

ATLANTIC FIELDS | MARTIN COUNTY **ECONOMIC AND FISCAL IMPACT ANALYSIS**

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MAJOR ECONOMIC IMPACTS OF THE PROJECT

Economic impacts within our analysis are measured in terms of output, jobs, and wages. Some of these measures occur as one-time events, whereas other measures are recurring impacts. The following are summary comments of our economic analysis:

- *Continuing*, permanent economic activities stemming from the management, maintenance, and operation of the residential community, as well as the golf course and associated amenities, together will generate **\$39.5 million** in gross annual economic output in a typical year across local economies.
- This *recurring* annual economic output is associated with more than **436** direct, indirect and induced permanent jobs earning nearly **\$15.5 million** in wages each year, as well as

a value added, a measure of the County's contribution to GDP, of approximately **\$22.4 million** generated from the Project annually.

- The initial *one-time* impacts from the investment in the Project are also substantive, albeit only occurring throughout the development and construction period of approximately 8-10 years. This one-time investment in construction of the Project is expected to generate a total of nearly **\$1.6 billion** in gross economic output (\$156.9 million annual average) and almost **10,755** total *temporary* jobs (1,075 annual average) providing **\$543.4 million** in wages and salaries (\$54.3 million annual average).
- The presentation of tables holds all revenues and costs in constant 2021 dollars.

MAJOR FISCAL IMPACTS OF THE PROJECT

Fiscal impacts within our analysis reflect primarily the ad valorem property taxes, and other receipts which accrue to the benefit and the use of the County offsetting the costs of general governmental services provided by the County itself. The following are summary comments of our fiscal analysis:

- High, moderate, and low ("H-M-L") scenario have been prepared within this fiscal impact analysis to address the various material considerations associated with achieving a longer-term fiscal outcome.
- Ad valorem receipts from all sources will be among the major revenues generated by the Project. In terms of total (gross) ad valorem receipts generated by the current 10.2668 millage rate applicable to operations, general fund, and major Municipal Service Taxing Units ("MSTU"), it is estimated that the Project could contribute between **\$7,376,700** and **\$12,487,200** in ad valorem taxes each year to the County when fully developed.
- In addition to these receipts, property millage rates totaling 7.0322 could generate total (gross) ad valorem receipts of approximately **\$5,052,600** to **\$8,553,100** annually for other taxing authorities including the School Board, Water Management District, and other units of governmental agencies to the County.
- Total gross receipts without regard to source

or benefiting taxing authority will be in the billions of dollars over 30 years.

- These figures result largely from the Project's high valuations which could contribute a minimum taxable value per FTE between **\$1,065,300** to **\$1,803,400** at full build-out. These sums are a significantly higher ratio of property value per FTE compared to the existing County average.
- After adjusting for all normal costs and obligations of all general County services, it is estimated that the Project would yield at its build-out an annual *fiscal surplus* to the County between **\$3,738,000** to **\$7,116,000**.
- These figures equate to a total improved position for the County of approximately **\$113,000,000** to **\$215,538,000** over 30 years.
- These positive fiscal benefits derived by the Project are largely a result of the material increase in taxable value of residential properties generated compared with existing County conditions.
- The presentation of tables holds all revenues and costs in constant 2021 dollars.

All of these respective economic and fiscal impact assumptions, as well as our methods for calculating the impacts, underlying theory supporting our models or approach, and their implications, are detailed in this report.

take about two years to finish although sales activities will likely begin before the initial lots are actually completed. Period 2 opens a number of home sites to additional builders. While some homes may get constructed by entities associated with the Developer, there will also be other builders active in the Project. It is expected to take one-to-two years to complete Period 2. Period 3 will close out the Project over the course of the subsequent two-to-three years.

From the Developer's standpoint, the various phases comprising Periods 1–3 of the Project, will be completed in approximately a five-to-six year time period overall. Actual home construction will likely continue for an additional two-to-three years past the actual completion of the core community. On average, some 25-35 homes could be built each year until all, or the vast majority, of the lots have been utilized. The table below illustrates the general schedule of the Project (see Figure 1). Minor variations to this schedule or sequence could affect the annual flow of benefits described but not their totals.

Figure 1. Atlantic Field Phasing Program

- 1 *Period 1: All lakes and site grading activities complete; construction and dedication of State Park access road and related facilities; par 3 course and practice facilities; main entrance and western spine road loop; eastern spine road loop to Grove Golf Club; 18-hole golf course and lake club facilities; golf cottages/suites; equestrian center amenities.*
- 2 *Period 2: Plat approval for 149 single-family home site lots.*
- 3 *Period 3: Complete western spine loop road, plat approval for 168 single-family lots including supporting infrastructure, family club, and sports park, all remaining landscaping and site amenities.*

During the Project's full development and construction period, this venture will support a variety of its own personnel, most involved in administration and marketing as well as other activities. Certainly, during second period, if not somewhat earlier, the Developer(s) will increase their initial staffing to include employees associated with maintaining and managing the community. These employees will be added

according to the needs and the pace of sales or growth of community residents. Current expectations are that about 355 full-time employees will be employed within the Project when it is ultimately completed.

While a few of the Developer's employees could also be involved in the development of the property, various amenities, and the construction of homes, most will be employed by others. For the most part, the labor force will be employees of outside companies or firms providing technical services, including engineering, design, legal, and other services rather than employees of the Developer. In addition to these specialized professionals, the various builders erecting homes will employ their own crews of trades people, craftsmen, and professionals.

Effectively, this development program, focus, costs, staffing, and timing comprise the foundation for various economic and fiscal activity as they are further explained in this report.

The map below illustrates the location of the Project site located on Southeast Bridge Road in Hobe Sound, FL.



Theory, observation, and applied analysis explicitly and consistently acknowledge these multiple levels and incidence of effects. However, our analysis is purposefully conservative in its representations.

In the case of the economic impacts, our analysis considers all levels of *direct*, *indirect*, and *induced* activity. As the *Summary of Major Findings* section suggests, similar calculations could be provided for the fiscal analysis. However, we have elected to confine our fiscal analysis exclusively to the *direct effects* to avoid any misrepresentations about benefits accruing to the discrete jurisdictions

or agencies which necessarily are the source of obligations or the beneficiaries of revenues stemming from the project. So, while the *indirect* or *induced* effects caused could be reliably calculated, the estimates would include sums not practically captured by the County for its own use.

To avoid any confusion about the dollar value of future years, all information is portrayed in 2021 dollars. These have the advantage of not overstating any impacts while allowing a subsequent analysis to average them or to convert items of specific interest to future year dollars.

FRAMEWORK & ANALYSIS

ECONOMIC IMPACT ANALYSIS

Economic impact analysis begins with introducing a change in the output of goods and the use of a multiplier model to analyze the effects on a region's larger economy tied to a uniformly maintained chart of accounts that record the spending and receipts in discrete geographic areas. Theoretically, the collective spending of all projects or activities would total to all spending of the state and the nation.

The standard input-output model estimates the *direct*, *indirect*, and *induced* economic implications of some discrete or particular economic activity. The secondary effects, or the sum of all *indirect* and *induced* impacts, along with the particular economic activity, provide an estimate of the "multiplier" effects from that activity. In such models, measures of aggregate economic

activity is used as a basis for estimating the total economic impact of the subject activity. The use of an input-output model is to calculate benefits generally accepted as the industry standard practice. Results will be very consistent among different input-output models or between different professionals.

IMPLAN

The economic benefits derived in this report have been prepared using the application of an Impact Analyses and Planning ("IMPLAN") model, a recognized and commercially available software application. Similar to other economic modeling systems, IMPLAN calculates the initial and subsequent economic effects of a specific stimulus, such as employment in a specific industry or investment in the construction of new



Project Site - Hobe Sound, Martin County, Florida

DIRECT, INDIRECT, AND INDUCED EFFECTS

These effects comprise initial and subsequent spending, as well as initial and subsequent rounds of impacts, which continue until all activity leaks to the larger region or state. This model, through the choice of inputs and appropriate multipliers, has considered economic impacts primarily to Martin County and fiscal impacts, to the degree they are localized, exclusively to the County.

No local economy produces every good or service, capturing all economic activity. When there are gaps in local production, the local effects will be reduced. As money and purchases circulate through the economy, moving from one business to another and one individual to another, the economic benefits are shared, generating the multiplier effect. Ultimately, these effects bleed away to other areas as spending continues.

Amplifying earlier concepts:

- *Direct Effects* are the sales, income, and jobs in those businesses. In this case we are speaking about total spending within in the project for all its horizontal and vertical components and ultimately the continued operations of the overarching management entity.
- *Indirect Effects* result when those business or activities directly impacted the purchase goods and services from other businesses within the region, so-called “backward-linked” industries.

Input-output models estimate these effects by using a production function for each sector and estimate the propensity of businesses to buy goods and services from local suppliers.

- *Induced Effects* stem from household spending of income earned directly or indirectly from the visitor spending. For example, the various employees identified or estimated live in the area and spend their income on housing, groceries, and other personal needs. This spending supports additional jobs in a variety of local businesses but ultimately not entirely within the study area.
- Collectively, the indirect and induced effects are termed *secondary effects*. The total impact of all major spending is the sum of direct, indirect, and induced effects. The figure below illustrates the larger multiplier effect (See Figure 2).

Figure 2. Direct, Indirect, and Induced Effects



Sources: Fourth Economy, 2014. All Rights Reserved.

time. The one time or non-recurring jobs are estimated for the full period of development and construction activity. The actual number of workers or jobs on site is the total labor force that will be engaged. On average over a period of about 10 years, the estimates equate to an expected 1,075 full- and part-time workers either on site or supporting their respective businesses each year.

The following table estimates the top industry sectors which are anticipated at full build-out of the Project, resulting from the direct effects of one-time construction impacts (see Table 4).

Table 4. Employment Sector Impacts, Direct Effects – One-Time Impacts

Industry Sector	Jobs
Construction	7,589
Professional & Technical Services	220
Building Material & Suppliers Dealers	1
Administrative & Support Services	248
Total	8,058

Sources: IMPLAN Group; GAI Consultants.

Whereas the table below illustrates the top 10 industry sectors resulting from the total impacts (*direct*, *indirect*, and *induced* effects) of the one-time construction impacts generated from the Project at full build-out (see Table 5).

Table 5. Employment Sector Impacts, Direct, Indirect, and Induced Effects – One-Time Impacts

Industry Sector	Jobs
Construction	7,615
Professional & Technical Services	501
Building Material & Suppliers Dealers	497
Administrative & Support Services	497
Food Services & Drinking Places	200
Real Estate	199
Ambulatory Health Care Services	137
Hospitals	102
Repair & Maintenance	97
Wholesale Trade	89

Sources: IMPLAN Group; GAI Consultants.

The *indirect* and *induced* employment impacts created from the construction of the Project represents a mix of professional and service-related jobs, clearly providing adjacent neighboring area with more and enhanced employment opportunity than would otherwise exist.

TOTAL OPERATIONAL IMPACTS

The Project, as proposed, is expected to produce nearly 436 total annual, permanent jobs within the local economy from on-going operations at full build-out. Nearly 355 of these jobs, as described by the Developer, will be directly associated with the Project, supporting the selling, operations, and maintenance of the single-family residential properties and associated community amenities, along with the golf course, polo and equestrian club, and other trails/green space facilities. The other 81 jobs result from *indirect* and *induced* effects from operations and household disposable incomes. Independent of any additional *indirect* and *induced* jobs, the Project's own direct job counts are the significant factor in overall economic impacts. The total job count from on-going operations is associated with nearly \$39.5 million in annual economic output and \$15.5 million in total annual earnings. *Direct* job impacts associated with the Project total almost \$27.6 million in annual economic output and \$11.9 million in annual earnings.

The following table illustrates the estimated recurring (on-going) economic impact captured within the County from the proposed maintenance and operations activity of the Project (see Table 6).

Table 6. Economic Impacts – On-Going Impacts

Economic Measures	Direct	Indirect-Induced	Total Impact
Employment	355	81	436
Earnings (\$,M)	\$ 11.9	\$ 3.5	\$ 15.5
Value Added (\$,M)	\$ 15.9	\$ 6.5	\$ 22.4
Output (\$,M)	\$ 27.6	\$ 11.9	\$ 39.5

Sources: IMPLAN Group; GAI Consultants. Notes: Represents 2021 constant dollars.

FRAMEWORK & ANALYSIS

FISCAL IMPACT ANALYSIS

As with the economic model, the fiscal impact analysis is based on a series of major assumptions tied to the nature of the Project and its phased timing. As to the nature of the Project, that is generally characterized by the values recognized in the open marketplace for transactions of similarly positioned home sites and finished homes. At this point, the Developer has represented that this Project will achieve above average pricing and valuations. While the Developer controls the timing and coordination of the major activities within the community, much of the outcome realized as a fiscal impact is not directly controlled by the Developer and is subsequently a result of the final tax treatment of key properties.

The manner of that tax treatment drives the receipts in large measure and are often not proportionate to the perceived value of the underlying property. This issue is more common in the initial years of a newer and higher priced project where the County appraiser is limited by the pool of transactions needed to establish a defensible benchmark for taxable values. Typically, it takes multiple transactions to establish that pool and identify a "trend". In this situation, the Project may set its own foundation for tax valuation purposes but that will not occur for at least several appraisal cycles. These figures, whatever they may ultimately be, are further affected by homesteads, other exemptions, portability rules, and maximum annual valuation increases for all properties.

To deal with the various material considerations associated with achieving a longer-term fiscal outcome, a high, moderate, and low ("H-M-L") scenario have been prepared within this model, as detailed below.

High Scenario recognizes the Developer's pricing schedule for the planned 327 home sites and the market value associated with those anticipated developments. Generally, that places the proposed homes with an average price per square foot between \$1,040 and \$1,410, resulting in an average home price of approximately \$11.0 million. While these values may be achieved, the

number of properties in the County with such valuations is extraordinarily small at this time and does not justify an obvious trend or outlook based on the highest range of value. Ultimately a large number of higher assessed properties concentrated in a single area could increase pressures to move toward increased valuations overall, that possibility is speculative at this time. If achieved, even the high scenario might then be considered conservative.

Moderate Scenario is consistent with, and relies upon, recently purchased and/or built and recently assessed high value properties in the County. As suggested above, this is a rather small number of properties but still a larger pool than that establishing valuation benchmarks for the high scenario. Generally, those transactions and valuations place the proposed homes with an average price per square foot between \$810 and \$1,400, resulting in an average home price of approximately \$5.9 million. From the information currently available, we believe this is the "most likely" scenario. Again, a large number of higher assessed properties could increase pressures to move toward increased valuations overall.

Low Scenario reflects a sample group of properties, also of higher value but with lower range of value given the larger number of observations. If anything, the low scenario reflects a worst-case situation. Homes in this scenario have an average price per square foot between \$730 and \$1,300, resulting in an average home price of approximately \$4.8 million.

Within each of the above scenarios, the fiscal model also addresses likely differences for the tax treatment of golf facilities, equestrian facilities, and the other various Project amenities. As for the tax value assigned to open space, water features, and conservation areas, such value will be largely captured in the transaction prices of any homes or underlying home sites subject to tax assessment. It is important to note that all values within the fiscal models represent constant 2021 dollars.

In comparison, our analysis indicates that the balance of the County currently operates at a fiscal deficit of slightly more than \$6,862,000 annually without considering the current Project or its cost and benefits. As proposed, the new project will positively contribute to the existing fiscal deficit in the County going forward.

FISCAL ANALYSIS METHODOLOGY

Potential fiscal benefits center on the public revenues and public costs expected to be realized (or lost) as the result of activities, generally originating from new residential or non-residential development or from other economic development initiatives. Calculations of potential fiscal benefits could rationally include both direct and indirect impacts for multiple levels of public goods and services. Our analysis of the Project, however, is more conservative. It is purposefully confined to the direct effects only in the County to avoid misrepresentations about net impacts to municipalities, agencies, or special districts.

Methods for calculating fiscal benefits can vary widely. While there is no industry standard, a common approach reflects activities, receipts, and expenditures “per capita”. The premise in this approach is that new development attracts new population growth and will generally have a consistent cost impact on the basis of public service needs per person.

Following that premise, new development, at a basic level, is expected to generate costs (and most revenues) at the same rate, creating the same levels of service needs being provided to existing residents. Reasonable rates of revenues and costs can be derived for any governmental agency using a per capita measure as the common denominator and existing costs and revenues. In contrast, to assume that new development creates more or less requirements than those imposed by current residents constitutes an obvious positional bias in the information used to make important policy decisions.

In this case, we use a *modified per capita* approach to determine potential operating and capital costs using planned population, expected employment, and the expected relationships between households and individuals working in their place of residence versus working in another

area. This method can still be referred to as a per capita approach, but it uses a Full-time Equivalent (“FTE”) population since that population imposes demands upon all systems relative to its needs. Using this modified per capita method, expected population (household population, establishment employment, and visitors) are converted to an FTE using a 24-hour 7-day period representing a “full-time” person impacting the potential demands for operating and capital needs. Thus, a person residing in a home located in the County and working at a business located in the County would represent a full-time person or 1.0 FTE. Whereas someone residing in a home located in the County and working outside would represent less than a full-time person or 0.74 FTE (see Table 9).

Table 9. Full-Time Equivalents

	Hours	% FTE	FTE	1 FTE =
Live & Work	8,763	100%	1.00	1
Live Only	6,486	74%	0.74	1.3
Work Only	2,250	26%	0.26	3.9
Hotel Visitor	120	1%	0.01	72.8
Day Visitor	4	<1%	0.0005	2,184

Sources: U.S. Census; GAI Consultants.

FTE population is intended to reflect the annual, permanent demands on services and infrastructure as opposed to peak demands. As a result, the estimated FTE factor for non-resident workers or visitors declines based on the assumed time spent within the County relative to a resident that both works and lives in the County – theoretically creating a full unit of demand for annual, permanent services and infrastructure.

For example, as illustrated above, a day-visitor, someone living in another part of the State, spending 4 hours within the County has an FTE factor equal to 0.0005 or 4 hours divided by 8,763 hours. This can also be expressed as 2,184 day-visitors equal the equivalent of 1 full-time resident that also works in the County. On the other hand, a hotel visitor with a 5-day stay has an FTE factor of 0.01 or approximately 73 hotel visitors equal to 1 full-time resident. The effects of both hotel and day visitors on the calculation of FTE populations is based on the mix of these populations, resulting in an average number of hours as opposed to the exact values in Table 9.



Most importantly, governments are required to present their consolidated financial statements in the CAFR that essentially mirror for-profit financial statements. In particular, the Statement of Activities for a not-for-profit organization is equivalent to an Income Statement for a for-profit enterprise. The main difference is the treatment of capital infrastructure and equipment. On a cash-basis, capital costs are recognized within the year funds are expended. For example, if the County spends funds to build a new County government office in 2020, that expense is a capital item in the same year and it is generally funded through some combination of current revenues, existing cash balances, and debt proceeds or exclusively with debt proceeds. As a result, the cash-basis is faulty because it places the burden of past and future capital needs, funded using past and future revenues, in a single current fiscal period. Conversely, the Statement of Activities only recognizes current revenues and accounts for

capital on a depreciation and amortization basis. Thus, it matches capital spending with the life cycle of the asset.

Our analysis utilizes these Governmental Statements of Activities to correct for the challenges associated with governmental budgeting and fund accounting, especially capital spending which can otherwise materially ebb and flow on an annual basis. Our position is that the reported revenues and expenses, divided by FTE population, provide the best measure of the marginal impacts from new development and new population given the existing financial structure of the County.

Based on Fiscal Year ("FY") 2020 audited financial statements from the County's CAFR, Table 11 provides the current fiscal costs and revenues on a per FTE basis for all general government activities for the County.

Table 11. Martin County's Current FY 2020 Net Fiscal Position

Revenue/(Expense)	Per FTE	Total
Direct Revenues (Charges, Fees)	\$ 480	\$ 70,042,000
Ad Valorem	1,414	206,469,000
Other ¹	289	42,213,000
Enterprise Transfer	(8)	(1,136,000)
Subtotal	\$ 2,175	\$ 317,588,000
General Government	(506)	(73,844,000)
Public Safety	(1,122)	(163,822,000)
Physical Environment & Transportation	(162)	(23,610,000)
Culture & Recreation	(106)	(15,483,000)
Economic Environment	(36)	(5,299,000)
Human Services	(46)	(6,688,000)
Interest on Long-Term Debt	(26)	(3,857,000)
Annual Capital Requirements	(218)	(31,847,000)
Subtotal	\$ (2,222)	\$ 324,450,000
Net Fiscal – Surplus/(Deficit)	\$ (47)	\$ (6,862,000)

Sources: U.S. Census; GAI Consultants. Notes: (1) Other revenues include earnings on taxes (tourist development, communication, fuel, local government), franchise fees, and earnings on investments.

In FY 2020, all general government activity within the County reflected an average cost per FTE of \$2,222, including annual capital requirements of \$218 per FTE. Capital requirements are reflected

in terms of depreciation and amortization versus capital expenditures, consistent with the Statement of Activities in the CAFR. This approach more appropriately aligns cost with the life cycle of



PROSPECTIVE FISCAL IMPACTS OF NEW DEVELOPMENT

Using FY 2020 audited financial statements and expected property valuation for the Project at full build-out, Table 12 details the expected net fiscal impact of the Project in each of the low, moderate, and high scenarios. The moderate scenario is to be considered the “most likely” outcome as a result of full build-out of the Project based on the timing of phases and development program in the County.

While the Project is expected to create an expense (operating and capital) of \$2,449 per FTE per year, significant property tax contributions ranging between \$7,231 and 12,239 per FTE, along with direct and other revenues, more than off-set those costs and create a significant net fiscal surplus between \$5,543 and \$10,551 per FTE per year.

Table 12. Atlantic Fields Net Fiscal Impact – Low, Moderate, High Scenarios

	Low Scenario		Moderate Scenario		High Scenario	
	Per FTE	Total	Per FTE	Total	Per FTE	Total
<u>Revenues</u>						
Direct Revenues	\$ 480	\$ 324,000	\$ 480	\$ 324,000	\$ 480	\$ 324,000
Ad Valorem ¹	7,231	4,877,000	8,934	6,026,000	12,239	8,254,000
Other	289	194,000	289	194,000	289	195,000
Enterprise Transfer	(8)	(5,250)	(8)	(5,250)	(8)	(5,250)
Subtotal	7,992	5,389,700	9,695	6,538,700	13,000	8,767,700
<u>Expenses</u>						
General Government	(506)	(341,100)	(506)	(341,100)	(506)	(341,100)
Public Safety	(1,122)	(756,800)	(1,122)	(756,800)	(1,122)	(756,800)
Physical Envir. & Transportation	(162)	(109,100)	(162)	(109,100)	(162)	(109,100)
Culture & Recreation	(106)	(71,500)	(106)	(71,500)	(106)	(71,500)
Economic Environment	(36)	(24,500)	(36)	(24,500)	(36)	(24,500)
Human Services	(46)	(30,900)	(46)	(30,900)	(46)	(30,900)
Interest on Long-Term Debt	(26)	(17,800)	(26)	(17,800)	(26)	(17,800)
Annual Capital Requirements ²	(445)	(300,000)	(445)	(300,000)	(445)	(300,000)
Subtotal	(2,449)	(1,651,700)	(2,449)	(1,651,700)	(2,449)	(1,651,700)
Net Fiscal – Surplus/(Deficit)	\$ 5,543	\$ 3,738,000	\$ 7,247	\$ 4,887,000	\$ 10,551	\$ 7,116,000

Sources: FY 2020 CAFR, GAI Consultants. Notes: (1) Calculated based on Atlantic Fields property value estimates. (2) Calculated based on Atlantic Fields FTE estimates.

Both market forces and Florida Tax Law suggests that the significant gap created in taxable values per capita from new development compared with existing averages is a strong factor in positive fiscal impact from new development. In addition, this gap can be even more pronounced within areas of redevelopment where the existing conditions are driven by both age and a relatively depressed market.

The Project, as proposed, is expected to contribute a significantly higher ratio of property value per FTE compared with the existing County average (see Table 15). Under the premise that existing households would require no more or no less operating and capital needs than those households proposed for the Project, this observed relationship between property value and year-built implies a significant positive fiscal impact from the newly developed property.

Table 15. Population and Taxable Value Impact

	Martin County	Atlantic Fields		
		Low	Moderate	High
FTE Population	145,955	674	674	674
Taxable Value				
Residential	\$ 17,667,400	\$ 714,900	\$ 882,500	\$ 1,210,700
Non-residential	143,400	3,600	4,800	5,600
Total	17,810,700	718,500	887,400	1,216,300
Value per FTE	\$ 122,996	\$ 1,065,300	\$ 1,315,700	\$ 1,803,400

Sources: U.S. Census; GAI Consultants; County FY 2020 Taxable Values.

GAI's approach to fiscal impact also includes a relatively conservative approach to estimating capital requirements for new development. *It is important to exclude existing deficiencies in calculating capital costs since this would impose an unfair burden on new households. In part, to the degree there are differences, these would be addressed by impact fees which can only apply to new development and capital.*

Our approach also excludes any existing capacity in capital infrastructure by assuming new FTE population would require the same level of capital spending to replace everything the County has constructed. This method takes all capital assets at original costs and escalates them to 2021 dollars (see Table 16).

Table 16. General Government Capital Assets at Cost in 2021 Dollars (in thousands)

Capital Assets	Net	Depreciation	Gross	2021 Dollars
Land and Right-Of-Way	\$ 220,753	\$ —	\$ 220,753	\$ 441,506
Infrastructure	—	—	—	—
Construction	46,068	—	46,068	46,068
Buildings and Capital	429,132	(599,457)	1,028,588	2,049,000
Total Net Capital Assets	\$ 695,953	\$ (599,457)	\$ 1,295,409	\$ 2,536,574
Capital Per FTE	\$ 2,939	\$ (4,106)	\$ 2,939	\$ 14,035

Sources: FY 2020 CAFR. Note: GAI Consultants converted the values to 2021 dollars.

Table 18. Calculation of the Project's Annual Total (Gross) Ad Valorem Receipts

	Millage Rate ¹	Ad Valorem Receipts at Full Build-Out		
		Low	Moderate	High
County General	6.7934	\$ 4,881,000	\$ 6,028,300	\$ 8,262,600
County MSTUs ²	3.4734	2,495,600	3,082,200	4,224,600
Subtotal	10.2668	\$ 7,376,600	\$ 9,110,500	\$ 12,487,200
District 3 MSTU	0.0582	41,800	51,600	70,800
School Board ³	6.3230	4,543,100	5,610,900	7,690,500
Children Services	0.3618	260,000	321,100	440,000
South FL Water Mgmt. Dist. ⁴	0.2572	184,800	228,200	312,800
FL Inland Navigation Dist.	0.0320	23,000	28,400	38,900
Subtotal	7.0322	\$ 5,052,700	\$ 6,240,200	\$ 8,553,000
Total	17.2990	\$ 12,429,000	\$ 15,351,000	\$ 21,040,000

Sources: FY 2020 CAFR; Martin County Property Appraiser; GAI Consultants. Notes: (1) Rate per \$1,000 of Taxable Value by Municipality. (2) Includes Fire Rescue, Parks & Recreation, Stormwater, and Road Maintenance MSTUs. (3) Includes Local Board and State Law. (4) Includes South Florida Water Management District for Basin, Everglades Construction, and overall District millage rates.

