

## Feasibility Analysis

### By the Incorporate Vail? Technical Advisory Committee

Financial feasibility is paramount for any organization's long-term viability. It is no different for a new Arizona town. The Incorporate Vail? organization commissioned the formation of a Technical Advisory Committee to create a pro-forma financial statement for the proposed Town of Vail. The Technical Advisory Committee is comprised of experts in their respective fields and the end product was peer reviewed by a municipal finance expert. Based on the committee's research, revenue for Fiscal Year 2024-2025 is forecasted to be \$14.2 million and expenses at \$11.4 million for a positive Fund Balance (i.e. profit) of \$2.8 million.

The State of Arizona is set up with a revenue sharing model to municipalities based on population. Areas that are not incorporated are not eligible for revenue sharing. On a per capita basis, the revenue share is approximately \$330 per person based the boundary of that municipality. With a preliminary population of 21,000 (2020 census) for the Town of Vail, the State Shared Revenue would be \$9.9 million. It comes from a percentage of State Sales Tax, State Income Tax, Vehicle License Tax, and Highway Users Revenues (i.e. HURF is gas tax). These are taxes and fees that we already pay, most of which go to cities and towns in Maricopa County because there are more residents in incorporated areas.

As a Town in Pima County, we would also be eligible for at least 1% of RTA funds (with restrictions), local Development Impact Fees, tickets, and fees that are currently paid to Pima County. The Committee estimates these operating revenues to be \$3.7 million of taxes and fees that are already paid but would now accrue to the new Town of Vail.

Finally, Towns and Cities in Arizona can impose new taxes with a majority vote of registered voters. This may include a local sales tax, property tax, utility franchise tax, and various license fees. In the Committee's assumptions, there is a projected sales tax and utility franchise tax (paid for by the utilities) but not a property tax. This is consistent with other towns in Pima County such as Marana, Oro Valley, and Sahuarita. This is projected to provide \$0.6 million or 4% of the total revenue projected.

On the expense side, the Committee assumes the Mayor and Council are volunteers and there would be a town staff of six employees. The majority of expense would be contracted to third party providers. This includes contracted services from Pima County for sheriff at \$3.8 million. This estimate from Pima County sheriff includes 23 officers, more than double than the County's current public safety commitment to Vail. Transportation expenses (a.k.a. roads) corresponds directly to restricted transportation funds of \$3.6 million. That too is double the current level of spending on transportation in Vail provided by Pima County today. Including some office expense, the total of all estimated expenses are \$11.4 million.

It should be noted that the Vail area fire districts, school district, and improvement districts are independent of incorporation. Similarly, conservation lands including the Saguaro National Park, U.S. Forest Service, Federally designated wilderness areas, state land, and Pima County conservation lands are unaffected by incorporation.

It is the conclusion by the Incorporate Vail? Technical Advisory Committee that a new Town of Vail is financially feasible and sustainable. Based on this positive analysis, the Incorporate Vail, AZ board has elected to proceed with Incorporation.

*Rob Samuelsen is the Technical Advisory Committee Chair for Incorporate Vail Arizona. While he is a regular contributor to The Vail Voice, the contents of this article represent the initial findings of the Technical Advisory Committee. There may be changes to the Feasibility Analysis as Incorporate efforts proceed.*