Fee Projections

September 21, 2020
Fee Projection Methods

**Historical**
- One-year
- Three-year
- Longer

**Referential**
- Building Permits
- Employment
- Vacant Parcels

**Combination**
- Historical
- And Vacant Parcels
- And General Economy
- “Gut Check”
Historical

- Looking at fee revenue itself
- Application types
- Basing future performance on past performance
Percentage of All Applications (2008 – 2020*)

- Commercial/Industrial: 39.32%
- Residential & Mixed: 28.10%
- Forestry: 3.15%
- Infrastructure: 2.11%
- Institutional: 2.81%
- Recreation: 4.51%
- Resource Extraction: 9.69%
- Residential: 9.50%

*2020 data incomplete – only applications thru April are included
Proportion of Fee Revenue (less refunds)

- Commercial/Industrial: 41%
- Residential & Mixed: 16%
- Institutional: 14%
- Infrastructure: 16%
- Resource Extraction: 8%
- Recreation: N/A
- Forestry: 0%
- Residential: 0%
Historical $\rightarrow$ Projected

- Past year revenue
  - Greatest variability
  - One major application changes everything
  - One standard deviation for the period = $116,000

- Three-year average revenue - $412,557
  - Compared to 2020 actual - $382,676
  - Compared to 2020 budget projection -$690,000

- Five-year average revenue - $399,238

- Twelve-year average revenue - $393,432
Referential Method

- Use other metrics to project future fees – “If X is trending up, then application fees will also go up”
- Potential Metrics (Long Term Economic Monitoring data)
  - Vacant lots
  - Employment
  - Building Permits
  - Population
Vacant Lot Trend vs. Fee Trend
L-2 Vacant Parcels by Region

Average Number of Vacant Parcels

Average

1800
1600
1400
1200
1000
800
600
400
200
0


Non-Pinelands  Pinelands  State
Comparing Other Metrics (year over year change)
Combination Method

- Use historical revenue data
- Use an average of the annual revenue
- Apply a “gut check” via other economic trends
  - The number of vacant parcels in the Pinelands region will eventually be comparable to non-Pinelands region and the State (~2028)
  - Re-development will continue
  - Upward and downward spikes will happen
- Review historical trends in separate application types, particularly residential and commercial/industrial
Recommendation

- Use longer term annual fee revenue average to project next fiscal year
- Suggest 5-year average for the combination of long-term trends and more recent influences
- Five-year average was $399,238 – Round to $400,000 for FY2021