

City Yard Options

Presentation to City Council

City Yard –Options

City Fiscal Impacts - Gross

	Beechwood	East Main	Defer
Base Cost	(\$19,000,000)	(\$25,000,000)	(\$22,000,000) ¹
Total Interest ²	(\$7,000,000)	(\$10,000,000)	(\$11,000,000) ³
Cost with Interest	(\$26,000,000)	(\$35,000,000)	(\$33,000,000)
Annual Payment ² (20-Year Bond)	(\$1,300,000)	(\$1,750,000)	(\$1,650,000) ³

1: Assumes 3% inflation rate, and includes \$600,000 for emergency repairs and salt loss in years 1 – 3

2: Assumes 3.5% interest rate for Options A & B, 4.5% interest rate for Option C

3: Interest applied to \$21.5 million, excluding short-term costs

City Yard Options

Covering the Cost: The Choice

Charge Full Cost to Taxpayers

or

Reduce & Defray Taxpayer Costs
Through Public-Private Partnership

City Yard Options

Echo Bay Project: Basic Terms

20-Year PILOT, Commencing in 2017
(term of PILOT set to equal term of City Yard bond)

PILOT level set to cover all projected School expenses
(Additional PILOT payments to City, County and Library set at proportional level)

Forest City to provide direct contribution to near-term City Yard costs

Echo Bay project generates ongoing revenue

Forest City responsible for all on-site capital improvements

This presentation is more up-to-date, conservative and accurate than the present rough draft of Echo Bay DEIS

City Yard Options

Evaluating the Options: Metrics

Public Sector Impacts

City Fiscal – Gross vs. Net

Overall Taxpayer, Including School, County & Library

Capital Investments in Public Assets

Other Community Impacts

General Economic

General Planning

Near-Term City Fiscal Impacts (2014-2016)

City Yard Options

Echo Bay: City Fiscal Impacts

Category	Revenue (Nearest 100k)
Near-Certain	\$8,600,000
Permit & Other Fees	\$1,200,000
PILOT (City Share)	\$3,100,000 ¹
Refuse Fee	\$1,800,000
City Yard Contribution	\$2,500,000
Projected	\$7,200,000
Sales Tax (Direct)	\$6,000,000 ²
Sales Tax (Indirect)	\$900,000 ³
Utility Receipts Tax	\$300,000
TOTAL	\$15,800,000

- 1: Overall PILOT set to cover school costs, increasing by 2.5% annually
- 2: City sales tax generated by 25,000 sq. ft. of retail
- 3: City sales tax from additional purchases by Echo Bay residents

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Echo Bay: Other Taxpayer Impacts

Category	Revenue (Nearest 100k)
PILOT (School Share)	\$15,500,000 (Net: 0) ¹
PILOT (County Share)	\$2,100,000
PILOT (Library Share)	\$300,000
County Refuse District	\$200,000
County Sewer District	\$700,000
MCTD Sales Tax	\$1,000,000
County Sales Tax	\$4,100,000
School Utility Tax	\$600,000
TOTAL	\$24,500,000 (Net: \$9,000,000)

1: School District PILOT will cover all projected public school costs, based on 22 projected students and marginal per pupil expenses of \$17,500, increasing by 2.5% annually.

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Echo Bay: Forest City Upfront Capital Investments

Category	Investment (Nearest 100k)
Park/Open Space Creation	\$5,500,000
Public Infrastructure	\$1,000,000
Nelstad Acquisition/Site Work	\$2,000,000
Mancuso Marina Site Work	\$500,000
Environmental Remediation	\$3,000,000
TOTAL	\$12,000,000

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Echo Bay: General Economic Impacts

Contributions to Local Economy
Direct Construction Spending ¹
Discretionary Spending of New Residents ²
Earnings of Retail/Residential Employees ³

Job Category	Number of Jobs Created ⁴
Construction	127
Residential/Retail	59

1: Estimated at \$64,500,000

2: Estimated at \$232,200,000

3: Estimated at \$51,300,000

4: Additional indirect job creation estimated at 1,022

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Echo Bay: General Planning Impacts

General Community Benefits (Non-Quantified)

Creation of New Recreational & Open Space Asset for Public

Catalytic Effect on Development Potential of Adjacent Waterfront Properties

Growth in Commercial & Business Opportunities along East Main Corridor

Stronger Linkage Between Downtown & Waterfront

Synergy with & Support for Armory Rehabilitation and Reuse

Increase in Property Values within Surrounding Residential Neighborhoods

Environmental Remediation of Contaminated Public Land

Job Training & Placement Opportunities through Construction Activities

Potential Access to State Economic Development Grants

City Yard Options

Overall Community Impact

	Beechwood	East Main	Defer
Base Cost	(\$19,000,000)	(\$25,000,000)	(\$22,000,000)
Beechwood Sale	0	\$3,800,000 ¹	0
<u>Echo Bay Benefits</u>	<u>\$36,800,000</u>	0	0
City Revenue - Direct	\$8,600,000	0	0
City Revenue - Projected	\$7,200,000	0	0
Other Public Revenue (Net)	\$9,000,000	0	0
FC Capital Investment (Public)	\$12,000,000	0	0
Net Public Benefit (Cost)	\$17,800,000	(\$21,200,000)	(\$22,000,000)
Net Benefit (Cost) w. Interest	\$10,800,000	(\$31,200,000)	(\$33,000,000)
General Economic	Yes ²	No	Maybe
General Planning	Yes	No	Maybe

1: Assumes \$4m sale price, less \$200,000 cost of sale

2: Total economic benefit estimated at \$348,000,000, for total net impact of \$365,800,000 and total net impact with interest of \$358,800,000

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Near-Term City Fiscal Impacts (2014-2016)

	Beechwood	East Main	Defer
Annual Payments	(\$1,300,000)	(\$1,750,000)	(\$1,650,000)
Payments (2014-16)	(\$3,900,000)	(\$5,250,000)	0
Emerg/Salt (2014-16)	0	0	(\$600,000)
Forest City Contribution	\$2,500,000	0	0
Permit Fees	\$1,200,000	0	0
Beechwood Sale	0	\$3,800,000	0
Net Near-Term Impact	(\$200,000)	(\$1,450,000)	(\$600,000)

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Taxpayer Impacts (Dollars per Year per Taxpayer)

	Beechwood	East Main ¹	Defer
Year 1	0	0	\$12
Year 2	0	0	\$12
Year 3	\$12	\$87	\$12
Year 4-20 ¹	See Below	\$105	\$99
w. Direct City Fiscal Benefits	\$60	NA	NA
w. Projected City Fiscal Benefits	\$30	NA	NA
w. All Public Benefits	Net Positive	NA	NA

1: "East Main" option includes Beechwood sale proceeds.

2: For "Defer" option, payments run from years 4-23.

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Additional Points

- City Yard cost estimates are conservative, and include appropriate allowances for contingencies and interest rates. Construction options may reduce expenses.
- Deal terms and impacts will be independently evaluated by the City's development consultants prior to adoption of a Land Disposition Agreement in mid-2013.
- The City Administration will not expend funds or issue bonds for City Yard construction until after the Council approves a Land Disposition Agreement.

City Yard Options

Key Takeaways: Beechwood Option

- \$18 million net benefit to the public.
- \$40 million more favorable to the public than the alternatives.
 - Lowest near-term costs for the City.
- Total economic value of nearly \$400,000,000.
- Clean, open, publicly accessible waterfront.
 - All School District expenses covered.