is little market data on which to estimate demand for townhouse units in Northumberland County, this may be due in part to the historic lack of supply of this type of product in the County. Given the modest price point, this analysis will accept the developer's projection, but will average absorption out at 9 units per year over years 6-15.

ESTIMATED UNIT PRICING

PUD, Residential Market Values

Table PUD04 of the Bluff Point Evaluation Study details estimated residential market values for the various housing types planned for the PUD. These estimates range from $500,000 to $2,000,000 for single family residences and from $425,000 to $900,000 for multi-family units.

The Bluff Point Fiscal and Economic Impact Analysis submitted by ERA AECOM on January 11, 2010, indicates that, "The proposed development program is supported by comparable land sales per acre reported within the local and regional submarket, *with the exception that the local and regional data indicates that properties valued in excess of $1 million per acre typically offer a minimum of 100 feet of waterfront frontage. However, the development plan and the proposed amenities are strategically designed to achieve the projected price on these parcels. Property values in similar developments in other areas support this level of price differentiation from properties outside of the developments." (Page 10).*

While it is acknowledged that the proposed Bluff Point PUD would represent a unique, master-planned community that is currently absent in Northumberland County; the availability of competing waterfront properties on both the Northern Neck and the Middle Peninsula suggest that the pricing model needs to be adjusted to reflect this competition.

A review of both the proposed land plan and regional market information do not appear to support the projected market value of finished units in the Bluff Point PUD proposal. While prime waterfront homes can consistently bring in excess of $1 million, a review of current, available listings suggests that homes for sale for in excess of $1 million enjoy both expansive views and frontage on deep, open water. A Report to the Northern Neck Housing Study Group (czb/Virginia Tech – March, 2009) states that, "In Northumberland County, waterfront homes during the period 2005-2008 averaged $559,000…" (Page 6). While this number necessarily included smaller and older homes, the time period 2005-2008 also encompassed the height of the housing market. While the Bluff Point PUD is attractively planned, with a number of units located on the inland lakes, most of the units do not enjoy the expansive views and direct access to deep water that command prices in the $1 million range. Accordingly, a discounted market value of $900,000 will be used.

The Proposed Development Plan projects market values for interior residences on small lots that range from $500,000 to $1,083,300, at an average sales price of $765,000. Such prices are more typical of high-end communities located within metropolitan areas, and are difficult to justify in this location. For purposes of this analysis, the average sales price for the interior, single family homes are estimated at $650,000, which still represents a significant premium to allow for the community amenities.

The "cottages" are projected to range from $500,000 to $950,000. While the term "cottage" suggests smaller units, this term has come to embody architectural style as much as size and some of the proposed cottages will enjoy some of the best views in the PUD. For these reasons, this analysis does not employ a large price differentiation from

the interior residences, with an average value of $600,000 being utilized for the cottage units.
In the most desirable planned communities, multi-family units may command prices that are comparable to interior single family residences. The key factors are water views and access to boat slips and recreational amenities and restaurants. While the luxury condominium market has suffered since 2006, there are still a significant number of retirees who prefer the condominium lifestyle, particularly for their second home. The developer projects these multi-family units to average $750,000. Given the project's location and the state of the luxury condominium market, this value has been adjusted downward to $500,000 for the purposes of this analysis.

By-Right, Residential Market Values

The Bluff Point Evaluation Study projects single family housing prices that range from $129,900 up to $852,500 for the "Bluff Point Residential" units. Multi-family (townhouse) residential prices are estimated to range from $137,500 to $149,900. The higher prices for the multi-family units are driven by the greater square footage (1,600-1,700) projected for the townhouse units versus that projected for the single family units (1,200-1,500). These estimates appear to be conservative considering the cost of land development and building construction. In fact, it may be difficult for a builder to deliver finished product for under $100 per square foot as estimated, however, the By-Right residential market values provided by the developer will be accepted and incorporated into the analysis.

SUMMARY

Based on the foregoing, the following residential absorption and pricing assumptions will be incorporated into this analysis:

Planned Unit Development

The absorption scheduled proposed by the developer will be incorporated into this analysis, with the following, revised average prices:

- Waterfront residences $900,000
- Interior, single family residences $650,000
- Cottage residences $600,000
- Multi-Family residences $500,000

By-Right Development

The following, revised absorption schedule will be incorporated, utilizing average pricing estimated by the developer:

• Non, waterfront, sf residences	12 units/yr for yrs 1-15	$130,000
• Waterfront s.f. residences	5 units/yr. for yrs 2-7	$832,500
• Multi-family residences	9 units/yr. for yrs. 6-15	$150,000

II. COMMERCIAL PROPERTY

PUD

The proposed Bluff Point PUD includes a number of commercial and institutional components which are listed below. While a number of these facilities would be taxed separately, those components that represent common-area amenities and are owned by the Property Owners' Association (POA) are typically not taxed separately as their value is considered apportioned across the residential units that belong to the association. Those elements that are most likely to be owned by the POA are depicted as such, below.

The fiscal impact analysis presented by the developer also estimates market value for each of these components on a per square foot basis (ERA AECOM, Table C-13). A comparison of these estimated values to market norms suggest that the projected replacement costs are higher than would typically be expected for these types of facilities, even including the underlying land values. If the projected costs per square foot were to include interior furniture, fixtures and equipment (FF&E), these projections would appear more realistic, however, Table C-14 of that report considers the total estimated value to be taxable as real property.

While the underlying value of prime commercial land can range from $10 to $25 per square foot, depending on location, it is expected that the commercial land in Bluff Point would be at the low end of that range given its relatively inaccessible location for other than residents of the Bluff Point community itself. Even applying an underlying land value of $10 per square foot, this would equate to over $400,000 per commercial acre, a price that would be difficult to achieve in this location.

Based on more typical commercial construction costs for single story structures in the Hampton Roads and Richmond regions, it is expected that the most of the commercial facilities can be constructed for $200 per square foot or less, including land. The additional FF&E costs would be taxable at a higher rate as business personal property. This analysis will utilize estimated taxable values of $200 per square foot for the real property, with an additional $50 per square foot for business personal property for the restaurants and $25 per square foot for business personal property for the general retail.

As will be discussed in the section on Retail Sales, the proposed boutique hotel is perhaps the riskiest part of the proposed PUD and the most difficult to finance. This analysis will accept the proposed per room cost of $450,000 at face value, however, this component of the project will be broken out separately so the fiscal impact of the PUD can be considered independent of hotel construction.

The marina component of the project is planned to include 98 wet slips and 130 dry storage slips. Assuming rental rates of approximately $5 per foot per month, and average boat sizes of 50 feet for the wet slips and 24 feet for the dry storage slips, estimated market values for these two types of slips (based on a capitalization rate of 10% and an average occupancy of 80%) would be $24,000 for the wet slips and $11,500 for the dry

storage slips. The development plans calls for the wet slips to be constructed in Year 2 and the dry storage facility to be constructed in Year 3 of the project.

The following is a summary of the taxable values that will be utilized in this analysis for the commercial components of the proposed PUD:

Commercial Element	Square Footage	Real Estate Valuation (Per sq. ft.)	Business Personal Property Valuation (Per sq. ft.)
Inn & Spa Restaurant	10,400	$200	$50
Spa	8,000	$200	$25
Harbor Marina Restaurant	6,000	$200	$50
General Store & Office	10,500	$200	$25
Beach Club Restaurant	8,000	$200	$50
Beach Club Pool (2)		Not Considered Taxable	
Meeting house	3,500	Not Considered Taxable	
Chapel	2,000	Not Considered Taxable	
Nature Education Center	1,500	Not Considered Taxable	
Greeting Station	140	Not Considered Taxable	
Fish Market, Outfitters, etc.	7,000	$200	$25
Harbor Master, Ship Store, Laundry	4,000	$200	$25
Marina, wet slips	98 slips	$24,000/slip	n/a
Dry slips	100 slips	$11,500/slip	n/a
Community Center	3,000	Not Considered Taxable	
Jarvis Creek Pool (1)		Not Considered Taxable	
Farm, Barn and Nursery	4,000	$100	n/a
Oyster House, Tank, etc.	7,000	Not Taxable – Educational	
Postal Center	500	$200	$25
Tennis Courts (6)		Not Considered Taxable	
Boat RV Storage		Not Considered Taxable	

Real Estate Sales Center	3,000	$125	$25

By-Right Development

The By-Right Development is proposed to include the following non-residential components:

North clubhouse and pool
Medical Center
General Country Store
Central Pool and Facilities
Childcare Facility
Recreation Field

Of these proposed uses, the clubhouse, pools and recreation field would all likely be part of the Property Owners' Association and would not be taxed separately.

The medical center and day care center could either be small, commercial activities, in which case they would be taxable; or for the sole benefit of the residents, in which case they would be part of the POA and not taxed separately. It is unlikely that either a commercial medical center or day care would be viable in this location, given the limited number of homes projected for the community and the long build out time.

The proposed General Country Store will require a certain critical mass of housing to be economically viable. Given the proposed housing values, the income levels in the By-Right development would not appear to support a high level of specialty items. The residents of the affordable housing units would likely be value shoppers who would be expected to shop for staples in establishments that offer better pricing and selection than can be offered in small, neighborhood establishments. For these reasons, it is expected that the General Store will function more as a convenience store to the residents of the community. While no proposed size was provided, a typical convenience store in such a location could be expected to be approximately 3,000 square feet, with a market value of approximately $150 per square foot for the real property and $25 per square foot for the business personal property.

With stated reservations, this report will nonetheless accept the developer's assertion that the medical center and day care can be constructed and operated profitably within the By-Right development. There were no proposed square footages provided for these facilities, so the following assumptions will be used:

Medical Cntr.	2,000 sq. ft.	$200/sq. ft. real prop.	$100/sq. ft. personal prop.
Day Care	2,000 sq. ft.	$200/sq. ft. real prop.	$50/sq. ft. personal prop.

III. PERSONAL PROPERTY

As reported by the Northern Neck Planning District Commission, the U.S. Census Bureau estimated that there were 5,740 households located in Northumberland County in 2009. The County's 2011-2012 Adopted Revenue Budget projects total Personal Property Tax revenues of $2,100,000, which would equate to $366 in personal property taxes per household. Given the County's effective personal property tax rate of $1.44 per $100 of assessed value ($3.60 at 40% of retail value), this equates to an average personal property valuation of approximately $25,000 per household.

Personal property taxes on automobiles, trucks, recreational vehicles and boats are assessed in the jurisdiction where they are titled. Primary home buyers in either the Bluff Point PUD or the By-Right subdivision would pay these taxes to Northumberland County Because all of the units in the "By-Right" scenario are projected to be permanent County residents, this analysis will utilize the current County-wide average of $25,000 per household for those households in the "By-Right" development. The County also charges a licensing fee of $25 per vehicle, and this analysis will assume that each By-Right household will average two vehicles or $50 per household in licensing fees.

The ERA AECOM analysis estimates personal property taxes in the PUD for boats only. While a large percentage of home buyers in the Bluff Point PUD are projected to be second home buyers and would pay personal property taxes in the community of their primary residence, there will nonetheless be some permanent residents in the PUD. Since there are few high-income job opportunities in the area, those PUD buyers who will be permanent residents will likely be retirees. ERA AECOM estimated that 20% percent of the single family units would house permanent residents while only 3% of the cottage and multi-family units would house permanent residents. Given the perceived attractiveness of the cottage and multi-family units to retirees, this analysis estimates that 20% of all units will house permanent residents. The figure of 3% of the multi-family units accommodating households with children will still be used.

Assuming that these PUD permanent residents will exhibit significantly higher wealth levels than the County-wide average (which will have to be the case given the projected housing costs), it is not unrealistic to assume average vehicle valuations of $50,000 (or more) per permanent household. The same estimate of two vehicles per household, or $50 in annual licensing fees per household, will also be employed for permanent residents of the PUD.

Boats that would be kept in the Bluff Point marina would all likely be titled in Northumberland County. ERA AECOM projects that the total assessed valuation of boat storage would be $7,000,000, with a weighted average boat value of $70,000. The ERA AECOM analysis projects that 35 slips will be occupied in Year 3 and increasing by 15 boats per year until leveling out at 100 boats in Years 6-15. This appears to be a conservative estimate which will be accepted for purposes of this report.

IV. RETAIL SALES

COMMERCIAL RETAIL SALES (PUD)

Bluff Point Inn and Spa

The expected commercial impact of the Bluff Point PUD is largely dependent upon the construction and successful operation of the proposed Bluff Point Inn and Spa. This facility is projected to cost in excess of $40 million, based on a per-room cost of $450,000. There are few examples in Southeastern Virginia of this type of facility, the closest being the Tides Inn in Irvington. The Tides Inn has been in business since 1947 and commands in-season room rates in excess of $200 per night. Most high-end inns are larger facilities that are in established tourist locations (Williamsburg, Charlottesville) or are destinations in their own right (Homestead, Greenbriar). While the proposed Bluff Point Inn and Spa is the centerpiece of the proposed commercial development, it is also the most risky and difficult to finance, particularly in the current commercial lending climate. Other venues have tried unsuccessfully to attract such high-end boutique inns, and it cannot be assumed that these efforts will be successful.

If one accepts the premise that the Inn and Spa will, in fact, be constructed, the projected sales figures are not deemed to be unreasonable. This report projects average room rates of $250 per night, which is comparable to the Tides Inn in-season rate with an average, annual occupancy of 60%, which is generally considered the threshold of financial feasibility. This analysis accepts the premise that the Inn and Spa will be built, however, it breaks out the estimated tax revenues separately so that the fiscal impact of the Bluff Point PUD can be analyzed both with and without the Inn and Spa.

Restaurants

Restaurant sales per square foot vary greatly with the type of restaurant (fast food, casual, elegant) and with the seasonality of the venue. Typical sales begin at about $300 per square foot for year-round restaurants and range upward depending on location and type. ERA AECOM projects that restaurant sales in the three (3) proposed restaurants will range from $225 to $250 per square foot due to the seasonality of the project. These estimates appear to be conservative, and are incorporated into this analysis. The projected sales from the Inn and Spa restaurant are broken out separately along with the projected room sales for the reason specified above.

Miscellaneous Retail Sales

Typical, per square foot retail sales for specialty markets such as envisioned at Bluff Point are difficult to estimate given the broad range of market size, income, and seasonality. For example, The International Council of Shopping Centers, reports that non-anchor tenants in U.S. South Malls averaged $379 per square foot in 2010. Malls will generate considerably more foot traffic than can be expected from a development

such as Bluff Point and are not subject to seasonal fluctuations. ERA AECOM estimates average retail sales at the proposed General Store to be $225 per square foot, or in excess of $2.3 million per year from 10,300 square feet.

Rather than relying simply on average sales per square foot estimates, it may be more appropriate to analyze projected annual purchases per household. Given the project's location "at the end of the road", it is safe to assume that the vast majority of shoppers at the General Store will be residents and Inn guests. Also, given the proximity of the Town of Kilmarnock and the fact that there are not enough housing units to be constructed at Bluff Point under either scenario to support full-service retail establishments; it is reasonable to conclude that the residents will shop for staples in Kilmarnock, leaving the General Store to serve convenience items, beer and wine, specialty foods and sundries.

Assuming that approximately 530 households are to be constructed in the PUD at project build-out, and considering that those units will encompass both part-time and full-time residents; it is estimated that the typical housing unit will be occupied an average of 4 days per week. This would equate to approximately 300 full-time households, plus the incidental Inn guests.

This analysis estimates that each full-time equivalent household living in the Bluff Point PUD would spend approximately $100-150 per week in the General Store for non-staple items (beer, wine, specialty foods, etc.). This would result in annual retail sales of $1.5 to $2.3 million at project build-out. This is not out of line with the $2.3 million estimate provided by ERA AECOM. Assuming $2 million in annual retail sales at build-out, this would equate to purchases of $4,000 per year per constructed housing unit, an estimate that will be employed in this analysis. This compares with total, annual retail sales within the County of over $6,000 for existing households, which is very low by Commonwealth standards and is reflective of the relative lack of retail establishments in the County.

Two million dollars ($2,000,000) in retail sales generated annually within the Bluff Point PUD would result in $20,000 in direct sales tax revenues to Northumberland County based on the one percent (1%) local share of the retail sales tax that reverts to the locality in which the tax is collected.

COMMERCIAL RETAIL SALES (BY-RIGHT)

The only retail establishment proposed within the By-Right development would be a general store, for which no proposed size was provided. The foregoing Commercial Property section of this report assumes that any such General Store would have to be very limited in size. An estimate of 3,000 square feet of retail floor space was utilized for this report.

Given that the preponderance of homeowners in the By-Right community would exhibit lower incomes than in the PUD, it is expected that they would be value shoppers who would frequent the general store for a limited range of items. Assuming that each permanent household may be expected to spend approximately $60 per week in such a store, this would equate to $3,000 per household in annual retail sales. At the build-out of approximately 500 homes, such a store may generate upwards of $1,500,000 in annual sales, or $15,000 in annual retail sales tax revenues.

V. RETAIL SALES IMPACT ON LANCASTER COUNTY

Given the location of the proposed Bluff Point project and the relative lack of existing retail establishments proximate to the property within Northumberland County, it is reasonable to expect that there will be a positive impact on retail sales collections in Lancaster County.

As discussed above, the inclusion of a general store in both the PUD and the By-Right developments should serve to capture significant convenience and, in the case of the PUD, specialty purchases. However, the presence of an approximately 500 additional housing units will not, in itself, generate sufficient demand for more traditional shopping facilities such as grocery stores, drug stores, gas stations and clothing stores.

The Virginia Department of Taxation reports that for the calendar year 2010, there was a grand total of $86.4 billion in taxable sales in the Commonwealth. This equates to approximately $26,000 for each of the 3.3 million households in Virginia.

As indicated above, the Bluff Point PUD, including the Inn & Spa is expected to generate approximately $11.7 million in annual retail sales at build-out. The By-Right development is expected to generate about $1.6 million in retail sales from the general store, which is the only retail component contemplated.

Lancaster County can be expected to realize the majority of purchases from the Bluff Point residents in the following retail categories:

Category	Avg. per household expenditure in VA
• Furniture/Home Furnishings	$583
• Food and Beverage Stores	4,125
• Health and Personal Care	418
• Gasoline Stations	1,369
• General Merchandise Stores	921
Subtotal	$7,416

For the approximately 530 households in the By-Right scenario, this would equate to approximately $3.9 million in annual expenditures in the above categories. Since all of the By-Right households are expected to be permanent residents, subtracting the 1.6 million expected to be captured on site, this would equate to a new increase in approximately $2.3 million in Lancaster County retail sales from the By-Right development.

Households in the PUD are expected to have higher per capita incomes and are expected to spend more on luxury items such as wine and specialty foods. These are items are expected to be carried in the on-site general store and are not expected to supplant general grocery purchases in Lancaster County. The average household in the PUD is expected to be occupied for an average of only 4 days per week. With 530 housing units at build-out, this would equate to 300 full-time equivalent households, resulting in approximately $2.2 million in additional Lancaster County retail sales from the PUD.

VI. PUBLIC SERVICE COSTS

Estimated public service costs for the Bluff Point development will be broken down by the functional categories contained in Northumberland County's approved 2011-2012 budget.

As this report is intended to analyze the expected fiscal impact of both the PUD and the By-Right development on Northumberland County, only local public service costs will be included. For example, while there will be an impact on road maintenance under either project scenario, these costs will not be included because they are borne by the Commonwealth of Virginia. Similarly, education costs will be based solely on that portion of the school budget that is provided from local sources.

The next step in analyzing the expected public service costs generated by any project is to determine the appropriate unit of measurement for each functional category of governmental service. Such units of measurement include:

- Average costs, based on a combination of per resident and employee expenditures, or
- Marginal, lump sum costs

In order to determine the appropriate measure for average public service costs, one must first look at the nature of the public service provided. The basis for this analysis will be Northumberland County's approved 2011-2012 budgets, which includes the following functional classifications:

- General Governmental Administration.
- Judicial Administration
- Public Safety
- Public Works
- Health and Welfare
- Parks, Recreation & Culture
- Community Development
- Non-departmental

The next step is to consider which of these functional costs should be applied to residents and which should be applied to both residents and employees who work in the County.

Most functions of local government serve residents and workers alike. For example, business generates tax billing and collections; the need for police and fire protection and court services (particularly the clerk of the circuit court); public works expenditures, and staff work for the Community Development staff. All of these budgetary costs will be apportioned on the basis of residents and employees combined.

On the other hand, businesses do not generate school-age children; the need for health and welfare services; or the need to service the bulk of the capital budget which is consumed by debt payments on the new high school-middle school complex.

The following are the reported numbers of residents and employees currently in Northumberland County, as reported by the Northern Neck Planning District Commission:

• Current, reported County population (from 2010 census)	12,330
• Current number of persons employed in Northumberland	2,694
• **Total, combined number of residents and employees**	**15,024**

Non-Educational Costs

The development of a major project in one extreme end of Northumberland County could ideally use 2-3 more deputies to serve this area. However, due to the state funding formula of one deputy per 1,500 residents, it is unlikely that either the PUD or By-Right development would trigger state funding increases; therefore, this analysis will apportion public safety costs at current per capita levels, based on both residents and employees.

It is not expected that either the PUD or the By-Right development would require the addition of any major capital expenses for fire protection. The Town of Kilmarnock is the first responder to the Bluff Point area in case of fire or emergency. Both Kilmarnock and Fairfield have ladder trucks, so the addition of multi-story condominium units in the PUD would also not be expected to necessitate additional capital costs for fire protection.

One area of public safety that may come under increasing stress from the addition of a significant number of older residents (such as may be attracted to the PUD) is rescue services. According to an interview with the County Administrator, Northumberland County presently has the oldest population in the Commonwealth of Virginia, with an average age of 63. As this population continues to grow and age, there is expected to be increased demand for rescue services. However, since the County does not utilize paid employees, this analysis assumes that the County will increase its annual contributions to this service on a combined per resident and employee basis.

An interview with officers at the Virginia Marine Resources Commission indicated that the addition of new boats registered in the County would make little difference in their operation. This division is charged with policing from Reedville to Washington, D.C. with limited resources, therefore, this analysis does not assume any additional local costs for this service as a result of either the proposed PUD or By-Right development.

The $2.5 million in non-departmental expenditures includes the County's capital budget, the majority of which is comprised of debt service on the new high school/middle school complex.

While the County receives both non-categorical aid from the state and federal governments as well as categorical aid for Constitutional Officers and Social Services, there is no guarantee that this level of funding will continue at the current per-capita level. Therefore, in an effort to be conservative, non-educational public service costs will be estimated at current per capita expenditure levels.

The following, non-educational public service costs will be divided by 15,024 combined residents and employees:

Classification	Current Budget	Per-Capita
• General Governmental Adm.	$1,457,587	$97
• Judicial Administration	765,880	51
• Public Safety	3,237,786	216
• Public Works	1,207,317	80
• Community Development	388,551	26
• **Total**	**$7,057,121**	**$470**

The following non-educational public service costs will be divided only by 12,330 residents:

Classification	Current Budget	Per-Capita
• Health and Welfare	$3,785,277	$307
• Parks, Recreation and Culture	160,000	13
• Non-departmental	2,556,976	207
• **Total**	**$6,502,253**	**$527**

Therefore, per-resident and per-employee non-educational costs will be apportioned as follows:

• **Per resident**	**$997**	**12,330 residents**	**$12,293,010**
• **Per employee**	**$470**	**2,694 employees**	**1,266,180**
• **Total 2011-2012 Non-educational costs**			**$13,560,372***

(Difference from County budget due to rounding)

PUD v By-Right Residential Costs

The next step is to determine if there any basis on which to expect the public service demands of the PUD residents to differ from the residents of the By-Right development. The key consideration is the issue of full-time versus part-time residents. The residents of the By-Right community are projected to be 100% full-time residents. The residents of the PUD will be a mixture of full-time residents (a large percentage of who are expected to be retirees) and week-end and vacation residents. It can be argued that the residents of the PUD would be less likely to avail themselves of County health and welfare services or of parks and recreation services (due to the fact that the PUD will provide its own recreational amenities); however it is very difficult to attempt to quantify this differential. While only 20% of the households are expected to be full time, there will still be a service impact from part-time residents, as well. Accordingly, this analysis will use the same estimate of full-time residential equivalency that was employed in the estimate of retail sales generation. That is that the typical PUD housing unit will be occupied an average of 4 days per week (or 57% of the time. This allows for 2-3 day weekends, vacations, and a number of full-time retirees and non-retirees.

Educational Costs

The Virginia Department of Education reports that the 2010-2011 fall membership in the Northumberland public school system was 1,474. An interview with the Superintendent of Schools indicates that the County's public school population has been gradually declining over the last 30 years. The new High School/ Middle School complex is estimated to be at 5/7 capacity, leaving ample room for the limited number of new students that could be expected from either the PUD or the By-Right development.

Educational costs are borne by a combination of local, state and federal revenues. To determine the impact on Northumberland County of additional school enrollment, per-student educational costs will be based on the local share of education costs as reported in the County's 2011-2012 budgets as follows:

- Total County expenditures for education $15,571,722
- Less: Revenue from Commonwealth & Federal 5,070,274
- Total Local Share of Education $10,501,448
- **Local, Per-Student Cost Based on 1,474 Students $7,124**

The Northumberland School Division reported local, per pupil expenditures for the 2010-2011 school year at $7,465.

There is no definitive multiplier for the number of school-age children that may be expected from any particular development or housing type. In a study conducted for the Connecticut Partnership for Balanced Growth revealed that, "All single family units with less than 5 bedrooms generate less than one public school-age child per unit." (Connecticut Partnership for Balanced Growth, School Age Children per New Housing Unit).

The University of Indiana USA Counties IN Profile reports that in 2009 Northumberland County had 3,855 households with children. Based on a total enrollment of 1,474 students in 2010-2011, and assuming very little growth in households during that period, this would equate to .39 school-age children per household with children. However, given Northumberland County's relatively older population, this ratio may not be applicable to new entrants into the County. The following is a comparison of the number of family households to school age children for each of the communities on the Northern Neck, the area from which most permanent residents could be expected to move into Bluff Point. Data is provided by STATS Indiana –USA Counties IN Profile for the year 2009.

County	Family Households	School-Age Children	Ratio
Lancaster	3,711	1,361	.37
Northumberland	3,855	1,548	.41
Richmond	1,941	1,067	.55
Westmoreland	4,765	2,607	.55
Total	**14,272**	**6,583**	**.47**

Based on these numbers, it is estimated that .5 school-age children will be generated for each new, permanent housing unit in the project. As the By-Right subdivision is intended to be a more affordable product, it will be assumed that 100% of the occupants in these units will be family units.

Given the much higher housing prices and different product offerings projected for the proposed PUD, it is assumed that only 20% of the PUD buyers will be permanent households. As stated in the Personal Property section, this analysis will accept the ERA AECOM projection that 20% of the single family units will house permanent residents and will incorporate an assumption that all of these will be households with children. Only 3% of the multi-family units are expected to house permanent families with children.

VII. CONSTRUCTION EMPLOYMENT

Estimates of anticipated construction employment are based on the following formula:

- Total real estate valuation
- Less: 25% underlying value of undeveloped land
- 60% of balance applied to materials
- 40% of balance applied to labor
- Average construction wages based on $40,000 annual for full-time equivalent

The Labor Market statistics for Virginia provide an estimate of $44,356 annual wage for the construction industry. This estimate has been reduced to $40,000 to compensate for the fact that wages are expected to be somewhat less in the rural Northern Neck than would be typical statewide.

Based on this methodology, construction employment in the PUD is estimated to be at approximately 37 full-time equivalent positions in Year 2, gradually increasing to over 250 at its peak before tapering down.

In the By-Right scenario, construction employment is estimated to generally range between 20 and 56 full-time equivalent positions.

No "multiplier" was used to estimate the impact of construction employment beyond direct job creation. For example, it is not known where the general contractors and sub-contractors will be based, and it cannot be determined where these employees will spend their wages.

SUMMARY – NET FISCAL IMPACT

- **If the project is built as anticipated and the annual absorption estimates proved accurate, the PUD is estimated to return in excess of $7 million in net, positive fiscal impact over the first 15 years. By contrast, the By-Right scenario is projected to cost the County approximately $11 million over the same time period.**

The following is a summary of the estimated, annual fiscal impact of the Bluff Point PUD and the Bluff Point By-Right development scenarios at project build-out.

	PUD (with Inn)	By-Right
Annual Local Revenues at Build-Out	$1,984,917	$669,140
Annual Local Public Service Costs at Build-Out	1,036,325	3,119,134
Net Fiscal Impact at Build-Out	+$948,592	-$2,449,994

- **Even if the Inn & Spa are not built, the PUD is still projected to generate a net positive fiscal impact to Northumberland County of in excess of $722,000 annually.**

- **The PUD is also expected to create as many as 270 new construction jobs at the peak of construction, compared with 56 construction jobs for the By-Right development.**

- **Both the PUD and the By-Right development are expected to generate in excess of $2 million in new retail sales in neighboring Lancaster County due to the project's close proximity to the Town of Kilmarnock.**

The primary reasons for the significant discrepancy between the expected net fiscal impact of the PUD versus the By-Right scenario are:

- **Significantly higher real estate values associated with the PUD**

- **Fewer permanent residents expected in the PUD**

- **Significantly fewer school-age children expected from the PUD due to the type and price of housing projected and the fewer number of permanent residents**

- **Significantly higher commercial tax revenues associated with the PUD, both with and without construction of the Inn & Spa**

In summary, the PUD has the potential to have a significant positive fiscal impact on Northumberland County, while the By-Right development will likely result in a significant negative impact.

BUILDING PERMITS

TABLE 1 - A

Single Family Building Permits

LOCALITY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	11-YR TOTAL	11-YR AVG
Lancaster	83	60	73	119	116	130	133	110	75	50	73	1022	93
Northumberland	**124**	**150**	**162**	**176**	**207**	**232**	**222**	**185**	**82**	**54**	**48**	**1642**	**149**
Richmond County	34	28	28	40	47	51	39	37	44	15	28	391	36
Westmoreland	58	137	158	131	358	152	268	281	135	83	52	1813	165
Totals	**299**	**375**	**421**	**466**	**728**	**565**	**662**	**613**	**336**	**202**	**201**	**4868**	**443**

Source: SOCDS Building Permits Database; huduser.org; U.S. Department of Housing and Urban Development

TABLE 1 - B

Multi-Family Building Permits

LOCALITY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	11-YR TOTAL	11-YR AVG
Lancaster	8	2	4	18	2	2	14	2	2	4	20	78	7
Northumberland	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Richmond County	4	7	4	0	8	0	2	0	0	7	0	32	3
Westmoreland	0	0	28	0	0	0	28	0	0	0	0	56	5
Totals	**12**	**9**	**36**	**18**	**10**	**2**	**44**	**2**	**2**	**11**	**20**	**166**	**15**

Source: SOCDS Building Permits Database; huduser.org; U.S. Department of Housing and Urban Development

EST. LOCAL TAX REVENUES (PUD)

EST. REAL ESTATE TAXES - PUD
(in 2011 Dollars, based on .40 tax rate)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
RESIDENTIAL																	
Total Waterfront/Waterview Residences			1	3	8	13	22	30	37	43	48	52	57	60	64		90
Waterfront/View Value			900,000	2,700,000	7,200,000	11,700,000	19,800,000	27,000,000	33,300,000	38,700,000	43,200,000	46,800,000	51,300,000	54,000,000	57,600,000		81,000,000
Total Interior Residences			9	18	29	37	53	67	79	89	96	98	101	104	107		146
Interior Residences Value			5,850,000	11,700,000	18,850,000	24,050,000	34,450,000	43,550,000	51,350,000	57,850,000	62,400,000	63,700,000	65,650,000	67,600,000	69,550,000		94,900,000
Total Cottage Units	20	30	36	42	42	42	48	61	75	86	97	108	116	121	126		126
Cottage Value	12,000,000	18,000,000	21,600,000	25,200,000	25,200,000	25,200,000	28,800,000	36,600,000	45,000,000	51,600,000	58,200,000	64,800,000	69,600,000	72,600,000	75,600,000		75,600,000
Total Multi-Family Units		10	20	30	40	50	60	70	80	90	100	110	120	130	140		168
Multi-Family Value		5,000,000	10,000,000	15,000,000	20,000,000	25,000,000	30,000,000	35,000,000	40,000,000	45,000,000	50,000,000	55,000,000	60,000,000	65,000,000	70,000,000		84,000,000
TOTAL RESIDENTIAL VALUE	12,000,000	23,000,000	38,350,000	54,600,000	71,250,000	85,950,000	113,050,000	142,150,000	169,650,000	193,150,000	213,800,000	230,300,000	246,550,000	259,200,000	272,750,000		335,500,000
TOTAL RESIDENTIAL RE TAXES	**48,000**	**92,000**	**153,400**	**218,400**	**285,000**	**343,800**	**452,200**	**568,600**	**678,600**	**772,600**	**855,200**	**921,200**	**986,200**	**1,036,800**	**1,091,000**	**8,503,000**	**1,342,000**
TAXABLE COMMERCIAL (Non-Hotel)																	
Harbor Marina Restaurant				4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600	4,800
General Store & Office			8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	109,200	8,400
Beach Club Restaurant	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	96,000	6,400
Fish Market, Outfitters, Etc.				5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	67,200	5,600
Harbor Master, Ship Store, Laundry		3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	44800	3,200
Marina		9408	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	14,008	191512	14,008
Farm, Barn and Nursery							1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	14,400	1,600
Real Estate Sales Center	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	22,500	1,500
TOTAL TAXABLE COMMERCIAL without Inn and Spa	**7900**	**20508**	**33508**	**43,908**	**43,908**	**43,908**	**45,508**	**45,508**	**45,508**	**45,508**	**45,508**	**45,508**	**45,508**	**45,508**	**45,508**	**603,212**	**45,508**
TOTAL RE TAXES W/O INN & SPA	**55,900**	**112,508**	**186,908**	**262,308**	**328,908**	**387,708**	**497,708**	**614,108**	**724,108**	**818,108**	**900,708**	**966,708**	**1,031,708**	**1,082,308**	**1,136,508**	**9,106,212**	**1,387,508**
BLUFF POINT INN AND SPA																	
Inn				48,600	64,800	89,100	97,200	121,500	137,700	162,000	162,000	162,000	162,000	162,000	162,000	1,530,900	162,000
Spa					6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	70,400	6,400
Restaurant				4,160	6,240	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	93600	8,320
TOTAL INN AND SPA RE TAXES				**52,760**	**77,440**	**103,820**	**111,920**	**136,220**	**152,420**	**176,720**	**176,720**	**176,720**	**176,720**	**176,720**	**176,720**	**1,694,900**	**176,720**
TOTAL RE TAXES WITH INN & SPA	**55,900**	**112,508**	**186,908**	**315,068**	**406,348**	**491,528**	**609,628**	**750,328**	**876,528**	**994,828**	**1,077,428**	**1,143,428**	**1,208,428**	**1,259,028**	**1,313,228**	**10,801,112**	**1,564,228**

EST. PERSONAL PROPERTY TAX AND DECAL FEES - PUD
(in 2011 dollars)

BUILT HOUSING UNITS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Build-Out
Waterfront/Waterview SF			1	3	8	13	22	30	37	43	48	52	60	64	64		90
Interior SF			9	18	29	37	53	67	79	89	96	98	101	104	107		146
Cottages	20	30	36	42	42	42	48	61	75	86	97	108	116	121	126		126
Multi-Family Units		10	20	30	40	50	60	70	80	90	100	110	120	130	140		168
Total Built Units	20	40	66	93	119	142	183	228	271	308	341	368	397	419	437		530
Est. Perm. HHs at 20%	4	8	13	19	24	28	37	46	54	62	68	74	80	84	87		114
VEHICLE TAXES (at $50,000 avg. valuation)	2880	5760	9360	13680	17,280	20,160	26,640	33,120	38,880	44,640	48,960	53,280	57,600	60,480	62,640	495360	82,080
VEHICLE DECAL FEES (at 2 per perm. HH)	200	400	650	950	1200	1400	1850	2300	2700	3100	3400	3700	4000	4200	4350	34400	5300
BOAT TAXES (at $1008 per boat)			35,280	50,400	75,600	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800	100,800	1,169,280	183,466
TOTAL PERS. PROP. TAXES & DECAL FEES	3080	6160	45,290	65,030	94,080	122,360	129,290	136,220	142,380	148,540	153,160	157,780	162,400	165,480	167,790	1,699,040	270,846

EST. BUSINESS PERSONAL PROPERTY AND RETAIL SALES TAXES - PUD
(in 2011 dollars)

BUSINESS PERSONAL PROPERTY	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
Harbor Marina Restaurant				4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	51,840	4,320
General Store & Office			3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	49,140	3,780
Beach Club Restaurant	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	5,760	86,400	5,760
Fish Market, Outfitters, Etc.				2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	30240	2,520
Harbor Master, Ship Store, Laundry		1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	20160	1,440
Real Estate Sales Center	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	16,200	1,080
TOTAL BUS PERS PROP TAX (W/O INN)	**6840**	**8280**	**12060**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**18,900**	**253,980**	**18,900**
Inn & Spa Restaurant				7,488	7,488	7,488	7,488	7,488	7,488	7,488	7,488	7,488	7,488	7,488	7,488	89,856	7,488
Bluff Point Inn (@ $5,000 per room valuation)				6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	77,760	6,480
TOTAL BUS PERS PROP TAX (W/INN)	**6840**	**8280**	**12060**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**32,868**	**421,596**	**32,868**
RETAIL SALES TAXES																	
Harbor Marina Restaurant				13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	162,000	13,500
General Store (at $40 per built housing unit)			1720	2680	1900	4920	6600	8400	10240	11720	13040	14200	15400	16520	17480	124820	21,200
Beach Club Restaurant	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	105000	7000
TOTAL RETAIL SALES (W/O INN & SPA)	**7000**	**7000**	**8720**	**23,180**	**22,400**	**25,420**	**27,100**	**28,900**	**30,740**	**32,220**	**33,540**	**34,700**	**35,900**	**37,020**	**37,980**	**391,820**	**41,700**
Inn & Spa Food/Beverage				7,800	10,400	14,300	15,600	19,500	22,100	26,000	26,000	26,000	26,000	26,000	26,000	245,700	26,000
Hotel Room Revenues				49275	49275	49275	49275	49275	49275	49275	49275	49275	49275	49275	49275	591300	49,275
Total Inn and Spa Retail Sales	**0**	**0**	**0**	**57,075**	**59,675**	**63,575**	**64,875**	**68,775**	**71,375**	**75,275**	**75,275**	**75,275**	**75,275**	**75,275**	**75,275**	**837000**	**75,275**
TOTAL RETAIL SALES (W/INN & SPA)	**7000**	**7000**	**8720**	**80,255**	**82,075**	**88,995**	**91,975**	**97,675**	**102,115**	**107,495**	**108,815**	**109,975**	**111,175**	**112,295**	**113,255**	**1,228,820**	**116,975**

EST. LOCAL TAX REVENUES (BY-RIGHT)

EST. REAL ESTATE TAXES - BY-RIGHT
(in 2011 Dollars, based on .40 tax rate)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
RESIDENTIAL																	
Waterfront Single Family Units		5	5	5	5	5	5									30	34
Total Waterfront SF Units		5	10	15	20	25	30	30	30	30	30	30	30	30	30		
Waterfront SF Value		4162500	8325000	12487500	16650000	20812500	24975000	24975000	24975000	24975000	24975000	24975000	31,080,000	24975000	24975000		28,305,000
Waterfront SF Tax Revenues		**16,650**	**33,300**	**49950**	**66600**	**83250**	**99900**	**99900**	**99900**	**99900**	**99900**	**99900**	**99900**	**99900**	**99900**	**1,148,850**	**113,220**
Non-Waterfont SF Units	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	180	394
Total, Non-Waterfront SF Units	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180		
Non-Waterfront SF Value	1560000	3120000	4,680,000	6,240,000	7,800,000	9,360,000	10,920,000	12,480,000	14,040,000	15,600,000	17,160,000	18,720,000	20,280,000	21,840,000	23,400,000		51,220,000
Single Family Tax Revenues	**6240**	**12480**	**18,720**	**24,960**	**31,200**	**37,440**	**43,680**	**49,920**	**56,160**	**62,400**	**68,640**	**74,880**	**81,120**	**87,360**	**93,600**	**748,800**	**204,880**
New Multi-Family Units						9	9	9	9	9	9	9	9	9	9	90	108
Total Multi-Family Units						9	18	27	36	45	54	63	72	81	90		
Multi-Family Value						1,350,000	2,700,000	4,050,000	5,400,000	6,750,000	8,100,000	9,450,000	10,800,000	12,150,000	13,500,000		16,200,000
Multi-Family Tax Revenues						**5,400**	**10,800**	**16,200**	**21,600**	**27,000**	**32,400**	**37,800**	**43,200**	**48,600**	**54,000**	**297,000**	**64,800**
TOTAL RESIDENTIAL VALUE	1,560,000	7,282,500	13,005,000	18,727,500	24,450,000	31,522,500	38,595,000	41,505,000	44,415,000	47,325,000	50,235,000	53,145,000	62,160,000	58,965,000	61,875,000		95,725,000
TOTAL RESIDENTIAL RE TAXES	**6,240**	**29,130**	**52,020**	**74,910**	**97,800**	**126,090**	**154,380**	**166,020**	**177,660**	**189,300**	**200,940**	**212,580**	**224,220**	**235,860**	**247,500**	**2,194,650**	**382,900**
COMMERCIAL VALUE																	
General Store							450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000		
Medical Center								400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000		
Day Care						400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000		
TOTAL COMMERCIAL VALUE						400,000	850,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000		
TOTAL COMMERCIAL RE TAXES						**1,600**	**3,400**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**5,000**	**45,000**	**45,000**
TOTAL REAL ESTATE TAXES	**6,240**	**29,130**	**52,020**	**74,910**	**97,800**	**127,690**	**157,780**	**171,020**	**182,660**	**194,300**	**205,940**	**217,580**	**229,220**	**240,860**	**252,500**	**2,239,650**	**427,900**

EST. PERSONAL PROPERTY TAXES AND DECAL FEES - BY-RIGHT
(in 2011 dollars)

BUILT HOUSING UNITS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
Waterfront SF		5	10	15	20	25	30	30	30	30	30	30	30	30	30	30	34
Non-Waterfront Single Family	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	180	394
Multi-Family Units						9	18	27	36	45	54	63	72	81	90	90	108
Total Built Units (all permanent residents)	12	29	46	63	80	106	132	153	174	195	216	237	258	279	300	300	536
VEHICLE TAXES (at $25,000 avg. valuation)	4320	10440	16560	22680	28,800	38,160	47,520	55,080	62,640	70,200	77,760	85,320	92,880	100,440	108,000	820800	192,960
VEHICLE DECAL FEES (at 2 per perm. HH)	600	1450	2300	3150	4000	5300	6600	7650	8700	9750	10800	11850	12900	13950	15000	114000	26,800
TOTAL PERS. PROP. TAXES & DECAL FEES	4920	11890	18,860	25,830	32,800	43,460	54,120	62,730	71,340	79,950	88,560	97,170	105,780	114,390	123,000	934800	219,760

EST. BUSINESS PERSONAL PROPERTY AND RETAIL SALES TAXES - BY-RIGHT
(in 2011 dollars)

BUSINESS PERSONAL PROPERTY	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
General Store							1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	9,720	1,080
Medical Center								2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	23,040	2,880
Day Care						1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	14,400	1,440
TOTAL BUS PERS PROP TAX (W/O INN)	**0**	**0**	**0**	**0**	**0**	**1,440**	**2,520**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**	**5,400**	**47,160**	**5,400**
RETAIL SALES TAXES																	
General Store (at $30 per built housing unit	**0**	**0**	**0**	**0**	**0**	**0**	**3,960**	**4,590**	**5,220**	**5,850**	**6,480**	**7,110**	**7,740**	**8,370**	**9,000**	**58320**	**16,080**

EST. PUBLIC SERVICE COSTS

EST. PUBLIC SERVICE COSTS - PUD
(in 2011 dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Build-Out
Non-Cottage, Single Family Units																	
Waterfront SF Units			1	3	8	13	22	30	37	43	48	62	60	64	64		90
Interior SF Units			0	18	29	37	53	67	79	89	96	98	101	104	107		146
Cottage Units	20	30	36	42	42	42	48	61	75	86	97	108	116	121	126		126
Total Single Family Units	**20**	**30**	**37**	**63**	**79**	**92**	**123**	**158**	**191**	**218**	**241**	**268**	**277**	**289**	**297**		**362**
Residents @ 2.25 avg. household size	**45**	**68**	**83**	**142**	**178**	**207**	**277**	**356**	**430**	**491**	**542**	**603**	**623**	**650**	**668**		**815**
Multi-Family Units		10	20	30	40	50	60	70	80	90	100	110	120	130	140		168
Residents @ 2.05 avg. household size	**0**	**21**	**41**	**62**	**82**	**103**	**123**	**144**	**164**	**185**	**205**	**226**	**246**	**267**	**287**		**344**
Total Residents (@ 100% full-time residents)	**45**	**89**	**124**	**204**	**260**	**261**	**400**	**500**	**594**	**676**	**747**	**829**	**869**	**917**	**955**		**1,159**
Full-time equivalency (@ 4days per week)	**26**	**51**	**71**	**116**	**148**	**149**	**228**	**285**	**339**	**385**	**426**	**473**	**495**	**523**	**544**		**660**
Residential, non-educational @ $997	**25573**	**50578**	**70468**	**115931**	**147755**	**148324**	**227316**	**284145**	**337564**	**384164**	**424513**	**471112**	**493844**	**521122**	**542717**	**4245126**	**658364**
Total Est. Full-Time Equivalent Employment	**2**	**5**	**8**	**14**	**20**	**26**	**32**	**38**	**92**	**147**	**204**	**206**	**207**	**210**	**210**	**210**	**210**
Employee, non-educational @ $470	**940**	**2350**	**3760**	**6580**	**9400**	**12220**	**15040**	**17860**	**43240**	**69090**	**95880**	**96820**	**97290**	**98700**	**98700**	**667870**	**98700**
School-Age Students																	
Single Family @ .1 students/unit	2	3	4	6	8	9	12	16	19	22	24	27	28	29	30		36
Multi-Family @ .015 students/units	0	0	0	0	1	1	1	1	1	1	2	2	2	2	2		3
Total School Age Children	2	3	4	6	9	10	13	17	20	23	26	29	30	31	32	0	39
Educational Costs @ $7,124 per student	**14,248**	**21,372**	**26,359**	**44,881**	**63,404**	**72,665**	**94,749**	**119,683**	**143,192**	**162,427**	**185,936**	**205,171**	**211,583**	**220,132**	**225,831**	**1,811,633**	**279,261**
TOTAL EST. PUBLIC SERVICE COSTS	**40,761**	**74,300**	**100,587**	**167,392**	**220,559**	**233,208**	**337,105**	**421,688**	**523,997**	**615,681**	**706,329**	**773,104**	**802,717**	**839,954**	**867,248**	**6,724,630**	**1,036,325**

Household size estimates derived from USA Counties IN Profile

EST. PUBLIC SERVICE COSTS - BY-RIGHT
(in 2011 dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Build-Out
Waterfront SF Units		5	10	15	20	25	30	30	30	30	30	30	30	30	30	30	
Non-Waterfront SF Units	12	24	36	48	60	72	84	96	108	120	131	144	156	168	180	180	
Multi-Family Units						9	18	27	36	45	56	63	72	81	90	90	
Total Residential Units	12	29	46	63	80	106	132	153	174	195	217	237	258	279	300	300	536
Residents (@2.78 avg. Family HH Size*)	**33**	**81**	**128**	**175**	**222**	**295**	**367**	**425**	**484**	**542**	**603**	**659**	**717**	**776**	**834**	**834**	**1,206**
Residential non-educational costs @ $997	**32901**	**80757**	**127616**	**174475**	**221334**	**294115**	**365899**	**423725**	**482548**	**540374**	**601191**	**657023**	**714849**	**773672**	**831498**	**6321977**	**1202382**
General Store Employees							4	4	5	5	6	6	6	6	6	6	6
Medical Center Employees								5	5	5	5	5	5	5	5	5	5
Day Care Employees						5	5	5	5	5	5	5	5	5	5	5	5
Total Estimated Employees	0	0	0	0	0	5	9	14	15	15	16	16	16	16	16	16	16
Employee non-educational costs @ $470	**0**	**0**	**0**	**0**	**0**	**2350**	**4230**	**6580**	**7050**	**7050**	**7520**	**7520**	**7520**	**7520**	**7520**	**64860**	**7,520**
School-Age Students	6	15	23	32	40	53	66	77	87	98	109	119	129	140	150	150	268
Educational Costs @ $7,124 per student	**42,744**	**106,860**	**163,852**	**227,968**	**284,960**	**377,572**	**470,184**	**548,548**	**619,788**	**698,152**	**776,516**	**847,756**	**918,996**	**997,360**	**1,068,600**	**8,149,856**	**1,909,232**
TOTAL EST. PUBLIC SERVICE COSTS	**75,645**	**187,617**	**291,468**	**402,443**	**506,294**	**674,037**	**840,313**	**978,853**	**1,109,386**	**1,245,576**	**1,385,227**	**1,512,299**	**1,641,365**	**1,778,552**	**1,907,618**	**14,536,693**	**3,119,134**

** source: STATS Indiana, USA Counties IN Profile*

EST. CONSTRUCTION JOBS

CONSTRUCTION JOB ESTIMATE - PUD

Real Estate Valuation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Waterfront Residences			900,000	1,800,000	4,500,000	4,500,000	8,100,000	6,300,000	6,300,000	4,500,000	4,500,000	3,600,000	4,500,000	4,500,000	3,600,000	57,600,000
Interior Residences			4,550,000	4,550,000	5,200,000	5,200,000	9,100,000	10,400,000	7,800,000	7,800,000	5,200,000	3,250,000	3,250,000	2,600,000	650,000	69,550,000
Cottage Units	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	5,400,000	7,200,000	10,200,000	6,000,000	6,000,000	6,000,000	6,000,000	5,400,000	5,400,000	75,600,000
Multi-Family Units		6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	91,000,000
Commercial (w/o Inn & Spa)	1,975,000	3,152,000	3,250,000	2,600,000			400,000									11,377,000
Inn & Spa				13,190,000	6,170,000	6,595,000	2,025,000	6,075,000	4,050,000	6,075,000						44,180,000
Total Real Estate Valuation	4975000	12652000	18,200,000	31,640,000	25,370,000	25,795,000	31,525,000	36,475,000	34,850,000	30,875,000	22,200,000	19,350,000	20,250,000	19,000,000	16,150,000	349,307,000
Less: 25% for land	1243750	3163000	4550000	7910000	6342500	6448750	7881250	9118750	8712500	7718750	5550000	4837500	5062500	4750000	4037500	87326750
Est. Total Construction Valuation	3731250	9489000	13,650,000	23,730,000	19,027,500	19,346,250	23,643,750	27,356,250	26,137,500	23,156,250	16,650,000	14,512,500	15,187,500	14,250,000	12,112,500	261,980,250
Labor Costs (at 40% of const. value - est.)	1492500	3795600	5460000	9492000	7611000	7738500	9457500	10942500	10455000	9262500	6660000	5805000	6075000	5700000	4845000	104792100
Average Construction Jobs based on avg wage of $40,000*	37.3125	94.89	136.5	237.3	190.275	193.4625	236.4375	273.5625	261.375	231.5625	166.5	145.125	151.875	142.5	121.125	

**** based on Labor Market Statistics for Virginia est. of $44,356 discounted for labor area***

CONSTRUCTION JOB ESTIMATE - BY-RIGHT

Real Estate Valuation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
Waterfront Residences		4,162,500	4,162,500	4,162,500	4,162,500	4,162,500	4,162,500									24,975,000
Non-Waterfront Single Family	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	1,560,000	23,400,000
Multi-Family Units						1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	13,500,000
Commercial						400,000	450,000	400,000								
Total Real Estate Valuation	1560000	5722500	5,722,500	5,722,500	5,722,500	7,472,500	7,522,500	3,310,000	2,910,000	2,910,000	2,910,000	2,910,000	2,910,000	2,910,000	2,910,000	61,875,000
Less: 25% for land	390000	1430625	1430625	1430625	1430625	1868125	1880625	827500	727500	727500	727500	727500	727500	727500	727500	15781250
Est. Total Construction Valuation	1170000	4291875	4,291,875	4,291,875	4,291,875	5,604,375	5,641,875	2,482,500	2,182,500	2,182,500	2,182,500	2,182,500	2,182,500	2,182,500	2,182,500	46,093,750
Labor Costs (at 40% of const. value - est.)	468000	1716750	1716750	1716750	1716750	2241750	2256750	993000	873000	873000	873000	873000	873000	873000	873000	18937500
Average Construction Jobs based on avg wage of $40,000*	11.7	42.91875	42.91875	42.91875	42.91875	56.04375	56.41875	24.825	21.825	21.825	21.825	21.825	21.825	21.825	21.825	

**** based on Labor Market Statistics for Virginia est. of $44,356 discounted for labor area***

EST. NET FISCAL IMPACT

EST. NET FISCAL IMPACT - PUD
(in 2011 dollars)

EST. LOCAL REVENUES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total	Annual at Build-Out
Real Estate Taxes	55,900	112,508	186,908	315,068	406,348	491,528	609,628	750,328	876,528	994,828	1,077,428	1,143,428	1,208,428	1,259,028	1,313,228	10,801,112	1,564,226
Personal Property Tax & Decals	3,080	6,160	45,290	65,030	94,080	122,360	129,290	136,220	142,380	148,540	153,160	157,780	162,400	165,480	167,790	1,699,040	270,846
Business Personal Property Tax	6,840	8,280	12,060	32,868	32,868	32,868	32,868	32,868	32,868	32,868	32,868	32,868	32,868	32,868	32,868	421,596	32,868
Retail Sales Tax	7,000	7,000	8,720	80,255	82,075	88,995	91,975	97,675	102,115	107,495	108,815	109,975	111,175	112,295	113,255	1,228,820	116,975
EST. TOTAL LOCAL REVENUES	**72,820**	**133,948**	**252,978**	**493,221**	**615,371**	**735,751**	**863,761**	**1,017,091**	**1,153,891**	**1,283,731**	**1,372,271**	**1,444,051**	**1,514,871**	**1,569,671**	**1,627,141**	**14,150,568**	**1,984,917**
EST. PUBLIC SERVICE COSTS	**40,761**	**74,300**	**100,587**	**167,392**	**220,559**	**233,208**	**337,105**	**421,688**	**523,997**	**615,681**	**706,329**	**773,104**	**802,717**	**839,954**	**867,248**	**6,724,630**	**1,036,325**
EST. NET FISCAL IMPACT (W/INN & SPA)	**32,059**	**59,648**	**152,391**	**325,829**	**394,812**	**502,543**	**526,656**	**595,403**	**629,894**	**668,050**	**665,942**	**670,947**	**712,154**	**729,717**	**759,893**	**7,425,938**	**948,592**
NET IMPACT OF INN & SPA																	
Real Estate Taxes	0	0	0	52,760	77,440	103,820	111,920	136,220	152,420	176,720	176,720	176,720	176,720	176,720	176,720	1,694,900	176,720
Business Personal Property Taxes	0	0	0	21,456	21,456	21,456	21,456	21,456	21,456	21,456	21,456	21,456	21,456	21,456	21,456	257,472	21,456
Retail Sales Taxes	0	0	0	57,075	59,675	63,575	64,875	68,775	71,375	75,275	75,275	75,275	75,275	75,275	75,275	837,000	75,275
Less: est. 100 employees @ $470 costs	0	0	0	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-47,000	-564,000	-47,000
EST. NET IMPACT OF INN & SPA	**0**	**0**	**0**	**84,291**	**111,571**	**141,851**	**151,251**	**179,451**	**198,251**	**226,451**	**226,451**	**226,451**	**226,451**	**226,451**	**226,451**	**2,225,372**	**226,451**
EST. NET FISCAL IMPACT W/O INN & SPA	**32,059**	**59,648**	**152,391**	**241,538**	**283,241**	**360,692**	**375,405**	**415,952**	**431,643**	**441,599**	**439,491**	**444,496**	**485,703**	**503,266**	**533,442**	**5,200,566**	**722,141**

EST. NET FISCAL IMPACT - BY-RIGHT
(in 2011 dollars)

EST. LOCAL REVENUES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	15-Year Total		Annual at Build-Out
Real Estate Taxes	6,240	29,130	52,020	74,910	97,800	127,690	157,780	171,020	182,660	194,300	205,940	217,580	229,220	240,860	252,500	2,239,650		427,900
Personal Property Tax & Decals	4,920	11,890	18,860	25,830	32,800	43,460	54,120	62,730	71,340	79,950	88,560	97,170	105,780	114,390	123,000	934,800		219,760
Business Personal Property Tax	0	0	0	0	0	1,440	2,520	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	47,160		5,400
Retail Sales Tax	0	0	0	0	0	0	3,960	4,590	5,220	5,850	6,480	7,110	7,740	8,370	9,000	58,320		16,080
EST. TOTAL LOCAL REVENUES	**11,160**	**41,020**	**70,880**	**100,740**	**130,600**	**172,590**	**218,380**	**243,740**	**264,620**	**285,500**	**306,380**	**327,260**	**348,140**	**369,020**	**389,900**	**3,279,930**		**669,140**
EST. PUBLIC SERVICE COSTS	**75,645**	**187,617**	**291,468**	**402,443**	**506,294**	**674,037**	**840,313**	**978,853**	**1,109,386**	**1,245,576**	**1,385,227**	**1,512,299**	**1,641,365**	**1,778,552**	**1,907,618**	**14,536,693**		**3,119,134**
EST. NET FISCAL IMPACT	**-64,485**	**-146,597**	**-220,588**	**-301,703**	**-375,694**	**-501,447**	**-621,933**	**-735,113**	**-844,766**	**-960,076**	**-1,078,847**	**-1,185,039**	**-1,293,225**	**-1,409,532**	**-1,517,718**	**-11,256,763**		**-2,449,994**