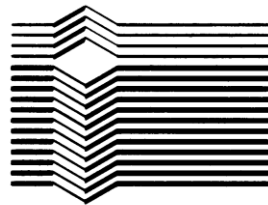


***Comparative Cost Benefit Analyses  
Proposed Planning Area 17 Annexation  
City of McKinney, Texas***

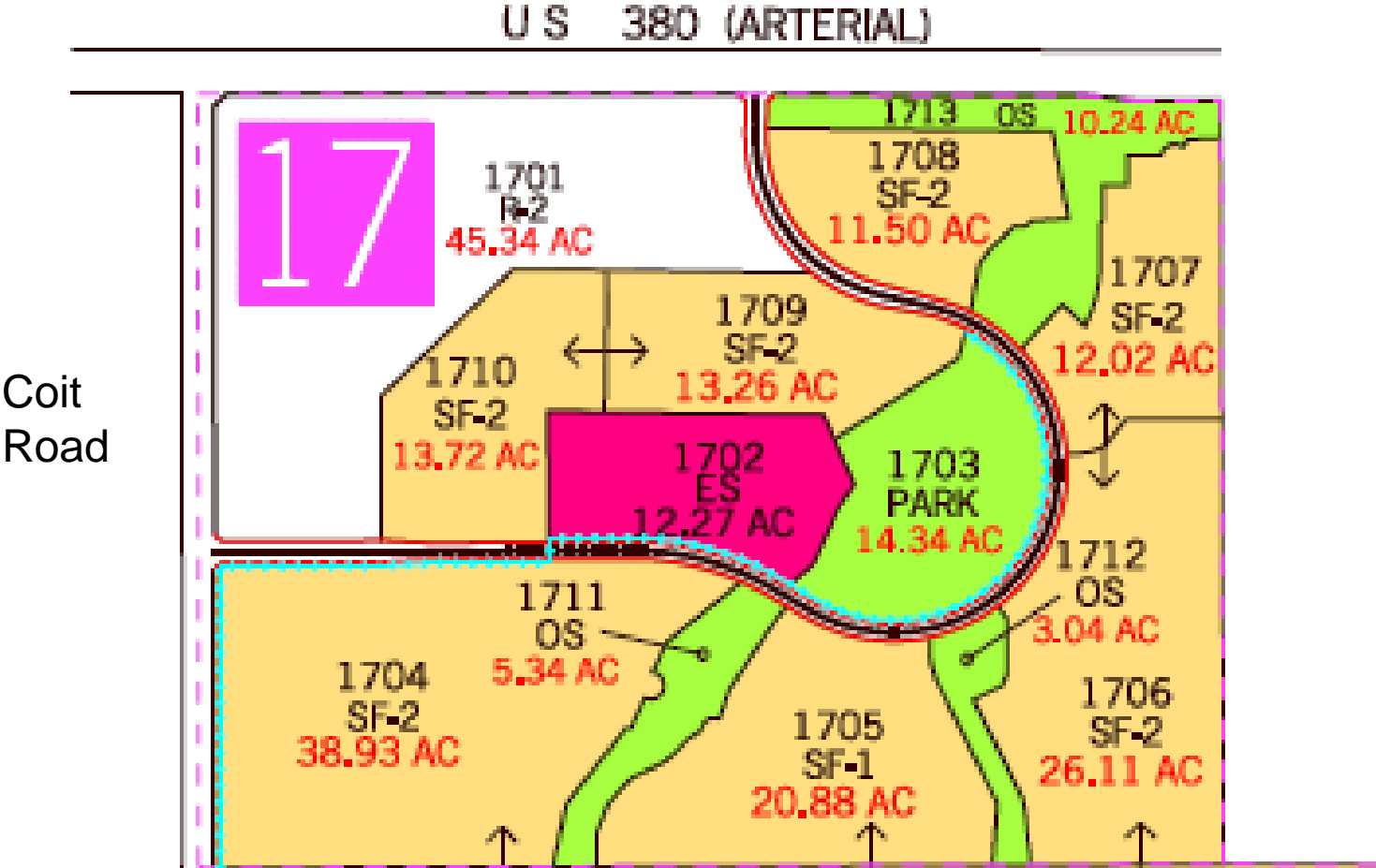
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***January 18, 2011***



**INSIGHT RESEARCH  
CORPORATION**

# Planning Area 17 as Proposed for Annexation



# ***New Value Assumptions for PA17 Annexation***

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- **239** acres, southeast corner 380 and Coit Road
- Add an immediate taxable value of **\$16,723,630**
- Building permit fees will be collected as the site develops
- Vertical construction expected beginning mid-2012:
  - 143 acres single family, **\$225,000** & **2,500** sf / unit
  - 48.7 acres of retail or **784,000** sf total
  - 19.2 acres of private HOA open space
  - 12 acre elementary school site for Prosper ISD
  - 15.7 acres public park site for the City of McKinney

# ***City of McKinney Cost Assumptions***

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- The City's average public service cost per consumer is \$733.97 for FY 2010-2011
- This is the only city cost associated with the Planning District 17 annexation
- Impact fee credits will be granted as development occurs, while building permit fees will be collected

# CALCULATION OF INCREMENTAL COST PER PUBLIC SERVICE CONSUMER (Cost per PSC) McKINNEY, TEXAS

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## Cost Calculation

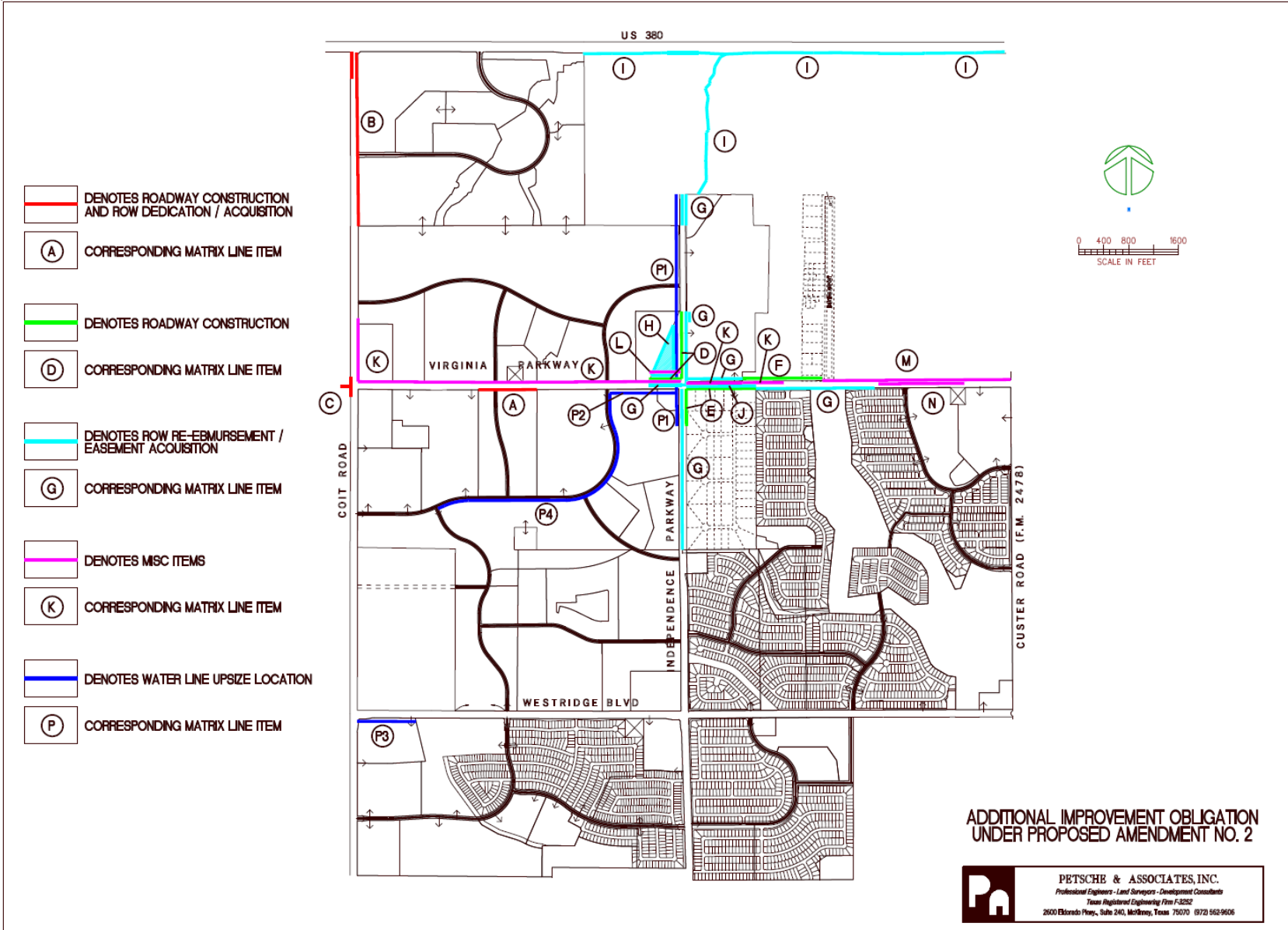
	<b>Budget 2010-11</b>
Total Operating Expenditures	\$90,788,018
Debt Service (P&I)	<u>\$20,289,135</u>
Total Expenditures	\$111,077,153
Number of Residents	133,270
42% of Workforce	<u>18,067</u>
Total Public Service Consumers (PSCs)	<b>151,337</b>
Total Expenditures for Per Consumer Inclusion	\$111,077,153
Divided by Total PSCs	151,337

<b>Total Cost per Consumer</b>	<b>\$733.97</b>
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# ***Development Agreement Offsets***

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- The developer will build an estimated \$6,720,000 in infrastructure investments throughout the Custer West and Planning Area 17 sites, allowing for more rapid development of the retail corner.
- These infrastructure costs will be offset by impact fee credits over the development period in a roughly equal amount.
- As no incentives, grants or forgivable loans are required, this agreement does not affect the fiscal impact outcome beyond providing ordinary and customary public services.



***Two Impact Approaches:  
Summary of Findings  
for PA 17 Annexation***

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# ***Comparison of Points of Project Measurement: Economic Impact TRAKKER vs Fast TRAKKER***

Impact Measurement Points	Economic Impact The Impact TRAKKER	Fast TRAKKER
<b>Economic Impact</b>	✓	
<b>Direct Employment Impact</b>	✓	✓
<b>Indirect Employment</b>	✓	
<b>Direct Taxes: Ad Valorem and Sales</b>	✓	✓
<b>Indirect Taxes by Year: Ad Valorem and Sales</b>	✓	
<b>New Increment Revenue</b>	✓	
<b>Multi-Jurisdictional Revenue Forecast</b>	✓	
<b>Incentive Costs by Year</b>	✓	✓
<b>Contribution or other Benefits by Year</b>	✓	✓
<b>Direct Cost/Benefit Analysis by Year</b>	✓	✓
<b>Total Cost/Benefit Analysis by Year</b>	✓	
<b>Other Return on Investment Benchmarks:</b>		
Incentive Cost per Job		✓
Sales Tax Potential at Full Development		✓

# ***Comparative Findings: Economic Impact TRAKKER vs Fast TRAKKER***

Impact Measurement Points	Economic Impact The Impact TRAKKER	Fast TRAKKER
<b>Economic Impact at 2030</b>	\$4.53 Billion	
<b>Annual Direct Employment Impact at 2030</b>	1,712	1,712
<b>Annual Indirect Employment at 2030</b>	785	
<b>Cumulative Direct Taxes to City of McKinney at 2030</b>		
Ad Valorem, BPP and Inventory Tax	\$22.6 Million	\$22.6 Million
Sales Tax	\$24.1 Million	\$24.1 Million
<b>Cumulative Indirect Taxes to City of McKinney at 2030</b>		
Ad Valorem Tax	\$9 Million	
Sales Tax	\$11.6 Million	

# ***Comparative Findings: Economic Impact TRAKKER vs Fast TRAKKER***

Impact Measurement Points	Economic Impact The Impact TRAKKER	Fast TRAKKER
<b>Net Direct Cost/Benefit Analysis at 2030</b>	\$19,348,000	\$19,348,000
<b>Total Cost/Benefit Analysis at 2030</b>	\$39.0 Million	
<b>Other Return on Investment Benchmarks:</b>		
Incentive Cost per Job at 2030	No Incentives	No Incentives
Annual Indirect Sales Tax Potential at Full Development		\$362,000

# Cash Flow Graphics for Planning Area 17 Annexation and Conceptual Development

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Example #1: The Fast Trakker, Software Licensed to the  
City of McKinney and the MEDC for On-Site Use

Example #2: Economic Impact Trakker, Produced When  
Commissioned in the Insight Research Labs

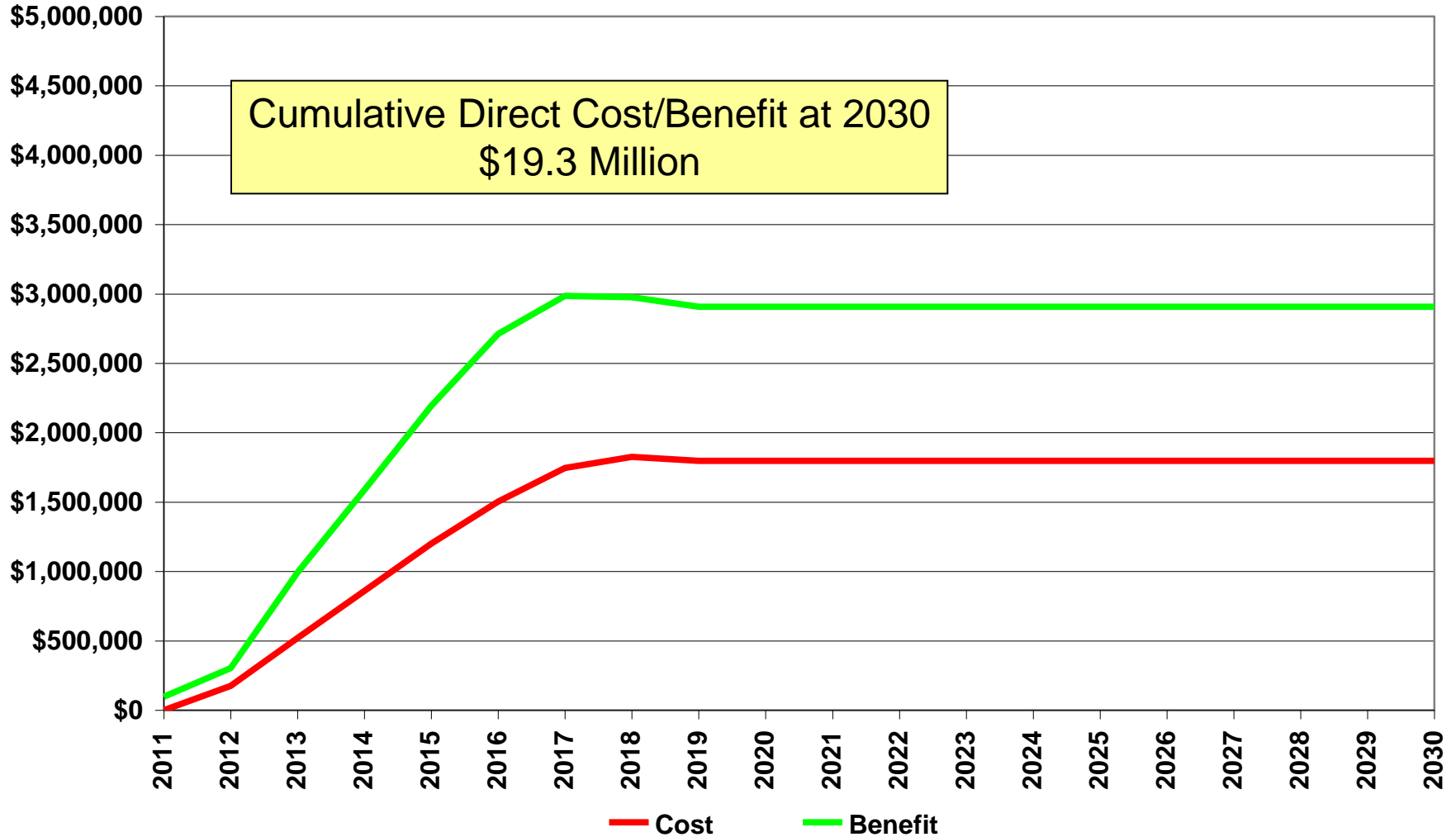
## ***Fast TRAKKER Findings and Graphics***

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# *Findings of the Fast TRAKKER*

## *Direct Cost Benefit - 2011 through 2030*

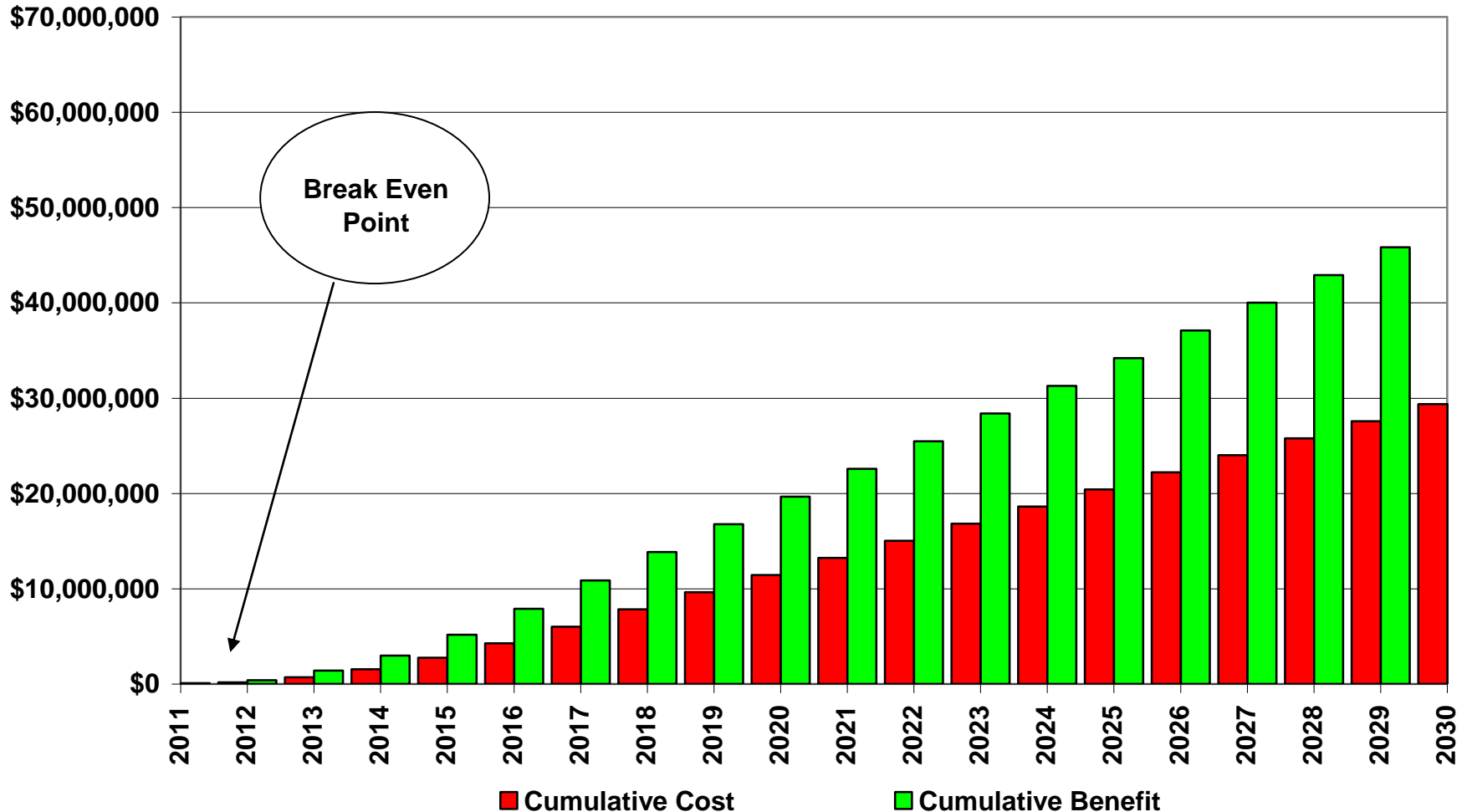
### *Annual Cash Flow Analysis*



# *Findings of the Fast TRAKKER*

## *Direct Cost Benefit - 2011 through 2030*

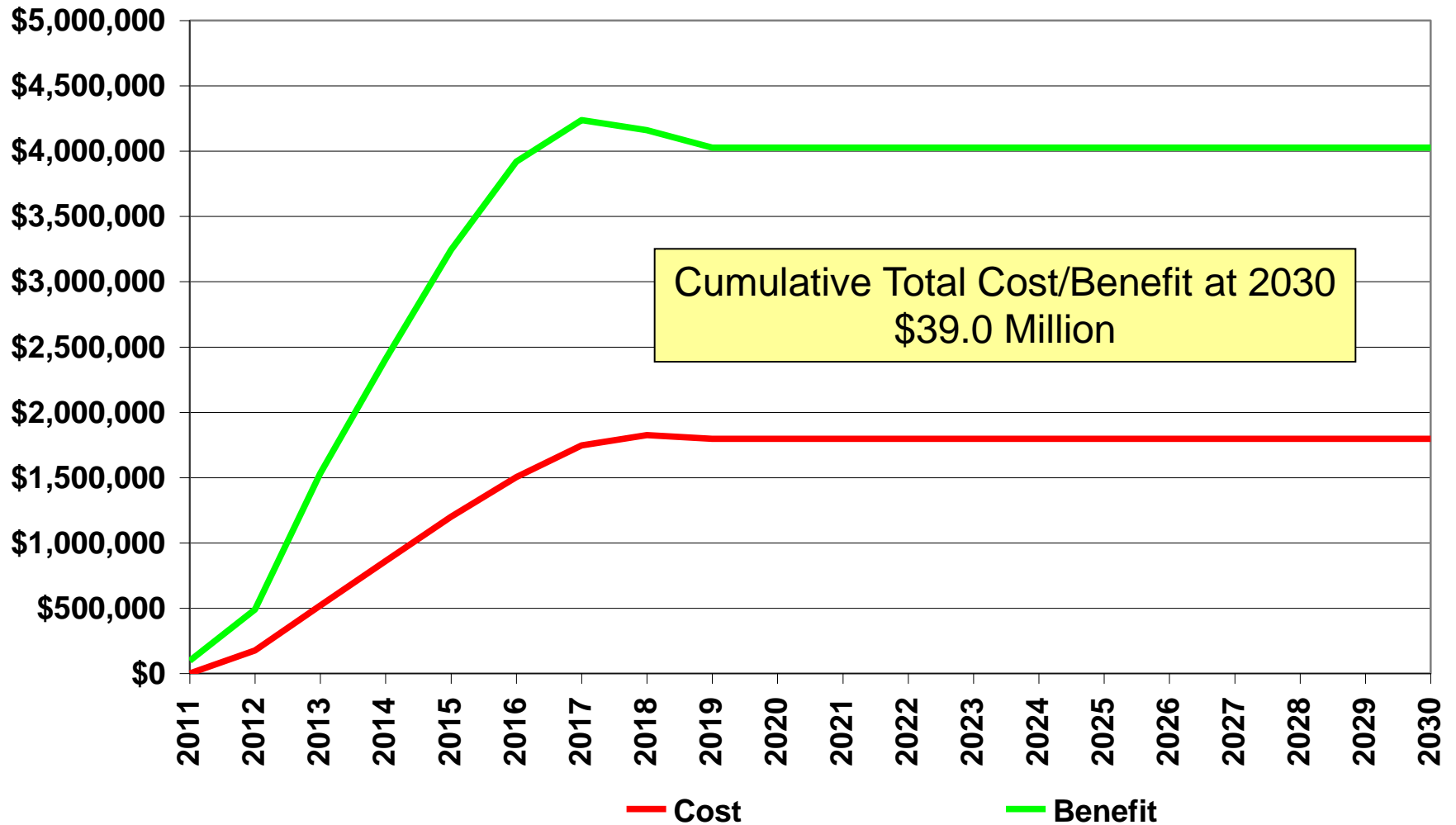
### *Achieves Break Even at Time of Annexation*



# *Findings of the Fast TRAKKER*

## *Total Cost Benefit - 2011 through 2030*

### *Annual Cash Flow Analysis*

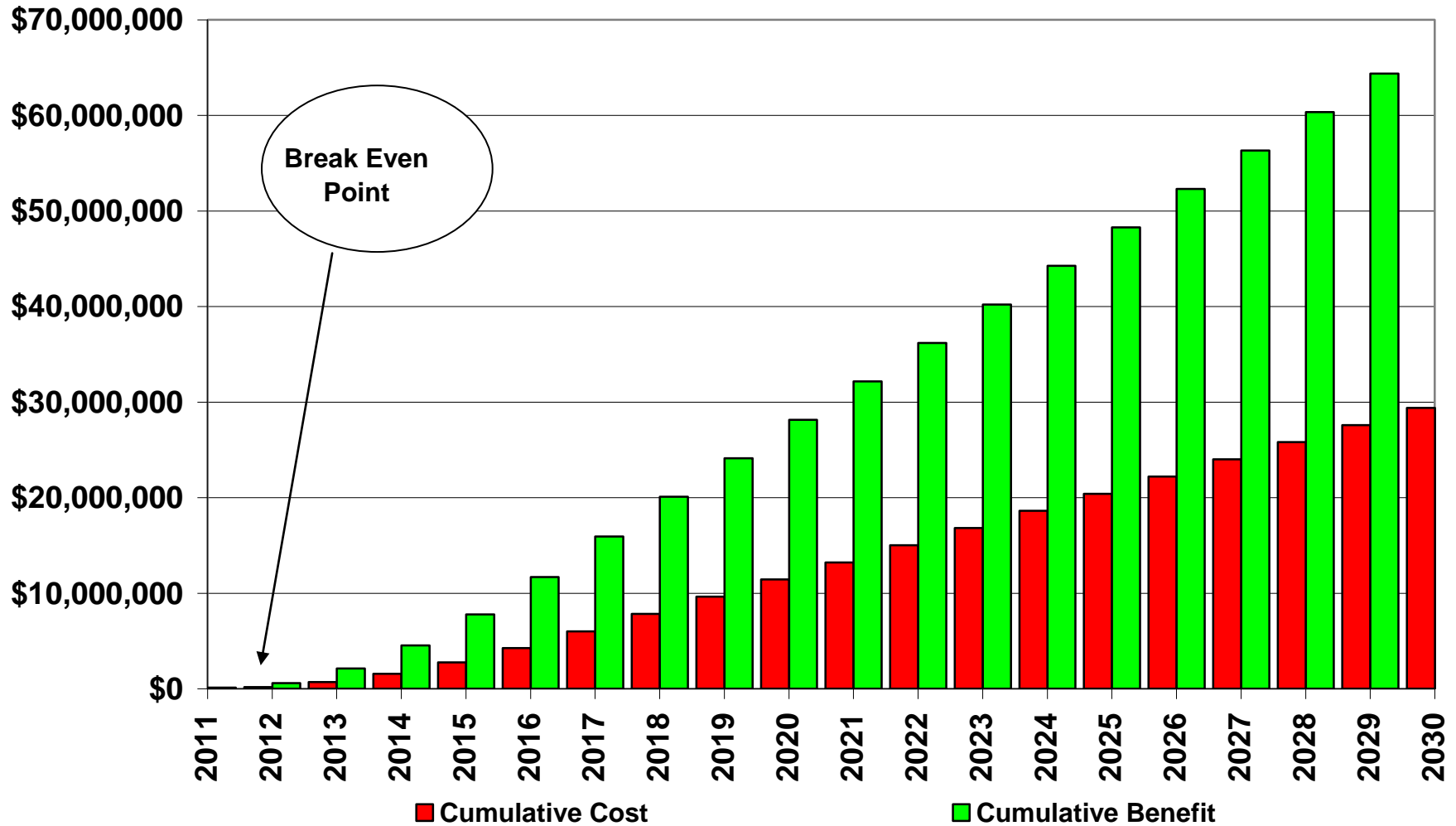




# *Findings of the Fast TRAKKER*

## *Total Cost Benefit - 2011 through 2030*

### *PA 17 Achieves Break Even at Annexation*



# ***Findings of the Analysis***

## ***Economic Development FastTRAKKER***

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### **Findings for the City of McKinney Only Assumes 2% Sales Tax Generation**

	<b>Retail</b>	<b>Single Family</b>	<b>Total</b>
Total Employment in 2012	118	108	226
Total Employment in 2018 (First Year of Full Development and Employment)	1,568	240	1,808
Number of PSCs in 2012	49	189	238
Number of PSCs in 2018 (First Year of Full Development and Employment)	659	1,829	2,488
Cumulative Cost to 2030	\$8,023,847	\$21,358,219	\$29,382,066
Cumulative Benefit to 2030	\$38,792,677	\$9,937,422	\$48,730,099
<b>Net Cost/Benefit 2011 to 2030</b>	<b>\$30,768,830</b>	<b>(\$11,420,797)</b>	<b>\$19,348,033</b>
<i>Note: Results include building permits and exclude tax rollbacks and any incentives.</i>			

# ***Economic Impact Findings and Graphics***

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# ***Findings of the Analysis***

## ***Economic Impact TRAKKER with Cost/Benefit and TIF Revenue Calculator***

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Cumulative Economic Impact, 2011 through 2030: **Total \$4.53 Billion**

Retail \$4.11 Billion, assumes 5 year construction  
Single Family \$0.43 Billion, assumes \$225K per unit average

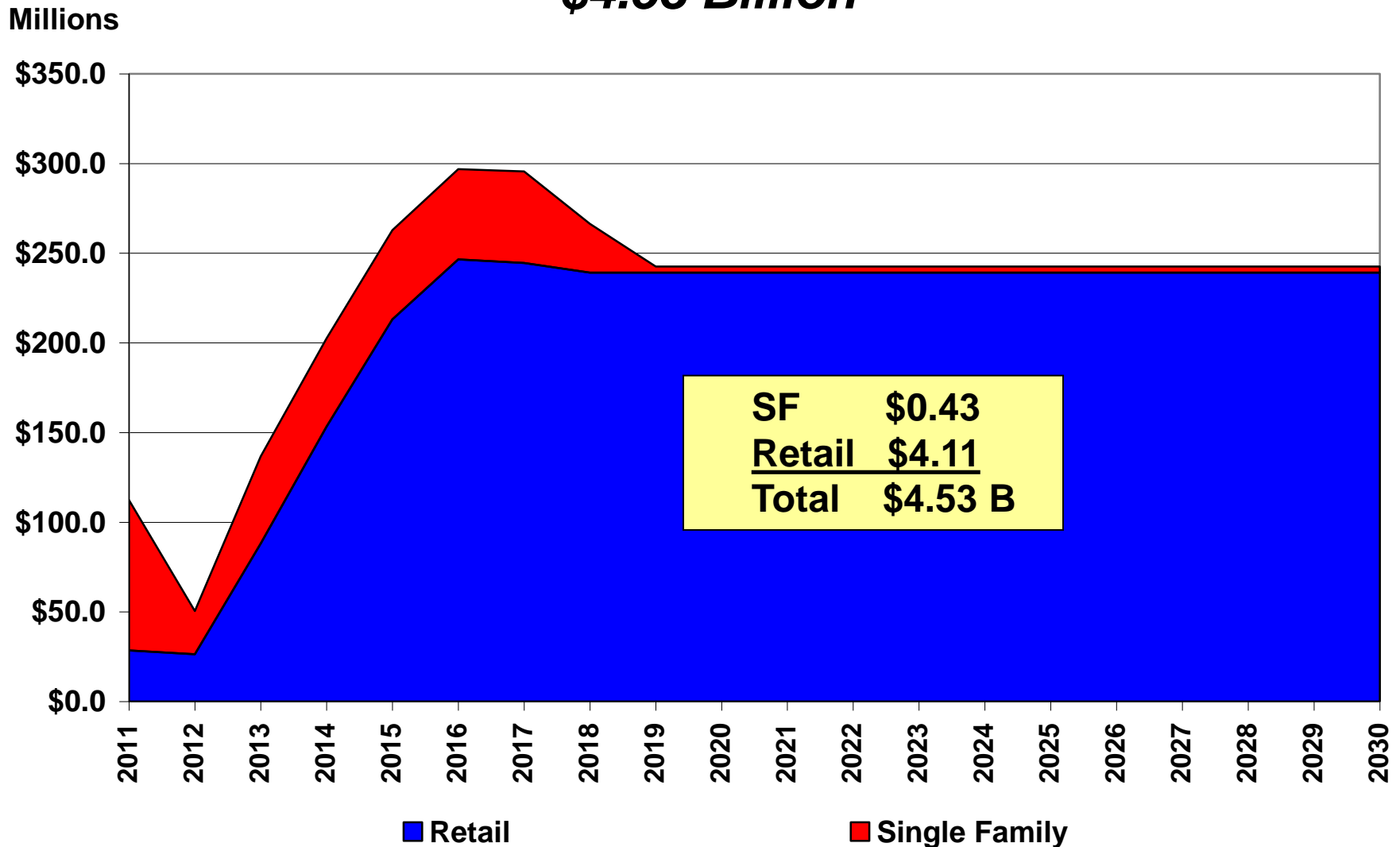
Employment Impact in 2018: **Direct 1,712 Jobs; Total 2,497**

Annual Direct Jobs for Retail	1,568
Annual Direct Jobs for Single Family	144
Plus Indirect Jobs	785
<u>Total 2018 Direct and Indirect Employment</u>	<u>2,497</u>

Cumulative Tax Revenue Impact, 2011 through 2030: **\$317.2 Million**

# Economic Impact, 2011 through 2030

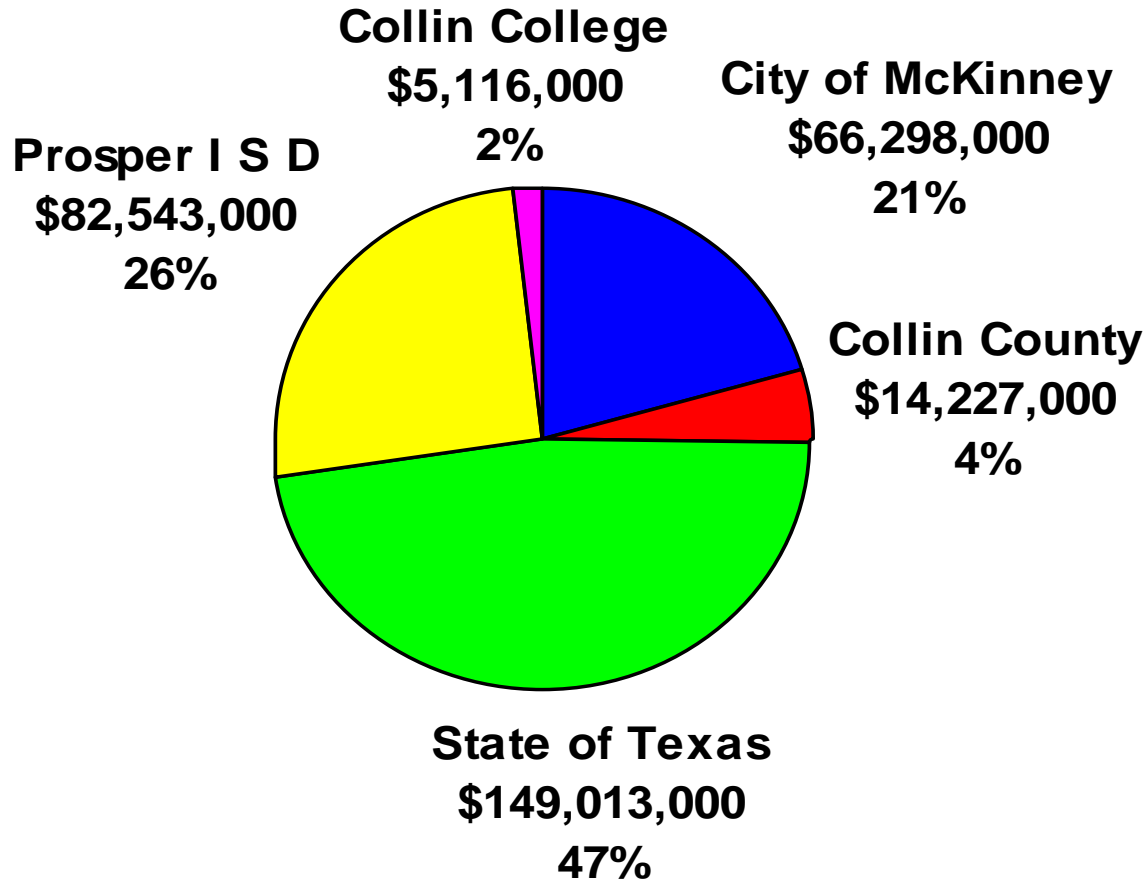
## \$4.53 Billion



# *Direct and Indirect Employment, 2011 through 2030*

	Retail				Single Family				Total All Phases			
	Direct	Const.	Indirect	Total	Direct	Const.	Indirect	Total	Direct	Const.	Indirect	Direct & Indirect
2011	0	0	0	<b>0</b>	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2012	0	118	163	<b>280</b>	0	108	149	<b>257</b>	<b>0</b>	<b>226</b>	<b>312</b>	<b>537</b>
2013	196	235	423	<b>854</b>	12	216	299	<b>527</b>	<b>208</b>	<b>451</b>	<b>722</b>	<b>1,381</b>
2014	588	235	619	<b>1,443</b>	36	216	299	<b>551</b>	<b>624</b>	<b>451</b>	<b>918</b>	<b>1,993</b>
2015	980	235	816	<b>2,031</b>	60	216	299	<b>575</b>	<b>1,040</b>	<b>451</b>	<b>1,114</b>	<b>2,605</b>
2016	1,372	118	849	<b>2,339</b>	84	216	299	<b>599</b>	<b>1,456</b>	<b>334</b>	<b>1,148</b>	<b>2,937</b>
2017	1,568	0	785	<b>2,353</b>	108	216	299	<b>623</b>	<b>1,676</b>	<b>216</b>	<b>1,083</b>	<b>2,975</b>
2018	1,568	0	785	<b>2,353</b>	132	108	149	<b>389</b>	<b>1,700</b>	<b>108</b>	<b>934</b>	<b>2,742</b>
2019	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2020	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2021	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2022	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2023	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2024	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2025	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2026	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2027	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2028	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2029	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
2030	1,568	0	785	<b>2,353</b>	144	0	0	<b>144</b>	<b>1,712</b>	<b>0</b>	<b>785</b>	<b>2,497</b>
Total	25,088	941	13,859	<b>39,888</b>	2,160	1,296	1,791	<b>5,247</b>	<b>27,248</b>	<b>2,237</b>	<b>15,650</b>	<b>45,135</b>

# ***Cumulative Direct and Indirect Tax Revenue*** ***2011 through 2030: \$317.2 Million***



# ***Cost-Benefit Break Even Points For Single Family Housing***

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Findings include differences at the following:

- Property Taxes only (yellow highlight)
- Plus 1% General Fund sales tax contribution only (green), or
- Plus % MEDC, MCDC and General Fund contribution (blue)



# 2010/11 BREAK EVEN ANALYSIS FOR A SINGLE FAMILY HOME CITY OF MCKINNEY ONLY

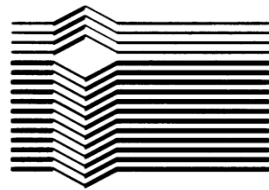
(Assumes 3.0 persons per household)

Home Value	HH Income	Cost	Benefit	Difference	Benefit	Difference	Benefit	Difference
		Full PSC Cost	Property Tax Benefit	Property Tax Minus Cost	Potential Sales Taxes @2% on Local Purchases	Property Tax + Sales Tax Minus Cost	Potential Sales Taxes @1% on Local Purchases	Property Tax + Sales Tax Minus Cost
		<b>\$733.97</b>	<b>\$0.5855</b>					
\$100,000	\$40,000	\$2,202	\$586	-\$1,616	\$320	-\$1,296	\$160	-\$1,456
\$150,000	\$60,000	\$2,202	\$878	-\$1,324	\$480	-\$844	\$240	-\$1,084
\$162,000	\$64,800	\$2,202	\$949	-\$1,253	\$518	-\$735	\$259	-\$994
\$173,000	\$69,200	\$2,202	\$1,013	-\$1,189	\$554	-\$635	\$277	-\$912
\$206,000	\$82,400	\$2,202	\$1,206	-\$996	\$659	-\$337	\$330	-\$666
\$220,000	\$88,000	\$2,202	\$1,288	-\$914	\$704	-\$210	\$352	-\$562
\$231,000	\$92,400	\$2,202	\$1,353	-\$849	\$739	-\$110	\$370	-\$480
\$240,000	\$96,000	\$2,202	\$1,405	-\$797	\$768	-\$29	\$384	-\$413
<b>\$243,200</b>	<b>\$97,280</b>	<b>\$2,202</b>	<b>\$1,424</b>	<b>-\$778</b>	<b>\$778</b>	<b>\$0</b>	<b>\$389</b>	<b>-\$389</b>
\$259,000	\$103,600	\$2,202	\$1,516	-\$685	\$829	\$143	\$414	-\$271
\$275,000	\$110,000	\$2,202	\$1,610	-\$592	\$770	\$178	\$385	-\$207
\$285,000	\$114,000	\$2,202	\$1,669	-\$533	\$798	\$265	\$399	-\$134
\$289,600	\$115,840	\$2,202	\$1,696	-\$506	\$811	\$305	\$405	-\$101
\$300,000	\$120,000	\$2,202	\$1,757	-\$445	\$840	\$395	\$420	-\$25
<b>\$303,500</b>	<b>\$121,400</b>	<b>\$2,202</b>	<b>\$1,777</b>	<b>-\$425</b>	<b>\$850</b>	<b>\$425</b>	<b>\$425</b>	<b>\$0</b>
\$324,500	\$129,800	\$2,202	\$1,900	-\$302	\$909	\$607	\$454	\$152
\$328,400	\$131,360	\$2,202	\$1,923	-\$279	\$920	\$640	\$460	\$181
\$334,900	\$133,960	\$2,202	\$1,961	-\$241	\$938	\$697	\$469	\$228
\$340,000	\$136,000	\$2,202	\$1,991	-\$211	\$952	\$741	\$476	\$265
\$350,000	\$140,000	\$2,202	\$2,049	-\$153	\$980	\$827	\$490	\$337
\$368,800	\$147,520	\$2,202	\$2,159	-\$43	\$1,033	\$990	\$516	\$474
<b>\$376,000</b>	<b>\$150,400</b>	<b>\$2,202</b>	<b>\$2,201</b>	<b>\$0</b>	<b>\$1,053</b>	<b>\$1,052</b>	<b>\$526</b>	<b>\$526</b>
\$415,000	\$166,000	\$2,202	\$2,430	\$228	\$1,162	\$1,390	\$581	\$809
\$425,000	\$170,000	\$2,202	\$2,488	\$286	\$1,020	\$1,306	\$510	\$796
\$450,000	\$180,000	\$2,202	\$2,635	\$433	\$1,080	\$1,513	\$540	\$973
\$500,000	\$200,000	\$2,202	\$2,928	\$726	\$1,200	\$1,926	\$600	\$1,326
\$550,000	\$220,000	\$2,202	\$3,220	\$1,018	\$1,100	\$2,118	\$550	\$1,568
\$600,000	\$240,000	\$2,202	\$3,513	\$1,311	\$1,200	\$2,511	\$600	\$1,911

- Break-even point based on property tax and 2% sales tax.
- Break-even point based on property tax and 1% sales tax.
- Break-even point based on property tax only.

# ***OUR MISSION***

*“Insight Research Corporation  
clearly defines the economic  
costs and benefits of project alternatives  
so that decision makers can have  
fully informed choices.”*



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CORPORATION**