

## 7. Cost of Services

It has long been recognized that different land uses have different fiscal impacts for public entities. For example, residential development requires services such as road maintenance, refuse removal, water and sewer infrastructure, schools, libraries, and public safety services that other types of development do not need to the same degree or at all. Taxes collected from residential properties usually do not cover the cost of providing services to these properties and the difference must be made up in other ways.

Commercial development is often touted by as a way of increasing tax revenue without costing the community more money in increased services. However, commercial development, especially industrial or office development, often drives residential development as people seek to live close to where they work.

Agricultural land and open space are ultimately the most cost effective land uses for a municipality as they require few services in return for the taxes they pay.

This concept of land uses and their associated costs is often expressed in a number called a ‘cost of services’ (COS) ratio. This ratio is expressed as a “cost” for every dollar collected in revenue for a particular land use. For instance, agriculture, open space, or vacant land may have a ratio of .27. Therefore, these land uses cost the municipalities 27 cents for every dollar in revenue collected. Alternatively, residential land uses might have a ratio of 1.22, costing the municipality \$1.22 for every dollar of revenue collected.

Many municipalities have had these numbers calculated in recent years, including the Town of Farmington (see Table 1). After reviewing over two dozen municipalities throughout the northeastern United States, G/FLRPC ultimately used Farmington’s ratio numbers in conducting the fiscal impact analysis.

**Table 10 - Farmington Cost of Service (COS) Ratios**

| Municipality   | Cost of Service Ratios |            |             |
|----------------|------------------------|------------|-------------|
|                | Ag/Open Space          | Com/Indust | Residential |
| Farmington, NY | 0.72                   | 0.27       | 1.22        |

Source: Kinsman et al., 1991

## 8. Municipal Revenue

Genesee/Finger Lakes Regional Planning Council acquired and compiled the assessed property values in the three municipalities as well as their respective municipal tax rates (See Tables 11 and 12 on the following page)

**Table 11 – Assessed Value**

|                            | Assessed Value       |
|----------------------------|----------------------|
| <b>City of Canandaigua</b> |                      |
| Agriculture                | \$0                  |
| Residential                | \$284,353,400        |
| Vacant                     | \$8,934,900          |
| Commercial                 | \$225,981,700        |
| Public                     |                      |
| <b>Total</b>               | <b>\$519,270,000</b> |
| <b>Town of Canandaigua</b> |                      |
| Agriculture                | \$23,691,510         |
| Residential                | \$459,645,597        |
| Vacant                     | \$29,791,850         |
| Commercial                 | \$159,955,356        |
| Public                     |                      |
| <b>Total</b>               | <b>\$673,084,313</b> |
| <b>Town of Farmington</b>  |                      |
| Agriculture                | \$22,273,800         |
| Residential                | \$277,204,300        |
| Vacant                     | \$20,066,110         |
| Commercial                 | \$121,462,563        |
| Public                     |                      |
| <b>Total</b>               | <b>\$441,006,773</b> |

Source: Ontario County Real Property Tax Services

**Table 12 – Municipal Tax Rates**

|                            | Municipal Tax Rate |
|----------------------------|--------------------|
| <b>City of Canandaigua</b> | 6.615634           |
| <b>Town of Canandaigua</b> | 0.916745           |
| <b>Town of Farmington</b>  | 1.454983           |

Source: Ontario County Real Property Tax Services

These rates were then applied to the assessed value figures to obtain an approximation of how much revenue is collected by the municipalities on the basis of property assessment and local taxation (See Table 13 on the following page). Note: these figures do not represent the total municipal budget due to outside funding sources, fees, etc.

**Table 13 – Revenue**

| A                          | B                              | C                           | D                  | E  |
|----------------------------|--------------------------------|-----------------------------|--------------------|--|
|                            | Percent of Total Land-Existing | Assessed Value              | Municipal Tax Rate | Revenue Derived from Local Taxes (C x D) |
| <b>City of Canandaigua</b> |                                |                             |                    |  |
| Agriculture                | 0.00%                          | \$0                         | 6.615634           | \$0                                      |
| Residential                | 39.32%                         | \$284,353,400               | 6.615634           | \$1,881,178                              |
| Vacant                     | 12.20%                         | \$8,934,900                 | 6.615634           | \$59,110                                 |
| Commercial                 | 31.28%                         | \$225,981,700               | 6.615634           | \$1,495,012                              |
| Public                     | 17.20%                         |                             |                    |  |
| <b>Total</b>               |                                | <b><u>\$519,270,000</u></b> |                    | <b><u>\$3,435,300</u></b>                |
| <b>Town of Canandaigua</b> |                                |                             |                    |  |
| Agriculture                | 50.16%                         | \$23,691,510                | 0.916745           | \$21,719                                 |
| Residential                | 24.54%                         | \$459,645,597               | 0.916745           | \$421,378                                |
| Vacant                     | 18.46%                         | \$29,791,850                | 0.916745           | \$27,312                                 |
| Commercial                 | 4.99%                          | \$159,955,356               | 0.916745           | \$146,638                                |
| Public                     | 1.87%                          |                             |                    |  |
| <b>Total</b>               |                                | <b><u>\$673,084,313</u></b> |                    | <b><u>\$617,047</u></b>                  |
| <b>Town of Farmington</b>  |                                |                             |                    |  |
| Agriculture                | 59.25%                         | \$22,273,800                | 1.454983           | \$32,408                                 |
| Residential                | 19.58%                         | \$277,204,300               | 1.454983           | \$403,328                                |
| Vacant                     | 15.87%                         | \$20,066,110                | 1.454983           | \$29,196                                 |
| Commercial                 | 4.79%                          | \$121,462,563               | 1.454983           | \$176,726                                |
| Public                     | 0.51%                          |                             |                    |  |
| <b>Total</b>               |                                | <b><u>\$441,006,773</u></b> |                    | <b><u>\$641,657</u></b>                  |