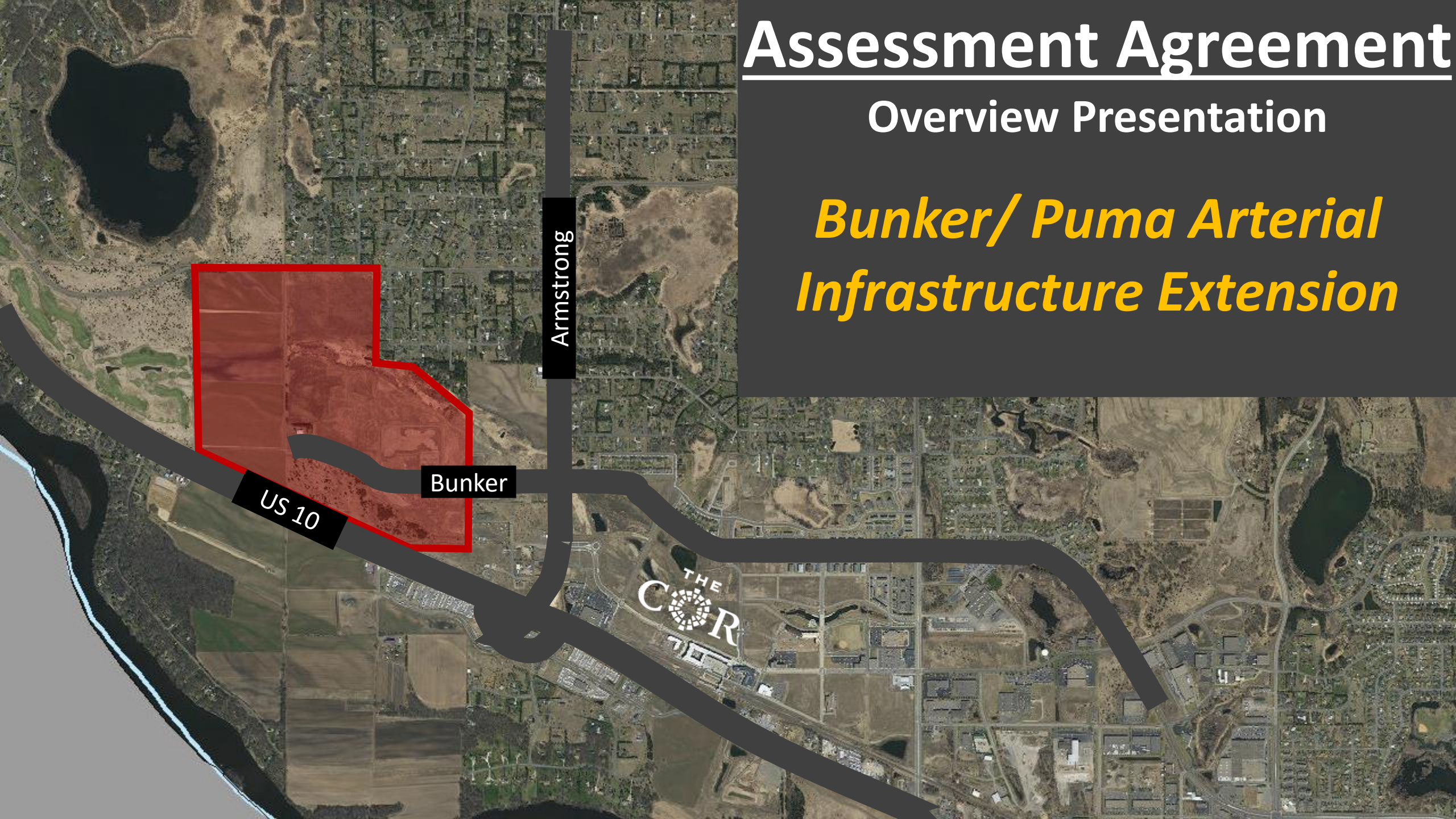


# Assessment Agreement

## Overview Presentation

### *Bunker/ Puma Arterial Infrastructure Extension*



Armstrong

Bunker

US 10

THE  
CORNER

# Assessment Agreement Overview

CAPSTONE HOMES

Phase 2

Puma

Phase 1

US 10

Bunker

## Summary

- City extend arterial infrastructure in late 2017/2018
- City fund project upfront
- Funding Source: EDA Fund, ACHRA, and/or TIF#1  
City assess back Riverstone Development portion
- City assess back Hageman Holdings portion
- City use past practice of 60/40 split (60% City)

### PHASE 1B: \$1.44M (\$2.17M GROSS)

- City 60% (864K)
- Capstone 40% (576K)

### PHASE 1A: \$1.18M (\$1.51M GROSS)

- City 60% (708K)
- Capstone 16% (188K)
- Hageman 24% (283K)

# Assessment Agreement Policy Considerations

## Benefits

- Deal is agreeable to Capstone Homes and Hageman Holdings
- Would trigger roughly 300 unit residential development:
  - Drive traffic/consumers to The COR--demographics for retail/restaurants.
  - Trigger payment of significant development fees. Park dedication fees--trigger preliminary development of new Alpine Park.
  - Various new pedestrian connections (completes portion of greenway)
  - Inventory of major res. plats with land available is running low.
  - Project would help sustain Ramsey's steady growth of sf. res. product into future.
- Secure remaining arterial infrastructure needed for new Ramsey business park now (about half remains). New business park helps Ramsey complete several Council and EDA goals. Several ancillary benefits exist from new business park.
- Deal (60:40 split) generally consistent with recent projects in Ramsey. Based on review of historical res. projects, this deal appears to be as good, or better, than previous deals (for the City, from a cost-share perspective).
- 1-time funding being used. Funding sources proposed meets the intent/reason for levying said dollars. Using 1-time funding eliminates need to bond (\$225K debt service impact to the general levy).

## Considerations

- City's primary goal for this area is establishing a new business park. Upon completing the rezoning process, the City will have about 55 acres of business park land available, with appropriate arterial infrastructure in place, today.
- Moving forward with Capstone's request could be considered risky.
  - The City could wait, until our existing 55-acres of business park land, currently served by arterial infrastructure, is developed, before we make additional significant investments in this area.
  - Another slump in the economy is expected by many. What would this large city investment look like to the public if there was? Is the City okay with accepting that risk?
- Use of 1-time funding
  - CASH from EDA: project would deplete City's EDA funds (\$2.55M July 2017). Said dollars could be used for other projects (community center, hwy. 10, business recruitment, parking ramp, etc.).

# Funding Options

Two general options to consider for funding: bonding or cash (i.e. existing funds).

## Option #1 - Issue \$2,700,000 G.O. Improvement Bonds: 10 year term (5 years of Assessments)

Alternative	Average Annual Debt Service	(Less) Average Annual Assessments	Net New Tax Levy	Projected <u>Annual</u> Tax Increase - Avg. Value Home (\$211,800 - Pay 2017)
A - 40% Assessment	\$317,636	\$89,438	\$228,198	\$21
B - 50% Assessment	\$315,551	\$118,721	\$196,830	\$18

EDA dollars available to fund project upfront, no bonding (new debt) required

## Option #2 - Internal Financing of Total Project Costs

Alternative	Internal Funds Needed For Project Costs	* (Less) Total Potential Assessment Collections	Net Internal Funds Not Recaptured
A - 40% Assessment	\$2,600,000	\$1,200,631	(\$1,399,369)
B - 50% Assessment	\$2,600,000	\$1,497,063	(\$1,102,937)

- ACHRA/EDA Account: \$1.75M, EDA Fund: \$800K = \$2.55M
- TIF #1 Balance = Pending

- Allow city to capture new tax base created from Capstone for other needs (about \$400K city), and helps keep stable tax base.

- Hageman/ Capstone assessments would refund EDA Fund, in future (about \$1.2M)

- Allows project to be an EDA/HRA project/ initiative.

\* Assumes Capstone assessments are paid in first 5 years and Hageman Assessments are deferred and paid in year 10