

City of Denton Craver Ranch Fiscal Impact Analysis

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Quality information

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I. Project Background

The City of Denton (“the City”) is evaluating the potential fiscal impacts of Craver Ranch (“the project”), a proposed development plan put forward by KFM Engineering and Design (“the Developer”), which encompasses approximately 2,500 gross acres. The plan includes a mix of residential neighborhoods and commercial spaces, intended to accommodate population growth, stimulate local economic activity, and expand the City’s long-term tax base. The City commissioned this analysis to understand how new development could affect municipal revenues and expenditures, and to provide insights that will inform ongoing negotiations with the Developer.

This Fiscal Impact Analysis (FIA) estimates the net effect of the Craver Ranch project on the City’s General Fund, General Debt Service Fund, select Special Revenue Funds, and other key service areas by comparing projected revenues to anticipated service costs (such as police, fire, public works, parks, and libraries). Residential and commercial components are evaluated separately to capture differences in their revenue and service demand profiles. The analysis does not account for all developer-provided funding or financing contributions at this stage, but it establishes a baseline against which potential concessions or contributions can be measured.

The results of this assessment highlight areas where the project may generate fiscal surpluses that support broader City priorities, as well as areas where service demand could outpace revenues, leading to fiscal pressures over time. These findings are particularly valuable in identifying negotiation points, such as infrastructure cost-sharing, land dedication for public amenities, or commitments to phased development that align with the City’s service delivery capacity.

Ultimately, this report aims to provide City leadership with a framework for understanding the fiscal implications of the proposed expansion and for shaping negotiations with the Developer. By highlighting both opportunities and potential funding gaps, the analysis positions the City to secure concessions that enhance long-term fiscal sustainability while ensuring access to the benefits of growth for current and future residents.

The sections of this report introduce Fiscal Impact Analysis, describe the methodology and key assumptions, present the findings, and discuss their implications.

II. Introduction to Fiscal Impact Analysis

Overview

A Fiscal Impact Analysis (FIA) is a structured approach used to estimate how proposed new real estate development could affect a community's revenues and expenditures over time. By comparing anticipated costs of providing public services and infrastructure against expected revenues from new development, an FIA helps decision makers understand the fiscal implications of growth and identifies potential areas for negotiation or policy action.

The process begins by identifying the growth scenario to be analyzed, in this case the proposed Craver Ranch project. Next, the analysis establishes baseline (i.e., pre-development) demand factors including population, number of housing units, non-residential square footage, employment provided by the developer, and others that allow future change to be measured.

Using these demand factors, the approach incorporates existing city financial data to establish baseline levels of service, capturing both revenues collected, and costs paid under present conditions. With this foundation in place, the analysis defines assumptions regarding the allocation of capital projects and maintenance responsibilities of the new development, clarifying which costs could be expected to be borne by the City versus the developer or other partners.

Finally, this information is combined to generate a fiscal impact model which integrates data and assumptions from the prior steps. The model estimates fiscal outcomes of the proposed growth scenario, providing the city with forward-looking results to evaluate the balance between revenues and expenditures and to inform planning, policy, and negotiation efforts.

This section provides an overview of revenue and cost estimation, and a brief introduction to some of the key assumptions used in this analysis. Detailed assumptions and methodologies used are described in subsequent sections.

Estimating Revenues and Expenditures

Estimating revenues is a critical component of FIA, as it establishes the foundation for comparing anticipated revenues with projected service costs. For this analysis, major revenue sources such as Property Tax, Sales Tax, and Impact Fee revenues are modeled using customized approaches tailored to the way each revenue stream is generated and collected. These methodologies, described in more detail in Section III, account for the unique structures and policies that govern each source of funds.

All remaining revenues are estimated using a per-demand unit approach. Under this method, each revenue line item is linked to a relevant demand unit—such as population, housing units, non-residential square footage, or employment—ensuring that revenue projections scale appropriately with growth. The assignment of demand units for each revenue category was developed in close collaboration with City of Denton to reflect local fiscal realities and service delivery practices.

The intention of this framework is to provide a consistent and transparent method for estimating potential future revenues under the growth scenario, while allowing for flexibility where major revenue sources require more detailed modeling.

On the expenditure side, our approach applies a per-demand unit approach for most service categories, linking projected costs to the same measures used to estimate revenue. This method ensures that service costs are also scaled in proportion to growth and remain consistent with current levels of service.

It is important to note that though the per-demand unit (or average cost/revenue) approach is regularly used for its simplicity and general applicability, several key assumptions are highlighted:

1. This approach relies on the assumption of a linear relationship between each unit of demand and the revenues or costs it generates. This implies that, over the long run, current average operating costs and revenues per capita remain constant in the future. In other words, the City is assumed to collect and expend the same fixed amount per person now and in later years, without accounting for potential economies of scale. While this assumption lends itself to a straightforward and transparent modeling framework, it does not capture the possibility that certain services may become more efficient—or less costly to provide—on a per-capita basis as the population grows.
2. This approach assumes that current levels of services will be maintained in the future, even if they may not be adequate now. For example, while the City may wish to, or may in the future achieve, an increased level of park space provided per capita beyond today's existing conditions, this would not be captured in the analysis.
3. The analysis assumes that the distribution of revenues and expenditures across the City's departments and services in the baseline period will remain constant in the projection period. For example, the department that spends the largest amount in the baseline period will continue to be the largest spender in the projection periods and these allocations will not change.

Next, we outline the high-level assumptions that form the backbone of this FIA before turning to detailed methodologies in Section III and results in Section IV.

Key Assumptions for this Analysis

Some of the key assumptions underlying this analysis are listed below. For details of specific methodologies, see Section III.

Time Period – The Craver Ranch development program anticipates construction commencing in 2028, with the first properties to be added to the tax roll in 2030.¹ The development's construction is assumed to conclude in 2045 (with properties constructed in that year added to the tax roll in 2047).

To capture both early development and a forward-looking status quo once the development is established, this FIA evaluates a conceptual future 40-year period from calendar year 2030 through year-end 2069.

Revenue and expenditure data used in the Craver Ranch FIA are based on the Annual Program of Services (adopted budget) for the fiscal year ending September 30, 2025 ("FY25 APOS").

Developer Program – Table 1 details the Craver Ranch program as provided by the Developer. The developer program contained housing units and non-residential space in annual phases.

¹ Completed properties will be assessed in January 2030 for taxes due in arrears for calendar year 2029. Subsequent residential units will follow the same two-year construction assumption, being added to the tax roll in the second year.

Additional assumptions such as development population and future jobs potential were derived from this development information.

Table 1. Developer Program for Craver Ranch and Related Derived Assumptions

Developer Provided Assumptions						
Construction Period	2028-2045					
Development Completion ^a	2047					
	Existing 2025	Year 10 2039	Year 20 2049	Year 30 2059	Year 40 2069	
Residential Lots	65,886	5,650	9,190	9,190	9,190	
Residential Units						
Single Family	36,089	7,091	7,091	7,091	7,091	
Townhome	1,127	450	584	584	584	
Multifamily	28,670	1,200	1,515	1,515	1,515	
Total Added Residential Units	65,886	5,650	9,190	9,190	9,190	
% growth from existing		8.6%	13.9%	13.9%	13.9%	
Derived Assumptions						
Population	155,374	15,590	26,930	26,930	26,930	
% growth from existing		10.0%	17.3%	17.3%	17.3%	
Commercial Square Feet (SF)						
Retail	10,748,010	621,549	621,549	621,549	621,549	
Office	4,503,801	466,161	466,161	466,161	466,161	
Hotel		155,387	155,387	155,387	155,387	
Total Added Commercial SF	15,251,811	1,243,097	1,243,097	1,243,097	1,243,097	
% growth from existing		22.3%	22.3%	22.3%	22.3%	
Employment (2024 data)						
Retail	5,012	2,978	2,978	2,978	2,978	
Office	18,138	2,196	2,196	2,196	2,196	
Hotel	351	56	56	56	56	
Total Added Jobs	23,501	5,230	5,230	5,230	5,230	
% growth from existing		22.3%	22.3%	22.3%	22.3%	

Source: Development Plan documents provided by City of Denton Staff (Developer Provided Assumptions); AECOM calculations (Derived Assumptions only)

Notes: ^a Construction is estimated to finish in 2045 with the final properties added to the tax roll in 2047.

Relevant Funds – This FIA models revenues and expenditures for the following funds only:

- General Fund
- General Debt Service Fund
- Special Revenue Funds: Water, Wastewater, and Roadway Impact Fees, and the Street Improvement Fund

Static Revenues and Expenditures – The analysis is static in that the FY24-25 multipliers are applied to all years of the Craver Ranch development scenario. The FIA does not update revenue and expenditure data beyond the FY24-25 baseline, and the results are provided in 2025 dollars.

Revenue Structure and Tax Rates – Revenues are projected under the assumption that FY24-25 tax policy and/or rates do not change during the projection period.

Inflation – Revenues and expenditures, both in the baseline period and any projected period, are in constant 2025 dollars. This assumption avoids the difficulty of speculating about inflation

rates and how inflation might impact various cost and revenue categories differently. It also avoids having to interpret results expressed in nominal dollars over an extended period.

III. Methodology

As described in Section II, a per-demand unit (or average revenue/cost) approach is used to generate revenue and expenditure multipliers in most cases. All multipliers are computed using baseline data (FY24-25) and remain fixed at the values detailed below when assessing the Craver Ranch development scenario. To estimate revenues and expenditures for the development program, these demand units also need to be projected for each year of the development's buildout.

Demand Units

Because demand units are integral to this multiplier-based methodology, this first subsection of focuses on the methods and assumptions used to derive demand units in detail. While some demand units are straightforward (e.g., number of housing units, which are provided by the Developer), others require their own methodologies that warrant further discussion. Table 2 summarizes the various demand units that are used for both revenue and expenditure calculations. Those that require a unique or more complex calculation, are described in narrative following the table.

Table 2. Demand Units Used in Revenue and Expenditure Multiplier Calculations

Demand Unit	
Single Family Units*	Commercial Space Breakout
Total Residential Units*	Total Police Calls
Total Nonresidential Square Feet*	Total Fire Calls
Population	Vehicle Trips
Population and Jobs	

Note: Asterisks (*) indicate demand units which were directly provided by the Developer. All others require specific methodologies.

Population

Population growth expectations associated with the Craver Ranch development are estimated based on the number and type of housing units provided by the Developer, adjusted for an assumed straight line annual pace of absorption over the development timeline. Unit counts are categorized into single-family, multifamily, and townhome units. To estimate population, we apply an assumption of 3.2 residents per single-family and townhome unit and 2.5 residents per multifamily unit. These household size factors are applied to the units expected to be delivered and occupied each year, ensuring that projected population growth reflects not only the total buildout but also the timing of unit occupancy.

Residential absorption is assumed to occur over a three-year period, with 55% of units occupied in the first year after unit completion, 85% occupied by the second year, and 95% occupied by the third year. This equates to a long-term stabilized vacancy rate of 5%, consistent with current market conditions.

Population and Jobs

For this analysis, total demand is expressed in terms of population and jobs, reflecting both residential and commercial (non-residential) growth attributable to the Craver Ranch development. Population is estimated using the housing absorption-based methodology described above. To this, we add jobs estimated to be generated by the development's commercial components. To estimate these jobs, AECOM compared 2024 employment and occupied commercial real estate in the City of Denton to establish the typical amount of square footage (SF) required per job, by space type. Taking the program provided by the Developer, new job creation for each type of commercial space was calculated by dividing its SF by the historical SF per job. These jobs were then summed to reach a total job estimate for the

development. Combining the population and jobs estimates produces a comprehensive estimate of new residents and workers associated with the development.

Commercial Space Breakout

While the developer program provides only a total estimate of commercial square footage, projecting fiscal impacts requires a framework for how this space could be distributed across different commercial uses over the future forecast period. Distinguishing between retail, office, and other commercial categories is important because each use generates revenues in different ways—for example, retail activity directly contributes to sales tax collections, while office space primarily influences employment-based revenues and service demands.

AECOM relied on historical commercial real estate development and current inventory data by space type from CoStar and assumed that commercial space within Craver Ranch will be restricted to retail, hotel, and office space. The distribution of space within Craver Ranch was then determined by estimating retail demand based on anticipated population growth, identifying sites suitable for hotel development and typical hotel size, and allocating the remaining commercial area to office use.

Police and Fire Calls

Rather than assuming police or fire service calls increase linearly with population growth, this approach adjusts for the City’s demonstrated ability to handle higher call volumes without proportional increases in staff. The resulting “efficiency-adjusted” methodology yields more realistic estimates of future police and fire service calls while remaining consistent with the observed historical performance of both departments.

The methodology used to estimate police and fire calls can be summarized in three steps resulting in an efficiency-adjusted per-capita measure of calls for service:

1. Establish baseline service intensity

Data from the FY25 APOS was used to calculate the number of police and fire calls per resident (“calls per capita”). This provides a snapshot of how intensively existing residents use emergency services.

	Police	Fire
Baseline Calls for Service	135,892	22,662
Baseline Population	155,374	155,374
Baseline Calls per Capita	0.87	0.15

Notes: Baseline Calls per Capita rounded for display purposes only.

2. Assess historical data and departmental efficiency

Trends from 2014–2024 were examined to understand how population, calls for service, and staffing levels (FTEs) in each department have evolved. While population grew modestly between 2014 and 2024 (2.7% CAGR), both police and fire calls rose substantially faster—indicating increasing service demand per resident. At the same time, staffing grew at a much slower pace than calls.

	Police		Fire	
	Calls	FTE	Calls	FTE
Compound Annual Growth (2014-2024)	5.0%	2.6%	6.4%	3.4%
Relative to Population ²	1.85x faster	0.97x as fast	2.39x faster	1.28x faster
FTE to Calls	0.52x as fast		0.54x as fast	

² These values represent population-based elasticities. Values greater than 1.0 indicate calls (FTE) have grown faster than population while values less than 1.0 indicate less than linear growth.

3. Apply an efficiency factor to new calls for service

The ratio of FTE growth to call growth—roughly 0.5 for both Police and Fire—can be interpreted as an “efficiency factor”. This factor reflects the City’s demonstrated ability to meet growing service demand without proportional increases in staff or spending. The baseline “calls per capita” ratio from Step 1 is therefore multiplied by this Efficiency Factor to create an efficiency-adjusted calls per capita ratio, representing the expected level of future service demand given continued operational efficiency.

	Police	Fire
Baseline Calls per Capita	0.87	0.15
Efficiency Factor	0.52	0.54
Adjusted Calls per Capita	0.46	0.08

Note: Values rounded to the nearest hundredth for display purposes only.

Vehicle Trips

Vehicle trips are used as a demand unit to capture transportation-related impacts associated with new development. Estimating trips requires consideration of both residential and non-residential travel activity in and around the City.

Vehicle trip generation for the Craver Ranch development was estimated using standard trip rates published in the Institute of Transportation Engineers (ITE) *Trip Generation Manual*, 11th Edition (Table 3), adjusted to reflect local travel behavior in the City of Denton. For residential land uses, ITE’s average weekday daily trip-end rates were adjusted by 50 percent to represent complete, round-trip vehicle trips.³ An additional 13 percent adjustment was then applied to account for Denton residents who commute to workplaces outside of the city, as identified through the U.S. Census Bureau’s *OnTheMap* application and the National Household Travel Survey.⁴ Together, these adjustments produce a total factor of 63 percent, which is applied to the number of housing units by type to estimate daily residential vehicle trips (Table 4). This approach ensures that all trip purposes—both work and non-work—are represented, while also correcting for the share of external commuting activity specific to Denton.

Non-residential trips were estimated separately using ITE trip rates by land use type, with simplified trip-end adjustments to reflect typical trip-making behavior. A 50 percent adjustment was applied to office and lodging (hotel) land uses, consistent with standard practice for employment-related travel, while a 30 percent adjustment was applied to retail uses to account for the higher share of pass-by trips generated along arterial and collector roadways.

Table 3. Trip Generation Data for Residential and Nonresidential Land Uses

Land Use Type	Demand Unit	Weekday Trip Ends per Demand Unit	Weekday Trip Ends per Employee	Employees per Demand Unit	Square Feet Per Employee	Nonresidential Trip Adjustment Factor
Single Family Detached Housing	1 unit	9.43				
Single Family Attached Housing	1 unit	7.20				

³ The ITE trip end rates include both departures from and arrivals back to the home, so without this adjustment, each full trip would be recorded twice. For example, the ITS rate of 9.43 daily trip ends for single-family homes reflects both departures and returns, meaning it represents roughly 4.7 round trips to and from the home each day.

⁴ This 13 percent commuting adjustment factor reflects the share of additional outbound trips made by Denton residents who work outside the city. It is derived by multiplying three underlying proportions: (1) 73% of Denton residents commute to jobs outside the city (U.S. Census Bureau, *On the Map*, 2022), (2) 36% of all trips leaving home are trips from home to work (home-based work trips) (National Household Travel Survey, 2022), and (3) 50% of all trip ends are outbound (to avoid double counting outbound and inbound legs). Combined, these yield an adjustment factor of approximately 13% ($0.73 \times 0.36 \times 0.50$).

Land Use Type	Demand Unit	Weekday Trip Ends per Demand Unit	Weekday Trip Ends per Employee	Employees per Demand Unit	Square Feet Per Employee	Nonresidential Trip Adjustment Factor
Multifamily Residential*	1 unit	6.74				
Retail	1,000 SF	37.01	17.42	2.12	471	33%
Office	1,000 SF	10.84	3.33	3.26	307	50%
Lodging	Room	7.99	14.34	0.56		50%

Source: Institute of Transportation Engineers, *Trip Generation Manual*, 11th Edition

* Multifamily refers to low-rise multifamily housing, ITE Land Use Code 220.

** Retail refers to "Shopping Center (150K sq ft)", ITE Land Use Code 820.

Table 4. Residential Trip Adjustment Factor

(A) Workers Living in Denton	73,033
(B) Residents Working in Denton	19,664
(C) Residents Working outside of Denton (A)-(B)	53,369
(D) % Workers in Denton Working outside of Denton (C) / (A)	73%
(E) Work Trips as % of Outbound Trips	36%
(F) Complete vehicle trips	50%
(G) Resident Commuter Adjustment (D) x (E) x (F)	13%
(H) Complete vehicle trips by non-commuters	50%
Total Residential Trip Adjustment (G) + (H)	63%

Sources: U.S. Census Bureau *OnTheMap*, 2022; U.S. DOT *National Household Travel Survey*, 2022

It is important to note that these estimates represent average daily vehicle trips and are intended for use in fiscal and infrastructure planning at a conceptual level. They do not account for peak-hour variations, turning movements, or intersection-level operations, which would typically be addressed in a detailed traffic impact analysis (TIA). The trip generation factors used herein reflect average conditions and are appropriate for evaluating overall travel demand and related fiscal implications, but they should not be interpreted as precise forecasts of traffic volumes or roadway capacity needs.

Revenues

Forward-looking revenues were calculated for each line item, by fund, using varying demand units or other, customized methodologies where appropriate. Certain revenues are not expected to be impacted by demographic changes and are considered fixed. These non-growth-related funds were not included in the calculation of revenues associated with the Craver Ranch development. To determine which revenues should be deemed fixed, AECOM reviewed the City of Denton Annual Comprehensive Financial Reports, Annual Program of Services, and other supporting data and documentation. Discussions with City representatives were also relied upon to determine which line items to treat as fixed.

The sections that follow are organized by Fund. Within each fund, line items estimated using the standard multiplier approach are summarized first, followed by subsections detailing the custom methodologies applied to specific line items that required additional consideration.

General Fund and General Debt Service Fund

Tables 5 and 6 present, for the General Fund and Debt Service Fund, respectively, the relevant revenue line items and their associated demand units used in multiplier calculations, along with items categorized as "Fixed" or requiring a "Custom Approach". Details on the custom approaches are provided in the narrative following the tables.

Table 5. General Fund Revenues – Calculation Approaches by Line Item

Revenue Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
Ad Valorem (Property) Tax					
	Current Year Ad Valorem	\$68,431,077	Custom Approach		
	Delinquent Ad Valorem	\$105,340	Fixed		
	Current Year - Penalties and Interest	\$189,369	Fixed		
	Prior Year - Penalties and Interest	\$107,021	Fixed		
	Rendition Penalties	\$47,111	Fixed		
Sales Tax					
	Sales Tax	\$590,754	Custom Approach		
Other Taxes					
	Mixed Beverage Tax	\$590,754	Population and Jobs	229,878	\$2.57
	Bingo Tax	\$17,576	Population and Jobs	229,878	\$0.08
Licenses and Permits					
	Food Handler Permits	\$494	Fixed		
	Zoning Permits	\$691,604	Population and Jobs	229,878	\$3.01
	Moving Permits	\$6,145	Fixed		
	Demolition Permits	\$20,299	Fixed		
	Pool, Spa, Hot Tub Permits	\$30,804	Fixed		
	Building Permits	\$5,249,353	Population and Jobs	229,878	\$22.84
	Curb Cut Permits	\$2,500	Fixed		
	Mobile Home Park Licenses	\$2,965	Fixed		
	Sign Permits	\$78,743	Fixed		
	Fence Permits	\$105,878	Single Family Units	37,216	\$2.84
	Mechanical Permits	\$58,501	Population and Jobs	229,878	\$0.25
	Certificate of Occupancy Fees	\$72,609	Population and Jobs	229,878	\$0.32
	Landscape Fees	\$7,500	Fixed		
	Short-Term Rentals	\$4,000	Fixed		
	Miscellaneous Permits	\$7,488	Fixed		
	Park Vendor Fees	\$20,000	Fixed		
	Beer & Wine Permits	\$54,929	Retail Square Feet	9,528,780	\$0.01
	CPR Training	\$1,994	Fixed		
Franchise Fees					
	Warrant Fees	\$75,330	Fixed		
	Juvenile Case Manager	\$2,124	Fixed		
	Truancy Prevention Fees	\$339	Fixed		
	Library Fines & Fees	\$58,002	Population	155,374	\$0.37
	Animal Service Fees	\$184,766	Population	155,374	\$1.19
	Animal Service Fines	\$7,075	Fixed		
	Auto Pound Fees	\$4,285	Vehicle Trips	431,093	\$0.01
	Police Escort & Guard Fees	\$14,051	Fixed		
	Civil Fines	\$27,480	Fixed		
	Arrest Fees	\$54,000	Total Police Calls	135,892	\$0.40

Revenue Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
	Community Improvement Fees	\$1,000	Fixed		
	Inspection Fines & Fees	\$4,000	Fixed		
	Fire Department Fines	\$2,000	Total Fire Calls	22,662	\$0.09
	School Crossing Fines	\$6,000	Fixed		
	Denton Municipal Fines	\$622,573	Vehicle Trips	431,093	\$1.44
	UNT Police Fines	\$67,846	Fixed		
	TWU Police Fines	\$11,000	Fixed		
	Parking Fines	\$116,256	Vehicle Trips	431,093	\$0.27
	Uniform Traffic Fees	\$19,000	Vehicle Trips	431,093	\$0.04
	False Alarm Fees	\$6,726	Fixed		
	Court Security	\$170,000	Fixed		
	Court Cost Service Fees	\$77,678	Population and Jobs	229,878	\$0.34
	Court Administration Fees	\$575,000	Population and Jobs	229,878	\$2.50
Service Fees					
	Community Building Rentals	\$680,238	Fixed		
	Police Academy Revenue	\$47,953	Fixed		
	Ambulance Service Fees	\$4,082,649	Population and Jobs	229,878	\$17.76
	Ambulance Reimbursements	\$450,000	Fixed		
	Hazardous Materials Billing	\$8,354	Fixed		
	Fire Inspections	\$235,579	Fixed		
	Restaurant Inspections	\$303,570	Fixed		
	Swimming Pool Inspections	\$30,000	Total Residential Units	65,886	\$0.46
	Reinspection Fees	\$108,277	Total Residential Units	65,886	\$1.64
	Electrical Inspections	\$102,650	Total Residential Units	65,886	\$1.56
	Plumbing Inspections	\$281,891	Total Residential Units	65,886	\$4.28
	Gas Well Inspections	\$0	Fixed		
	Library Non-Resident Fees	\$49,476	Fixed		
	Parks Identification Card Fees	\$46,031	Population	155,374	\$0.30
	Athletic Program Fees	\$1,959,540	Population	155,374	\$12.61
	Special Events - Parks	\$59,560	Fixed		
	Swimming Pool	\$64,000	Population	155,374	\$0.41
	Cemetery Fees	\$40,639	Fixed		
	Development Fees	\$540,990	Population and Jobs	229,878	\$2.35
	Plan Review Fees	\$1,328,588	Population and Jobs	229,878	\$5.78
	Development Postage	\$21,628	Fixed		
	Traffic/Police Reports	\$36,327	Population and Jobs	229,878	\$0.16
	Natatorium Fees	\$151,015	Population	155,374	\$0.97

Revenue Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
	Water Works Parks Fees	\$1,448,568	Population	155,374	\$9.32
	Clear Creek Rentals	\$18,000	Fixed		
Miscellaneous Revenues					
	Miscellaneous Revenues	\$5,865,977	Fixed		
Return on Investment					
	DMU Electric	\$17,931,227	Not Applicable		
	DMU Water	\$1,732,889	Custom Approach		
	DMU Wastewater	\$1,244,990	Custom Approach		
Cost of Service Transfers					
	Cost of Service Transfers	\$20,710,051	Fixed		
Other					
	Use of Fund Balance	\$0	Fixed		
GENERAL FUND SUBTOTAL		\$207,579,152			

Table 6. General Debt Service Fund Revenues – Calculation Approaches by Line Item

Revenue Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
General Debt Service Fund					
	Ad Valorem & Delinquent Taxes	\$50,012,675	Custom Approach		
	Interest Income	\$27,368	Fixed		
	Transfer In - Airport	\$751,655	Fixed		
	Transfer In - Customer Service	\$78,525	Fixed		
	Transfer In - Electric	\$42,394,596	Fixed		
	Transfer In - Fleet	\$913,712	Fixed		
	Transfer In - Materials Management	\$0	Fixed		
	Transfer In - Solid Waste	\$5,269,872	Fixed		
	Transfer In - Technology Services	\$1,031,206	Fixed		
	Transfer In - Wastewater	\$9,785,287	Fixed		
	Transfer In - Water	\$14,571,614	Fixed		
	Transfer In - Water Impact Fees	\$1,635,340	Fixed		
	Transfer In - Wastewater Impact Fees	\$2,990,345	Fixed		
	Use of Reserves	\$0	Fixed		
GENERAL DEBT SERVICE FUND SUBTOTAL		\$129,462,195			

Property Tax Revenue

Property taxes are often the largest and most stable source of revenue for municipalities and are assessed on an ad valorem basis (i.e., according to the value of the property). Each year, the City of Denton adopts a property tax rate composed of two components:

- Operations & Maintenance (O&M) Rate, which supports the General Fund by financing ongoing city services.

- Debt Service Rate, which supports the Debt Service Fund by financing principal and interest payments on outstanding bonds.

For this analysis, the adopted FY2024–25 property tax rates are applied. Table 7 below summarizes the adopted O&M and Debt Service rates, along with the combined all-in property tax rate.

Table 7. FY2024-25 Adopted Property Tax Rates

Rate Component	FY2024-25 Rate (per \$100 Assessed Value)
O&M Rate (General Fund)	\$0.334780
Debt Service Rate (Debt Service Fund)	\$0.250640
Total Adopted Rate	\$0.585420

Property tax revenues for the proposed Craver Ranch development are estimated using developer-provided information on property buildout. This includes the number of single-family lots by lot size, with developer-estimated assessed values per unit by lot size; the number and estimated values of townhome and multifamily units; and the non-residential square footage along with associated assessed value assumptions. These inputs form the basis for projecting the assessed valuation of the development and applying the adopted tax rates to estimate annual property tax revenues.

It is important to reiterate that this analysis does not account for inflation or future appreciation in property values. All assessed values are held constant at their estimated 2025 values and applied uniformly throughout the projection period. Similarly, a fixed set of property tax rate assumptions is used, which maintains a conservative estimate of tax collections but does not capture the possibility of future rate increases. As a result, property tax revenues shown in this analysis reflect a fixed-value and fixed-rate scenario. While this approach simplifies modeling and provides a conservative estimate of revenues, it does not capture potential increases in assessed valuation or tax rates that could occur due to market appreciation, redevelopment, or future changes in tax policy. The implication of these assumptions is that projected property tax revenues may understate actual collections over the long term.

Sales Tax Revenue

Sales tax is another significant revenue source for the City and is assessed based on taxable retail sales occurring within the jurisdiction. For this analysis, sales tax collections are modeled on a per-capita basis to account for the fact that in Texas, e-commerce sales tax is distributed based on the purchaser's home address rather than the physical location of the store. This approach ensures that both in-store and online purchases made by new residents are reflected in projected revenues.

An important assumption in this analysis is that sales tax revenues are tied to property absorption; households and commercial uses must be occupied before their associated sales tax revenues can be realized. Revenues therefore phase in gradually, consistent with the pace of development and occupancy.

The following steps outline the methodology used to estimate sales tax revenues:

1. **Housing Affordability Analysis** – For each residential property type in the developer program, we estimate the household income level it would attract based on average household income thresholds and the assumption that 28% of annual income is spent on housing (rent or mortgage). This aligns each unit type with a representative household income level.
2. **Aggregate Household Income** – The total household income across all developed lots (subject to absorption schedules) is calculated.

3. **Expenditure Share of Income** – Drawing on Bureau of Labor Statistics (BLS) data from 2019–2023, we apply the finding that households spend on average, 75.8% of pre-tax income on annual expenditures.

4. **Taxable vs. Non-Taxable Expenditures** – Of total household expenditures, only specific categories are assumed to be subject to sales tax. Expenditure categories such as “food at home” and “transportation” are excluded, consistent with state sales tax exemptions.

5. **Sales Tax Revenue Estimate** – Taxable expenditures are multiplied by the City’s adopted sales tax rate of 1.5%, generating annual sales tax revenue estimates attributable to the new development.

This approach provides a transparent, data-driven method to estimate sales tax revenues based on the expected spending capacity of new residents, while ensuring that revenues align with actual property absorption and occupancy patterns.

Table 8. Key Sales Tax Revenue Assumptions

Assumption	Value (Source)	Source	Notes
Property Absorption	Year 1; 55% Year 2; 85% Year 3; 95%	CoStar	Craver Ranch properties do not reach full occupancy in line with City of Denton historic experience.
Housing as a share of gross income	28%	CNBC , Business Insider	Percent of income spent on rent or mortgage
Expenditure share of pre-tax income	75.8%	BLS, 2019-2023 average	Average proportion of income spent on goods and services
Non-taxable expenditure categories	Food at Home, Transportation	BLS	Excluded from taxable sales base
City of Denton Sales Tax Rate	1.5%	City of Denton	Applied to taxable expenditures

Return on Investment Revenue

In accordance with the City’s revenue policies stated in the FY25 APOS, the General Fund is expected to receive transfers from the Utility System on a discretionary basis. These transfers, which are called Return on Investment (ROI), are currently set at 3.5% of each utility’s gross revenues. AECOM estimated water and wastewater gross revenues from Craver Ranch properties to determine ROI transfers to the General Fund. As this new development is not expected to be served by Denton Municipal Electric (DME), electric utility gross revenues were not considered in the calculations.

Special Revenue Funds

In addition to the General Fund and the General Debt Service Fund, the City of Denton has a series of other funds. These include the Special Revenue Funds, which are designed to reflect the receipt of specific revenue sources whose use is limited to a given purpose or project. The FY25 APOS details 21 Special Revenue Funds serving a variety of objectives in Denton, ranging from supporting downtown development projects to accommodating self-insurance operations. This analysis included four (4) of these funds, such as: the Street Improvement Fund, the Roadway Impact Fee Fund, Water Impact Fees, and Wastewater Impact Fees.

Table 9 presents the relevant revenue line items alongside their calculation approaches. These were categorized as “Fixed” or “Custom Approach”, the latter of which are explained in further detail following the table.

Table 9. Special Revenue Fund Revenues - Calculation Approaches by Line Items

Revenue Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
Street Improvement Fund					
	Bond Sale Savings	\$2,126,082	Fixed		
	Interest Income and Miscellaneous	\$100,000	Fixed		
	Transfer from General Fund	\$1,573,632	Fixed		
	Sale of Surplus Supplies	\$10,000	Fixed		
	Franchise Fees	\$16,300,000	Custom Approach		
	Use of Reserves	\$422,921	Fixed		
Roadway Impact Fee Fund					
	Roadway Improvement Fee	\$3,500,000	Custom Approach		
	Interest Income	\$0	Fixed		
	Use of Reserves	\$0	Fixed		
Water Impact Fee Fund					
	Water Impact Fee	\$11,000,000	Custom Approach		
	Interest Income	\$1,400,000	Fixed		
Wastewater Impact Fee Fund					
	Wastewater Impact Fee		Custom Approach		
	Interest Income		Fixed		
SPECIAL REVENUE FUNDS		\$49,432,635			
SUBTOTAL					

Note: Only select Special Funds are included in the analysis.

Street Improvement Revenue

The Street Improvement Fund supports the City's street maintenance and improvement activities. While most revenue sources within this fund are assumed fixed, Franchise Fee revenues were modeled using a custom approach. These fees, charged to utilities at 5% of their gross revenues⁵ in exchange for use of the City's rights-of-way, are partially allocated to the Streets Improvement Fund. Based on the FY25 APOS, 64% of total franchise fees are directed to this fund, and this allocation ratio was held constant in projecting future revenues.

Roadway Impact Fee Revenue

Roadway Impact Fees are one-time fees applied to new developments to finance or recover the costs of roadway capital improvements or facility expansions required by such developments. Collection rates per service unit are assessed based on the property's plat approval date, land use type, and service area.

A per-unit approach was used to estimate revenues from single-family residential development. AECOM applied the collection rates established in the 2024 Roadway Impact Fees Ordinance (Ordinance No. 24-1125) for Single-Family Detached Housing and Residential Condominium / Townhome land use categories in Service Area D, where Craver Ranch is expected to be built. Rates of \$3,673 per single-family unit and \$1,402 per townhome (rounded) were applied to the total number of housing units over the construction period.

⁵ While Enterprise (Utility) Fund revenues and expenditures were not included in the FIA, annual gross revenues for water and wastewater were modeled to facilitate the estimation of franchise fees. Gross revenue estimation relied on the City's FY 2024-2025 Rate Book for residential and commercial water and wastewater rates, drainage fees, and refuse & recycling charges.

For multifamily residential and commercial development, a separate approach leveraged City-provided historic impact fee payment data beginning in 2023, from which AECOM derived multipliers by dividing total annual impact fee payments by aggregate permitted job values.⁶ These annual ratios were then averaged to obtain distinct multipliers for apartment and commercial buildings (shown in Table 10), which were applied to estimate their respective Roadway Impact Fee revenues.

Table 10. Roadway Impact Fee Revenue Multipliers

Property Type	Multiplier (Per \$ of Assessed Value)
Apartment	0.00391
Commercial	0.02475

Water and Wastewater Impact Fee Revenue

Water and Wastewater Impact Fees are one-time fees applied to new developments to finance or recover the costs of water and wastewater capital improvements required by such developments. While both are regulated by the same ordinance, each has a separate and dedicated fund as well as an individual fee schedule based on water meter size and service area. These revenues are restricted for use on projects in specific areas, with surpluses to be spent on large infrastructure capacity projects over the next several years.⁷

In July 2025, Denton City Council discussed a new Water and Waster Impact Fee Ordinance that is expected to come into effect next year. Per discussion with City officials, this analysis relied on the new impact fees assessed as 75% of the proposed maximum amounts per service area. It was also determined that Craver Ranch would fall within the boundaries of the proposed Water Zone 1B and Clear Creek Wastewater Zone.

For single-family housing, a per-unit approach was used to estimate water and wastewater impact fee revenues. It was assumed that single family units and townhomes—regardless of their size—had a water meter size of 5/8”, which is the standard for a single-family home. Each unit was assessed the Maximum Impact Fee of \$8,059 for water and \$13,437 for wastewater, respectively, upon construction.

For multifamily residential and commercial development, a separate approach was used due to greater uncertainty regarding specific building features and water meter sizes. Using City-provided data, AECOM estimated average water meter sizes for multifamily and commercial buildings on a single-family equivalent (SFE) basis, which are shown in Table 11. These multipliers, in conjunction with the 75% Maximum Impact Fees, were applied to Craver Ranch’s expected count of multifamily units and commercial square footage over the construction period.

Table 11. Water and Wastewater Impact Fee Revenue Multipliers

Property Type	Measure	Water	Wastewater
Apartment	Average SFE/Unit	1.23	1.02
Commercial	Average SFE/SQF	0.00159	0.00084

⁶ Permitted Job Value was treated synonymously with Assessed Value for purposes of applying the per-unit fee estimates to the Developer program.

⁷ FY25 Annual Program of Services, p.76

Expenditures

City expenditures can generally be categorized as either capital or operating. Capital expenditures represent one-time investments in long-lived infrastructure and equipment—such as roads, utilities, or public facilities—while operating expenditures reflect the ongoing costs of providing municipal services, including staffing, maintenance, and administrative functions.

The sections that follow describe the approaches used to estimate operating expenditures by fund, including the application of standard per-demand unit multipliers and any custom methodologies used for specific expenditure categories.

Capital Expenditures

Capital costs and infrastructure improvements to service the new Craver Ranch development were provided by City staff. Discussions were held to determine which capital projects and associated costs would fall under City responsibility versus those to be funded directly by the developer. These assumptions were incorporated into the modeling framework to reflect a realistic distribution of financial obligations.

Table 12 summarizes the capital expenditures for Craver Ranch including the cost sharing agreed upon between the City and the Developer to date. Only projects required to maintain current levels of service are identified here—planned investments in private amenities for the exclusive use of Craver Ranch residents are excluded from this analysis and from the list below.

Table 12. Craver Ranch Capital Expenditure Inventory

Department / Facility	Quantity	City of Denton	Developer	Total
Northeast Service Center Annex (Public Works)				
Land (33 acres)	1	\$1,300,000	\$2,000,000	\$3,300,000
Northeast Service Center Annex ^a	1	\$14,700,000		\$14,700,000
Vehicles ^b	20	\$1,300,000		\$1,300,000
Fire				
Land (3 acres x 2)	1		\$600,000	\$600,000
New Fire Substations	2	\$28,000,000		\$28,000,000
Fire Engines	2	\$5,000,000		\$5,000,000
Library				
Land (5 acres)	1		\$500,000	\$500,000
New Library ^c	1	\$19,575,000		\$19,575,000
TOTAL		\$69,875,000	\$3,100,000	\$72,975,000

Source: City of Denton Staff, Quorum Craver Ranch Facility Study & Needs Assessment, 2025

Notes: ^a The Northeast Service Center Annex will accommodate multiple City Departments. Per discussion with City Staff, this analysis includes only the share of costs attributable to General Fund departments. Using the Annex's total estimated cost of \$105 million and the allocation of 14% of total square footage to General Fund uses, the capital cost incorporated into the model is \$14.7 million.

^b Quorum estimated a total of 159 City vehicles would be located at the Northeast Service Center. Per discussion with City Staff, those vehicles associated with Public Works Administration, Water/Wastewater, Streets & Drainage, Solid Waste, and Fleet & Facilities are financed from operating expenses of the relevant department. As a result, only 20 vehicles associated with the Parks and Environment departments are included as General Fund financeable assets for this analysis.

^c Based on discussion with City Staff, the new library is estimated to cost approximately \$750 per square foot. For this analysis, it is assumed that the new facility will be similar in size to existing libraries within the city, averaging 26,100 square feet.

Debt Service

Capital expenditures identified as the City's responsibility in Table 12 were evaluated to reflect potential financing assumptions. Major infrastructure investments, including the land and building of the Northeast Service Center Annex, fire stations, and library were assumed to be funded through general obligation bonds with conceptual 20-year terms at fixed 5% semi-annual interest rates. Principal repayment was structured in equal installments over the 20-year term. Vehicle purchases were modeled separately under a shorter 5-year debt term at the same fixed, semi-annual rate with equal principal payments. These conceptual assumptions allow debt

service costs to be represented consistently across capital categories while aligning with typical municipal financing practices.

Operating Expenditures

Operating expenditures, inclusive of both operating and personnel costs, were generally estimated using the per-demand unit methodology described for revenues. Table 13 outlines the General Fund and Special Revenue Fund expenditure line items, their base year (FY25) adopted budget amount, and the demand unit used to determine the appropriate multiplier. Expenditure multipliers were determined using the per capita multiplier method described in Section II.

Although a Parks & Recreation multiplier is included in Table 13 for completeness, no related operating expenditures are estimated for Craver Ranch. Per discussions with City Staff, no City-maintained Parks & Recreation facilities are planned within the development, and therefore no incremental operating expenditures are anticipated. In addition, it is assumed that the Library will be constructed upon full build-out of Craver Ranch in 2045. Therefore, operating expenditures will be modelled from 2045 to the end of the analysis period.

A comprehensive utility infrastructure study has not yet been completed for the Craver Ranch development.⁸ Accordingly, it was assumed that all Water and Wastewater Impact Fee revenues will be fully expended on the associated infrastructure build-out, resulting in a net zero fiscal effect for these funds. However, because these fees are currently assessed at only 75% of the allowable maximum, actual infrastructure costs may exceed collected fees, potentially creating a net fiscal deficit for the Water and Wastewater Impact Fee funds.

⁸ Per discussions with City staff and review of the [2025 Draft Water and Wastewater Impact Fee Study](#), a portion of the infrastructure needed to serve the Craver Ranch area is already included in the City's 10-year Capital Improvement Plan (see pages 6 and 7). However, for this analysis, it remains unclear whether additional infrastructure beyond what is currently planned would be required to fully support the development.

Table 13. General Fund, General Debt Service Fund, and Special Revenue Fund Operating Expenditures – Calculation Approaches by Line Item

Fund / Expenditure Category	Line Item	Base Year (FY25) Adopted Amount	Demand Unit	Base Year Demand Unit Value	Multiplier (\$ per Demand Unit)
Neighborhood Services					
	Building Inspections	\$4,474,631	Population	155,374	\$28.80
	Libraries	\$7,444,079	Library SF	78,304	\$95.07
	Parks & Recreation	\$27,320,756	Parks SF	38,202,120	\$0.72
	Development Services Admin.	\$1,708,581	Population and Jobs	229,878	\$7.43
	Planning	\$3,812,282	Population	155,374	\$24.54
	Gas Well Inspections	-	Fixed		
	Community Development	\$4,543,814	Population	155,374	\$29.24
Public Safety					
	Animal Services	\$4,456,506	Population	155,374	\$28.68
	Fire	\$45,029,087	Total Fire (+EMS) Calls	22,662	\$1,986.99
	Municipal Judge	\$700,655	Jobs	229,878	\$3.05
	Police	\$53,886,749	Total Police Calls	135,892	\$396.54
	Public Safety Communications	\$5,467,867	Total Police + Fire (+EMS) Calls	158,554	\$34.49
Transportation					
	Traffic Operations	\$3,091,538	Lane Miles	1,666	\$1,855.33
	Street Lighting	\$950,000	Lane Miles	1,666	\$570.13
Administrative & Community Services					
	City Manager's Office	\$3,946,816	Population and Jobs	229,878	\$17.17
	City Council Administration	\$306,615	Fixed		
	Economic Development	\$6,053,018	Population and Jobs	229,878	\$26.33
	Finance	\$8,233,257	Population and Jobs	229,878	\$35.82
	Human Resources	\$4,473,174	Population and Jobs	229,878	\$19.46
	Internal Audit	\$844,794	Fixed		
	Legal	\$4,066,176	Population and Jobs	229,878	\$17.69
	Public Affairs	\$2,792,910	Population and Jobs	229,878	\$12.15
	Non-Departmental	\$13,975,847	Fixed		
GENERAL FUND SUBTOTAL		\$144,817,276			
Debt Service					
	Debt Service	\$50,005,043	Custom Approach		
GENERAL DEBT SERVICE FUND SUBTOTAL		\$50,005,043			
Street Improvement Fund					
	Street Improvement Fund	\$20,532,635	Lane Miles	1,666	\$12,322.29
Roadway Impact Fee Fund					
	Roadway Impact Fee Fund	\$6,554,000	Lane Miles	1,666	\$3,933.27
SPECIAL REVENUE FUNDS SUBTOTAL		\$27,086,635			

Note: Only select General Debt Service Funds and Special Funds are included in the analysis.

IV. Results

The fiscal impact analysis projects that the Craver Ranch development could result in an overall net fiscal surplus of approximately \$106.6 million over the 40-year analysis period. Table 14 summarizes cumulative revenues and expenditures by fund, highlighting where surpluses and deficits are expected to occur. The Street Improvement Fund is projected to have a shortfall of approximately \$57.5 million, while the General Fund, General Debt Service Fund and Roadway Impact Fee Fund result in fiscal surplus. As discussed previously, all Water and Wastewater Impact Fee revenues are assumed to be fully expended on associated infrastructure build-out, resulting in a net-zero fiscal impact for these funds. However, since total water and wastewater infrastructure costs were not known for this analysis, and these fees are currently assessed at only 75% of the allowable maximum, actual infrastructure costs may exceed collected revenues, potentially resulting in a fiscal deficit for the Water and Wastewater Impact Fee funds.

Table 14. Summary of 40-Year Cumulative Fiscal Impacts

	Cumulative Revenues	%	Cumulative Expenditures	%	Net Fiscal Impact
GENERAL FUND	\$ 629,180	54%	\$ 615,100	58%	\$14,080
GENERAL DEBT SERVICE FUND	\$ 248,250	21%	\$ 103,320	10%	\$144,930
SPECIAL REVENUE FUNDS					
Street Improvement Fund	\$ 24,550	2%	\$ 82,040	8%	(\$57,490)
Roadway Impact Fee Fund	\$ 31,300	3%	\$ 26,190	2%	\$ 5,110
Water Impact Fees	\$ 92,860	8%	\$ 92,860	9%	\$ 0
Wastewater Impact Fees	\$ 138,040	12%	\$ 138,040	13%	\$ 0
TOTAL	\$ 1,164,180	100%	\$ 1,057,550	100%	\$106,630

Note: Values presented in \$1,000s.

Figure 1 displays estimated future year annual net fiscal results over the 40-year analysis period. Points above the horizontal axis (\$0 line) represent potential annual surpluses while those below the line represent potential annual deficits. Surpluses in any one year are not carried over from one year to the next. Notably, the analysis indicates that a majority of annual deficits occur during the first half of the analysis first half of the analysis period, when significant debt financing capital expenditures are incurred before the full build-out and occupancy of the development.

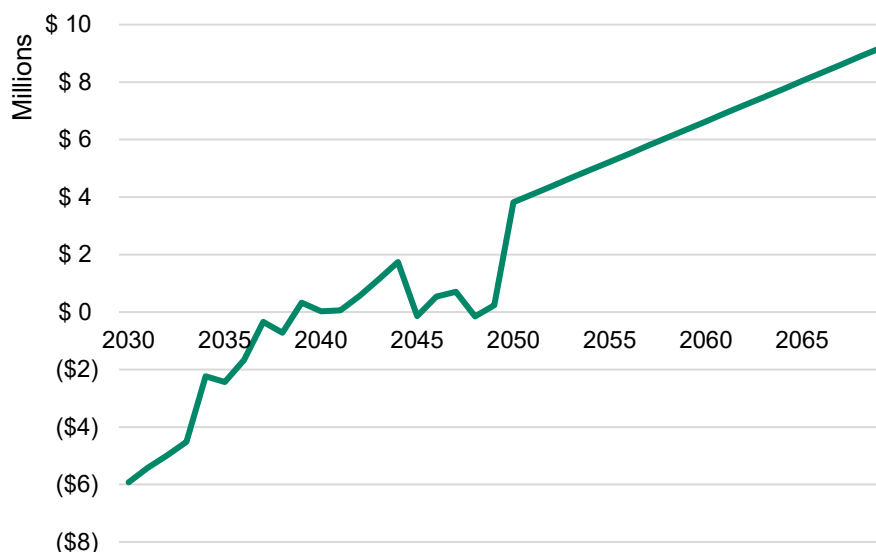


Figure 1. Annual Net Fiscal Impacts - Craver Ranch

Figure 2 presents the estimated cumulative fiscal impacts of the Craver Ranch development over the 40-year analysis period, disaggregated by total revenues, capital expenditures, and operating expenditures. While Figure 1 illustrates annual surpluses and deficits, this cumulative view highlights the long-term balance between ongoing revenues and expenditures. Notably, revenues are sufficient to cover operating costs in nearly all years, indicating that day-to-day service delivery has potential to be fiscally sustainable. Substantial capital outlays required to support new infrastructure—together with the debt service obligations incorporated into the analysis—are seen as more likely to yield an overall deficit. This visualization underscores the extent to which the project's fiscal outcome is driven primarily by the timing and magnitude of capital investments rather than operating performance.

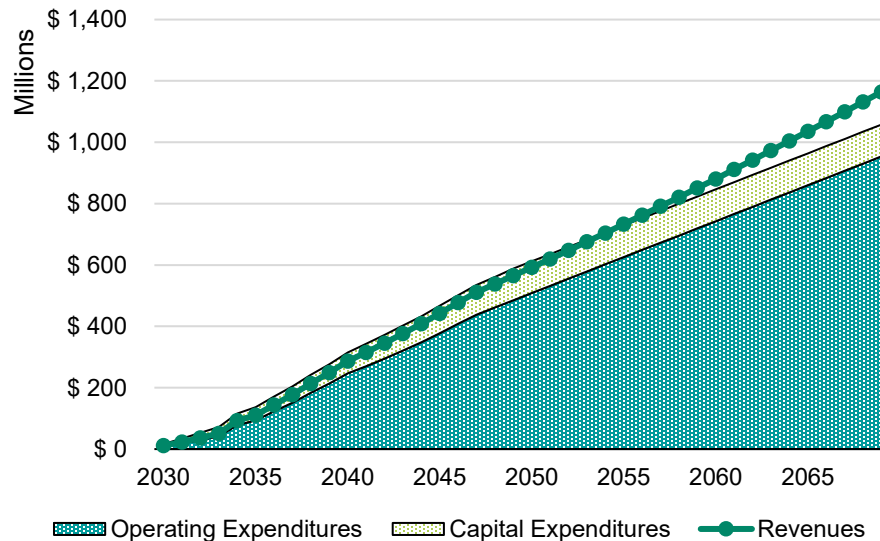


Figure 2. Cumulative Estimated Expenditures and Revenues - Craver Ranch

It is important to note that these results are based on a series of assumptions regarding development timing, absorption rates, infrastructure costs, tax and fee structures, and other key fiscal parameters. While these assumptions were developed using the best available information and in consultation with City staff, they represent reasonable estimates rather than precise forecasts. Accordingly, the results should be interpreted as indicative of general fiscal trends—highlighting the relative balance between revenues and expenditures—rather than as exact dollar outcomes. As development proceeds and additional information becomes available, these assumptions and projections can be revisited and refined to ensure continued alignment with actual conditions and policy decisions.

In conclusion, the results of this fiscal impact analysis provide an informed estimate of the long-term fiscal implications associated with the Craver Ranch development. While the analysis indicates a modest cumulative net surplus over the 40-year period, the findings should be interpreted within the broader context of development phasing, financing practices, and evolving fiscal conditions. These results are intended to serve as a planning tool to help the City anticipate potential revenue and expenditure trends, refine its capital funding strategies, and support informed decision-making as the project advances from concept to implementation.

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All Deliverables and portions thereof shall be subject to the following General Limiting Conditions:

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