



# Financial Context for **Basalt River Parcel** Reuse Alternatives

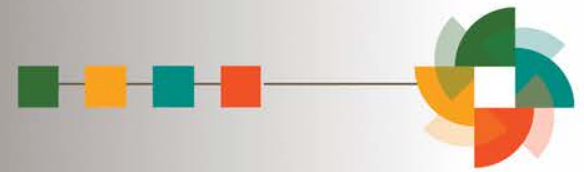
*April 14, 2015*

**Bruce Kimmel and Paul Wisor**



**EHLERS**  
LEADERS IN PUBLIC FINANCE

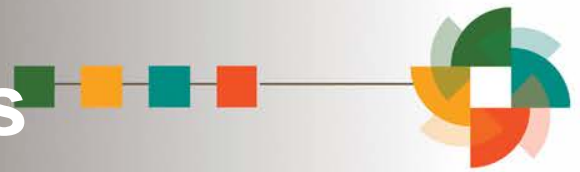
# Fix the Fork Funding - 2013



- **\$7.5 Million Plan as presented September 2013**
- **Parks, Open Space & Trails Cash: \$2.0 Million**
  - River restoration and Park improvements
  - Relocation necessary for River/Park projects
- **General Fund Cash: \$650,000**
  - Relocation and RFCDC parcel work needed for redevelopment
- **General Obligation Bond Funds: \$4.85 Million**
  - Tax-Exempt Portion: River/Park projects and adjacent streets
  - Taxable Portion: RFCDC and RMI parcel work needed for redevelopment and adjacent streets



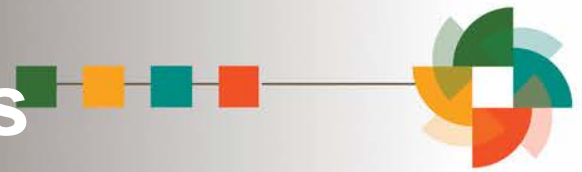
# Fix the Fork Funding - Bonds



- November 2013: G.O. Bond Question Passes
- December 2013: Town funds \$3.0 Million of public use costs with tax-exempt G.O. Bonds
  - S&P “AA” Credit Rating
  - 10 Competitive Bids; Winning Rate of 1.89% (TIC)
  - 10-Year Debt Service averaging \$350,000 per year
  - Concurrent refunding of existing Town debt saves \$104,000!
- October 2014: Town funds \$1.84 Million of private use costs with taxable G.O. Bonds
  - Bank Placement to permit prepayment flexibility
  - 7 Bank Bids; Winning Rate of 2.79% (TIC)
  - 7-Year Debt Service averaging \$300,000 per year



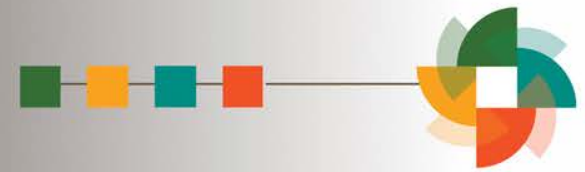
# Fix the Fork Funding - Bonds



- **Repayment of 2013 Tax-Exempt Bonds**
  - 90%: POST 1% sales tax revenues
  - 10%: General property / sales tax revenues
  
- **Repayment of 2014 Taxable Bonds**
  - Near-Term: General property / sales tax revenues
  - Long-Term: Use payments negotiated with RFCDC parcel redevelopment to reimburse Town and payoff bonds early
  
- **Town Investment in RFCDC Parcel**
  - Total reimbursable costs: \$2.5 million (of \$7.5 million)
  - Direct site improvements: \$1.2 million (of \$2.5 million)



# Fiscal Considerations



- **RF CDC Parcel = Open Space**
  - Town pays \$350,000 annually for 10 years
  - Town pays \$300,000 annually for 7 years – no reimbursements
  - Town buys RF CDC parcel – timing and price TBD
  - Future economic benefit dependent on park programming
  
- **RF CDC Parcel = Current Lowe Proposal**
  - Town pays \$350,000 annually for 10 years
  - Reimbursement and 2014 bond payoff likely – amounts TBD
  - Town commits incremental new taxes – term and amount TBD
  - Economic benefit: new taxes above / after agreement

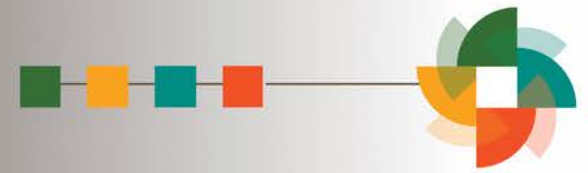


# Fiscal Considerations



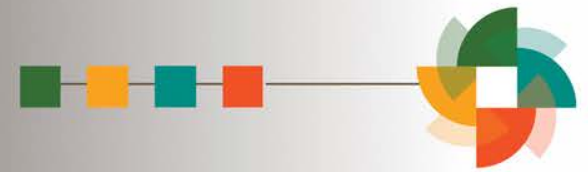
- RFCDC Parcel = Open Space + Lowe Hotel Only
  - Town pays \$350,000 annually for 10 years
  - Smaller reimbursement and 2014 bond payoff
  - Larger investment of incremental new taxes
  - Economic benefit: fewer new taxes above / after assistance
- RFCDC Parcel + New Area(s) = Open Space plus Reorganized Lowe Proposal
  - Town pays \$350,000 annually for 10 years
  - Town sells adjacent parcels / right-of-way – Terms TBD
  - **Goal: Improve on economic benefit of current Lowe proposal**
- Economic Feasibility is Key Factor





- **There is no one size fits all approach**
  - Each community has its own unique priorities, market opportunities, public finance and infrastructure characteristics, and appetite to participate in redevelopment.
  - Town can ensure its decision on whether and how to support / participate in a particular project is aligned with its values by considering a logical progression of “macro to micro” questions
    - ***This is just the beginning of the process...***





- **Do you want to explore redevelopment opportunities with Lowe?**
  - Predevelopment agreement is the next step, the context in which to brainstorm and negotiate a mutually-agreeable River Parcel solution
  - If, instead, the Town wishes to pursue 100% open space...make that policy decision, thank Lowe for its time and effort, and engage RFCDC and other parties accordingly

