Like a low tide, an economic downturn can provide a clear view of formerly hidden, and dangerous, obstacles. As revenues recede, excessive expenses are exposed. For local governments across the country, the situation can appear grim: according to a survey by the National Association of Counties, more than two-thirds of counties anticipated budget shortfalls in 2012.

Counties in the American West face a special challenge: how to provide public safety, road, fire, and other fundamental services to people living in wide open landscapes. Long roads, old bridges, and far-distant fire stations all come with a price tag, but exactly how much do all these services cost, and how can a county government make smart decisions about future growth?

A new report commissioned by the Sonoran Institute, and performed by RPI Consulting, shows a clear picture of the impact that various development patterns can have on a county’s budget.

The report identifies three residential subdivision types that are common in the American West: ranchette, rural exurban, and metro infill. Then, with a focus on Natrona County, Wyoming, the study takes a detailed look at how each type impacts county expenditures and revenues.

The results are clear: developments that are adjacent or near to urban centers (metro infill), are much more fiscally responsible than rural exurban and ranchette-style developments, which are farther away from service centers.

Whether in good economic times, or in bad, ranchette and rural exurban development expose county governments to the very real possibility of large budget shortfalls. On the other hand, counties that support fiscally-efficient metro infill development can right the ship, keep budget shortfalls to a minimum, and be prepared for budgetary storms to come.
An open letter to the citizens of Wyoming

In 1975 I was a member of the Wyoming Legislature when we passed (and Gov. Ed signed into law!) the Wyoming State Land Use Act, which required counties and cities and towns in Wyoming to prepare and adopt local land use plans. The act did not require the adoption of any zoning regulations to implement the local land use plans. In the same 1975 session, I introduced and successfully led the passage of the Wyoming Real Estate Subdivision Act, which required permits for land subdivision in counties and established minimum standards for subdivision approval.

From the beginning I fully understood the need for basic county requirements since I had served as a member of the Park County Zoning & Planning Commission. I had already seen advertisements in out of state papers urging purchase of 40 acre parcels in Wyoming’s Red Desert. There were no roads or utilities to these parcels, nor were there easements for access roads or utilities. No water sources were provided and there was no evidence that water wells could be successfully drilled. I saw the problem from all sides—the out of state buyer who showed up and discovered that the property was not usable -the county commissioners who were besieged with demands for roads, utilities and water to remote sites in counties- and local residents who had to live with both unintended and unacceptable impacts to the character of their own neighborhoods.

Things have changed greatly since 1975; subdivision pressure has increased beyond anything we could have imagined back then. But other things have not; Wyoming’s subdivision regulations are not consistent and often do not encourage the sort of development that honors both our open spaces and working agriculture. Finding the balance between fostering development and keeping the Wyoming we love, is terribly hard, but few things worth doing are ever easy. We must understand the consequences of taking the easy path.

The following report calculates the financial cost to taxpayers and others of sprawling, rural developments. These patterns are found throughout Wyoming; the Sonoran Institute only chose to highlight the BB Brooks sub development because it is the most glaring example. I urge you to read this report and take the conclusions very seriously. The report contains the sort of information that communities across Wyoming need to start utilizing as they envision and plan for their future.

With honest facts and having reasonable people engaged, Wyoming folks will always do the right thing!

Respectfully and sincerely,

AI Simpson
U.S. Senator, Wyo. (Retired)
Cody, Wyoming
The Study

This study compares the costs and revenues associated with the three types of residential subdivision within Natrona County, Wyoming, as identified at right. Revenues are based upon sales taxes, property taxes, and other revenue sources generated by the development, and costs are based on expenses associated with building infrastructure (i.e., capital costs) and maintaining that infrastructure (i.e., operational costs).

Not all developments present equal expense. The more distant a development, the greater the cost to create and maintain the roads and bridges which connect the development to population centers. Residents of distant neighborhoods also spend more time on the road, shuttling back and forth from their home to shopping and municipal centers. Emergency service vehicles and personnel must travel farther, and take more time, to provide their services to that community than they would to a nearby neighborhood. Often times, satellite fire and police stations must be constructed at great expense to the taxpayer.

A community’s distance from urban and service centers is numerically expressed by its Vehicle Miles Traveled—or VMT. The greater a development’s VMT, the greater the taxpayer expense to build infrastructure, maintain it, and provide services to it.

After assessing the VMT associated with each development type, the study projects the fiscal impacts of future growth by calculating the expenses and revenues that would be generated by adding 500 units to each community. Providing fire, police, road and bridge services to these developments—just to name a few county services—creates substantial costs. By analyzing these costs, and comparing them to the revenues generated by these developments, the study reveals the fiscal burden each presents to county taxpayers.

Three Development Types

• Ranchette developments are the farthest away from municipal centers, and residents have long commutes to work, school, or commercial centers. This translates to a high VMT. In addition, Ranchette lots are large—35 acres or more—requiring significant expansion of county road systems to provide access to each lot. In Natrona County, this development type is exemplified by the BB Brooks Ranch development north of the City of Casper, the county seat.

• The rural exurban development type is also remote, and also has a high VMT. In this way, rural exurban developments are much like ranchette developments; the difference is that rural exurban developments are divided into lots smaller than 35 acres—usually about 6–10 acres in size.

• Metro infill areas are subdivisions with lots about one acre in size that are located within or adjacent to a city. Their residents make shorter trips to and from urban centers, so they generate a low VMT. They also benefit from proximity to the efficient, and pre-existing, infrastructure of the nearby city.
Results

The analysis finds that none of the development types generate more revenue than expenses. However, the expense of providing services to ranchette and rural exurban developments far outweighs their revenues, whereas metro infill developments pay for much of their costs.

The graphs shown below provide excellent examples of the costs and revenues associated with various types of development. The top graph shows the relative capital and operational costs associated with each development scenario. The lower graph shows revenues vs costs of each development type, with the result that metro infill leaves, by far, the smallest budgetary gap of the three.

So how are today’s large budget gaps overcome? Currently, these gaps are filled by applying funds generated by other county revenue sources, including oil and gas property tax, industrial and commercial land uses, tourism sales tax, and other taxes.

However, these sources fluctuate due to market forces and legislative changes, leading to budget gaps large and small. This, in turn, leads to the strong possibility that any exposed county government is likely to struggle, or even fail, to meet some of its most basic financial obligations. The Natrona County study shows that planning should be a foremost concern for counties in search of budgetary solutions, and that Natrona County is among the many counties that can benefit from the recommendations of the report.

Read the complete Natrona County Fiscal Impact Analysis Study at www.sonoraninstitute.org/natronacounty

Recommendations

- Exercise the ability to review 35-acre-plus developments, as allowed under Wyoming State Law and as adopted by Natrona County. Coordinate land use planning and development with the county’s cities and towns to create incentives for either the annexation of subdivisions when appropriate or development of subdivisions that have the potential for annexation in the future.

- Create incentives that direct development closer to cities and towns, for example: impact fees that require developers or prospective homebuyers to pay for the true cost of providing services to their specific type of development.

- Designate remote areas as limited service and infrastructure districts, and educate owners and buyers about these limitations.

- Establish a zoning ordinance that encourages municipal infill and discourages ranchette and rural exurban subdivisions.

- Allow citizens to vote on where the public should invest in capital improvements.

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