



CHELSEA COMMONS AREA (CCA) FINANCIAL PLANNING

AUGUST 5, 2021

Tammy Omdal, Northland Public Finance



Focus of Financial Planning for CCA

- Prepare and present a model of economic development using the following scenarios:
 - Baseline Development Scenario
 - Good Development Scenario
 - Great Development Scenario

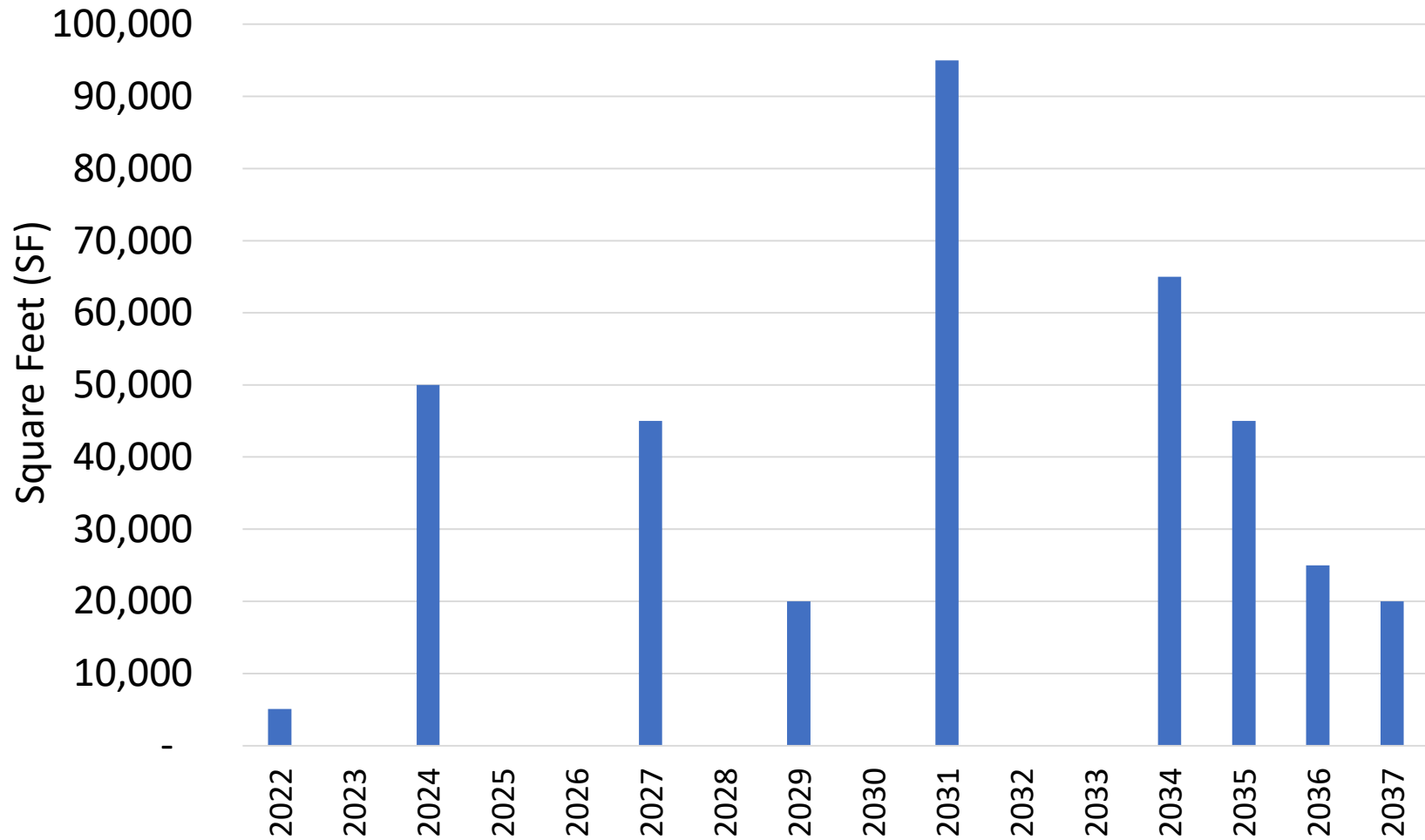
Focus of Financial Planning for CCA

- Review estimated public improvement costs and estimated taxable market value of private improvements for each scenario
- Identify sources of funding for public improvements for each scenarios

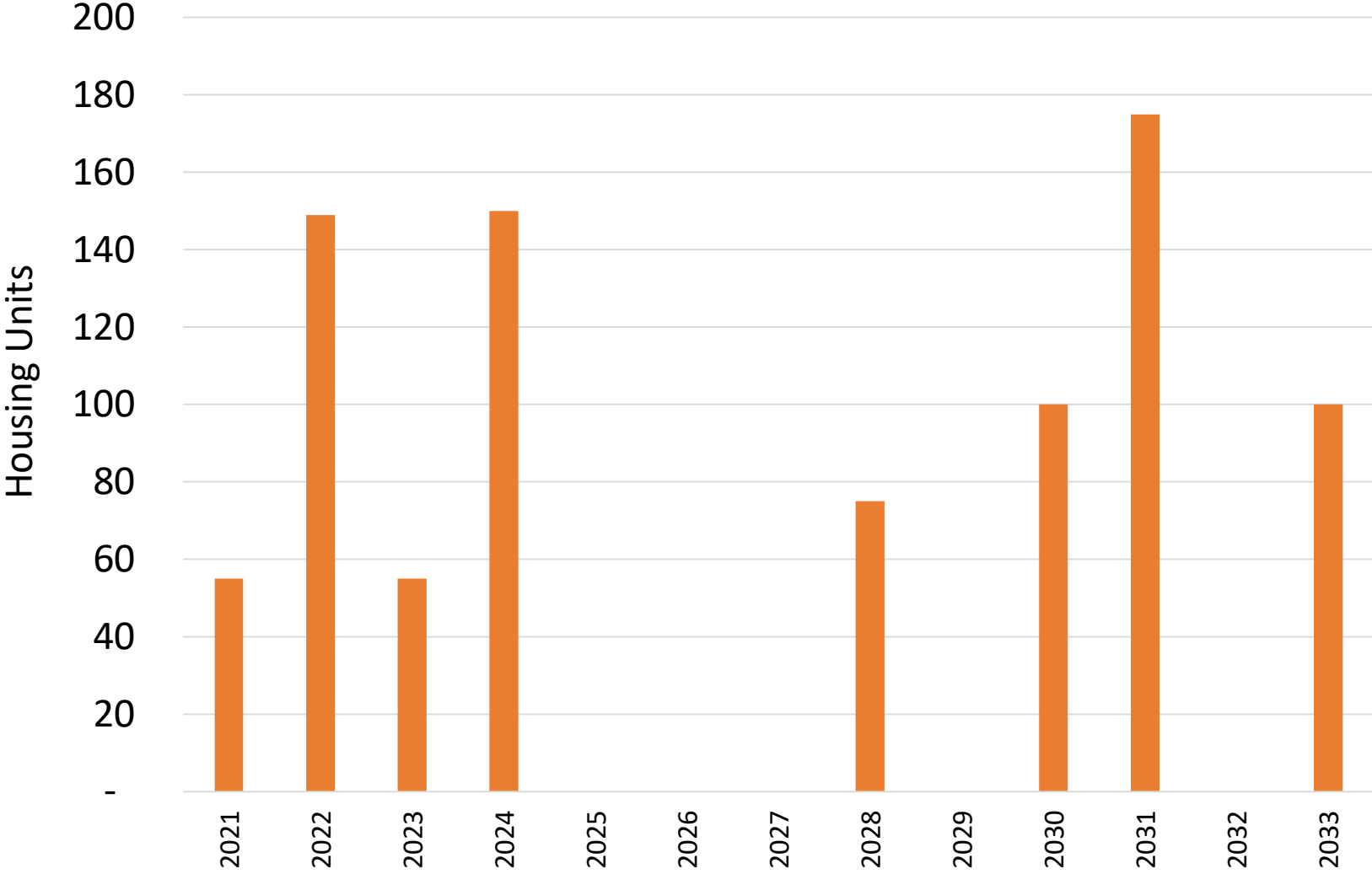
Development in CCA will increase taxable market value in the City

- 859 housing units to be added between years 2021-2033
- 370,100 SF of commercial-retail to be added between years 2021-2037

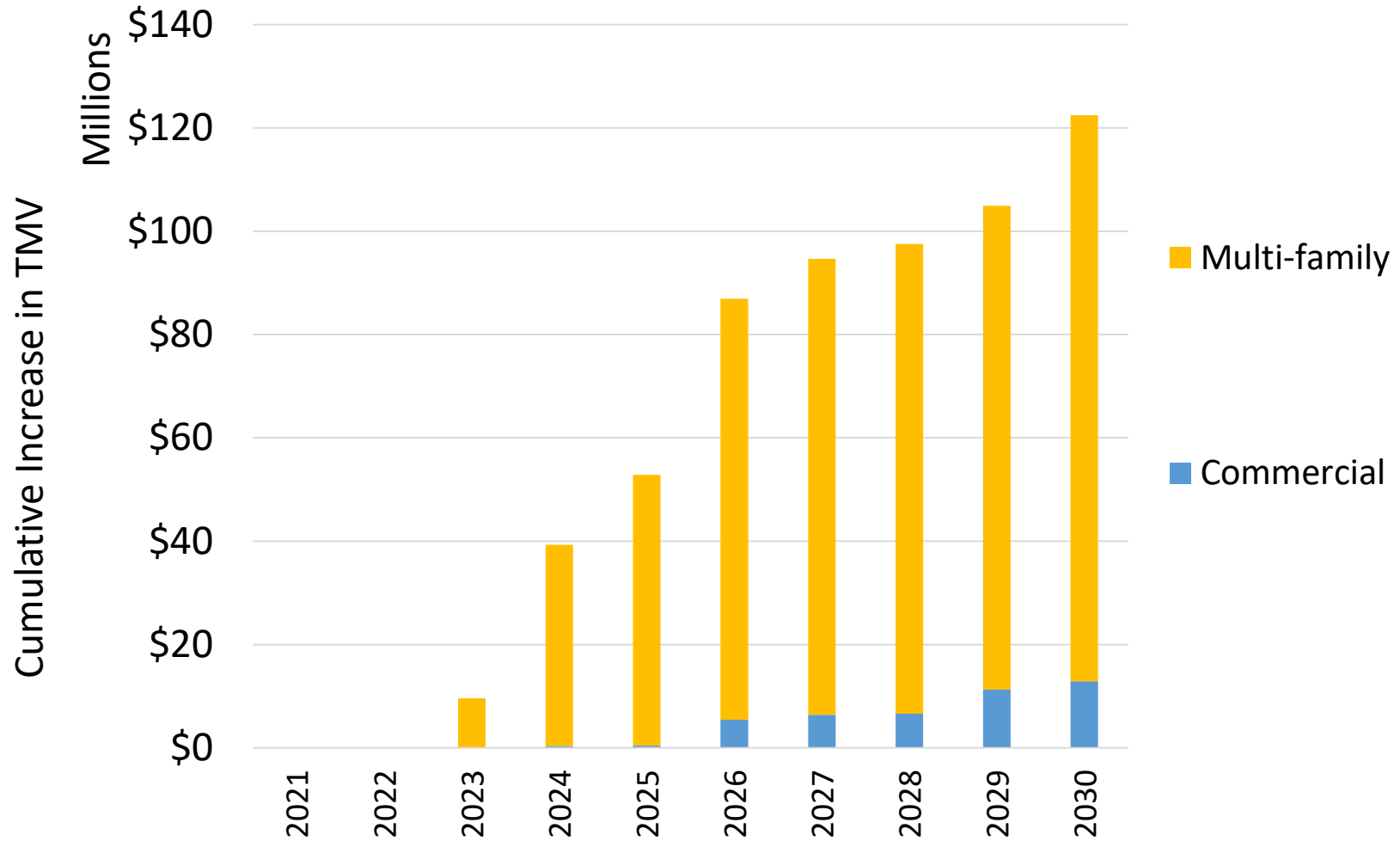
Construction of commercial-retail building space is projected at 370,100 SF between years 2022-2037



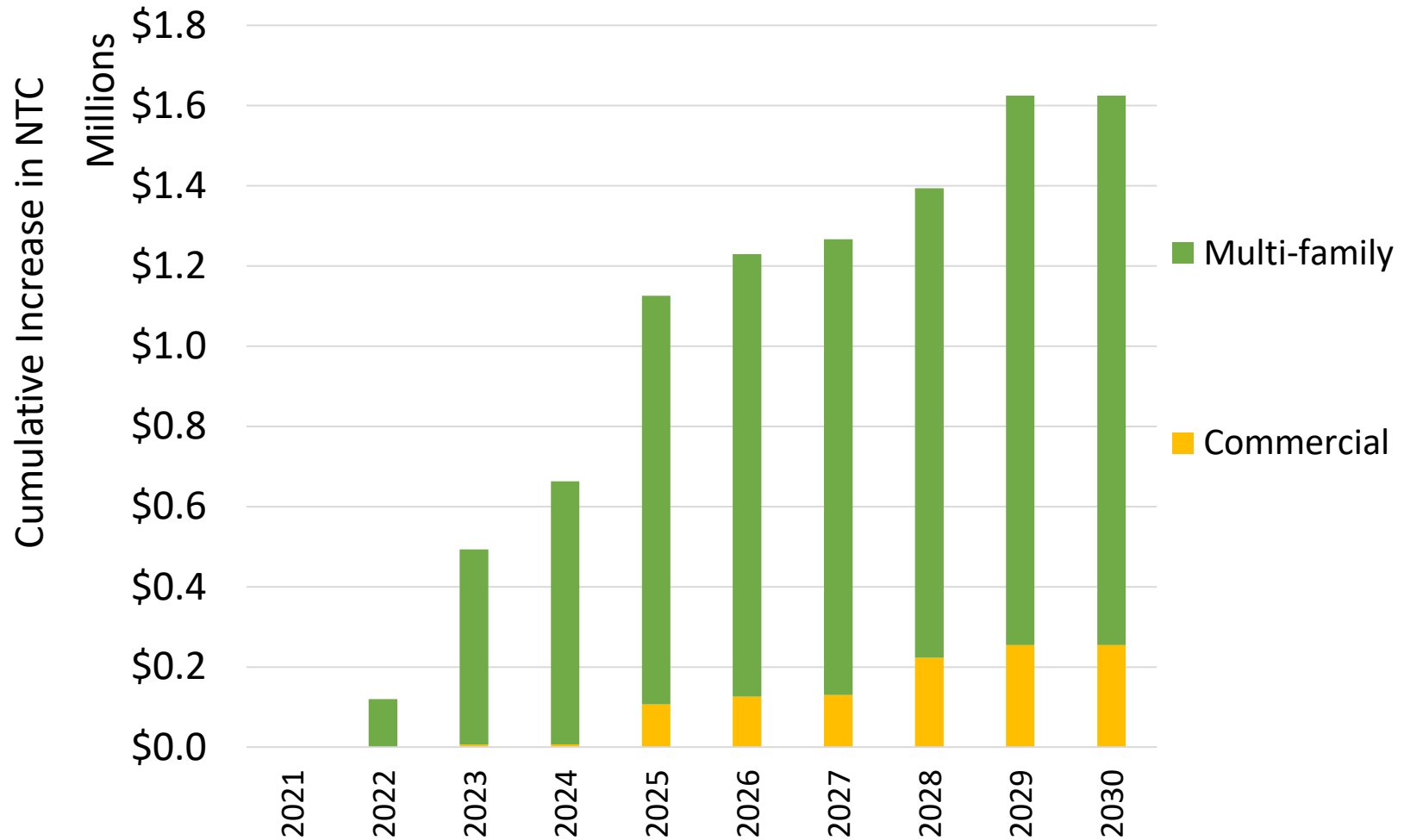
Construction of residential multi-family units is projected at 859 units between years 2021-2033



Taxable Market Value (TMV) from CCA is projected to increase City's TMV \$122.4 million, City's Pay 2021 TMV is \$2.06 billion



Net Tax Capacity (NTC) from CCA is projected to increase the City's NTC \$1.62 million, City's Pay 2021 NTC is \$31.026 million



Public infrastructure improvements are needed in CCA

- For planning purposes, City prepared public infrastructure improvement plans based on three scenarios
 - Baseline improvements \$12,239,000
 - Good improvements + \$4,203,000
 - Great improvements + \$10,339,000
 - Combined Total \$26,781,000

Pond / Water Quality Improvements Comprise the Majority of the Project Costs



Authority to issue bonds to finance improvements will depend on the type of improvement and other facts*

- G.O. Tax Abatement Bonds (MS 469.1814)
- G.O. Improvement Bonds (MS 429.091)
- G.O. Utility Revenue Bonds (MS 444.075)
- G.O. Street Reconstruction Bonds (MS 475.58, Subd. 3B)

*certain limitations may apply

Public finance tools for economic development

- TIF not anticipated to be a tool due to the type of private development anticipated
- Pooling of TIF from other TIF districts may be an option depending on the facts and funds available from other districts
- Tax abatement is anticipated to be a tool that will need to be used to support financing of public improvements
- Special assessments to benefiting properties may be a tool that is used

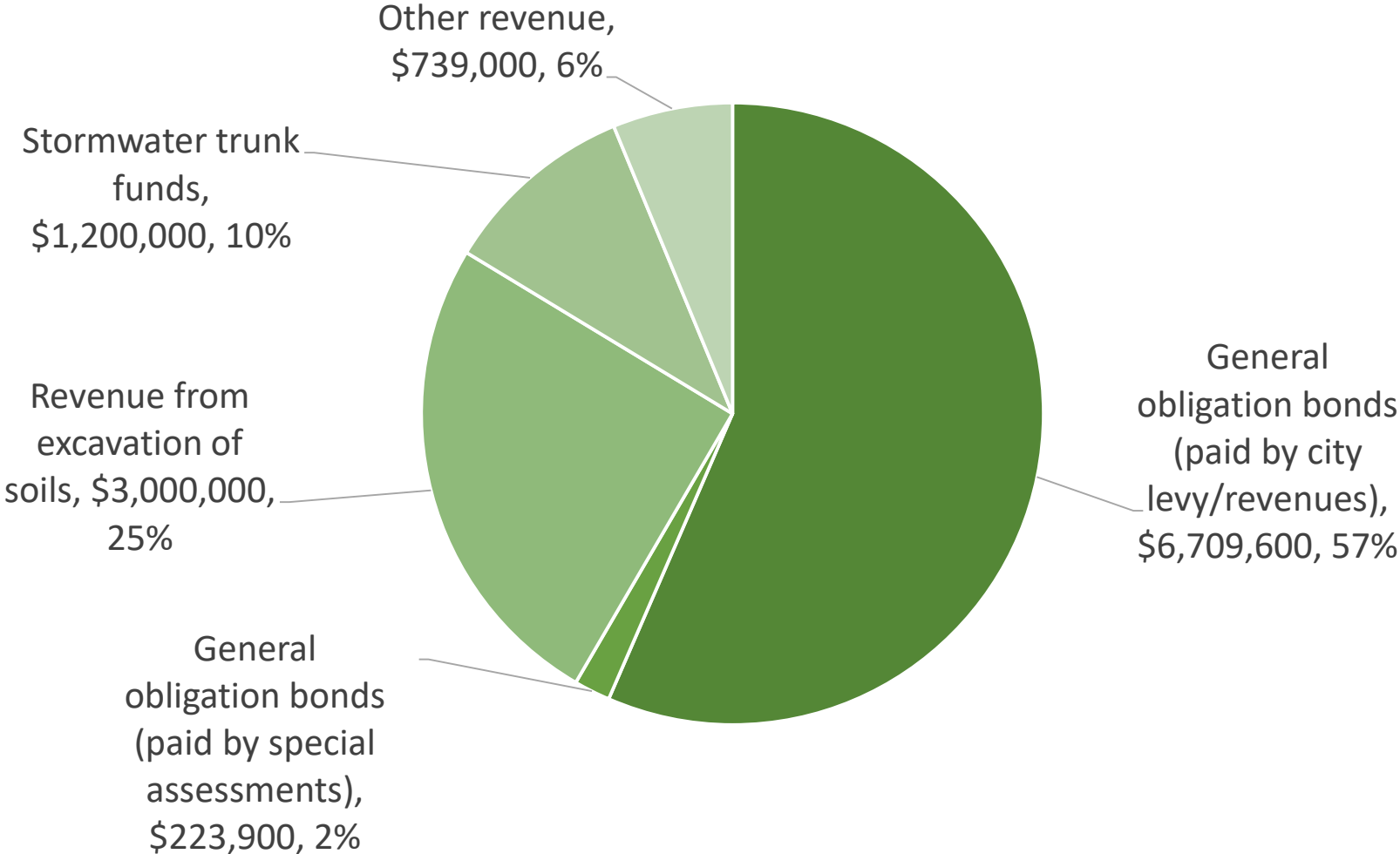
Other revenues and/or expense offsets will be considered

- City is considering options to achieve soil removal related to ponding that could reduce City project costs
- Estimated trunk storm fees: \$1.2 million, based on 65 developable acres at \$23,000/acre, with any applicable land credit built in

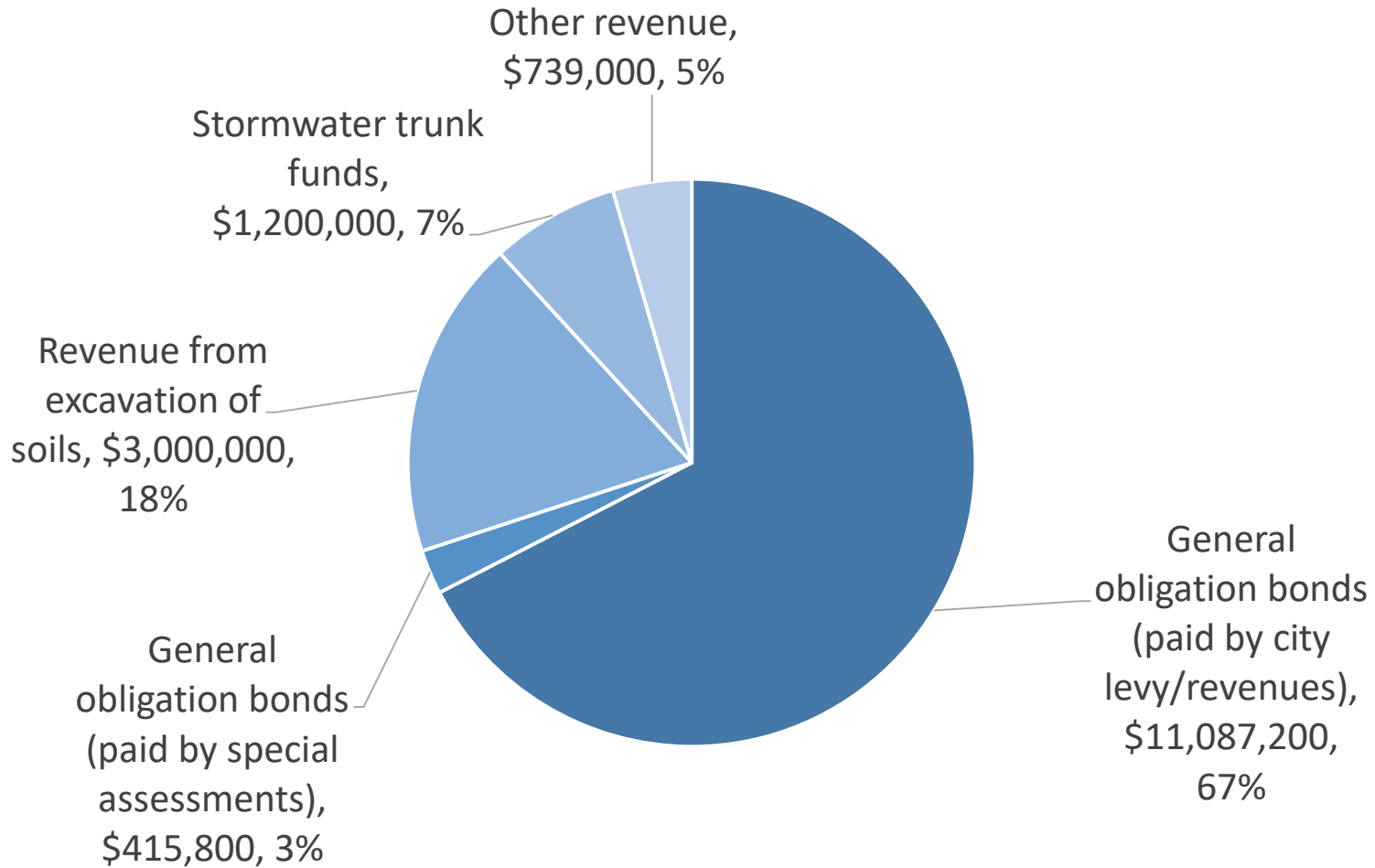
Other revenues and/or expense offsets will be considered

- State grants or special legislation may be a strategy for the City to consider
- Special service district may be considered
 - Requires petition from commercial property owners and fees are levied against commercial property only
 - May be strategy to pay for additional amenities and operating/maintenance costs of common areas

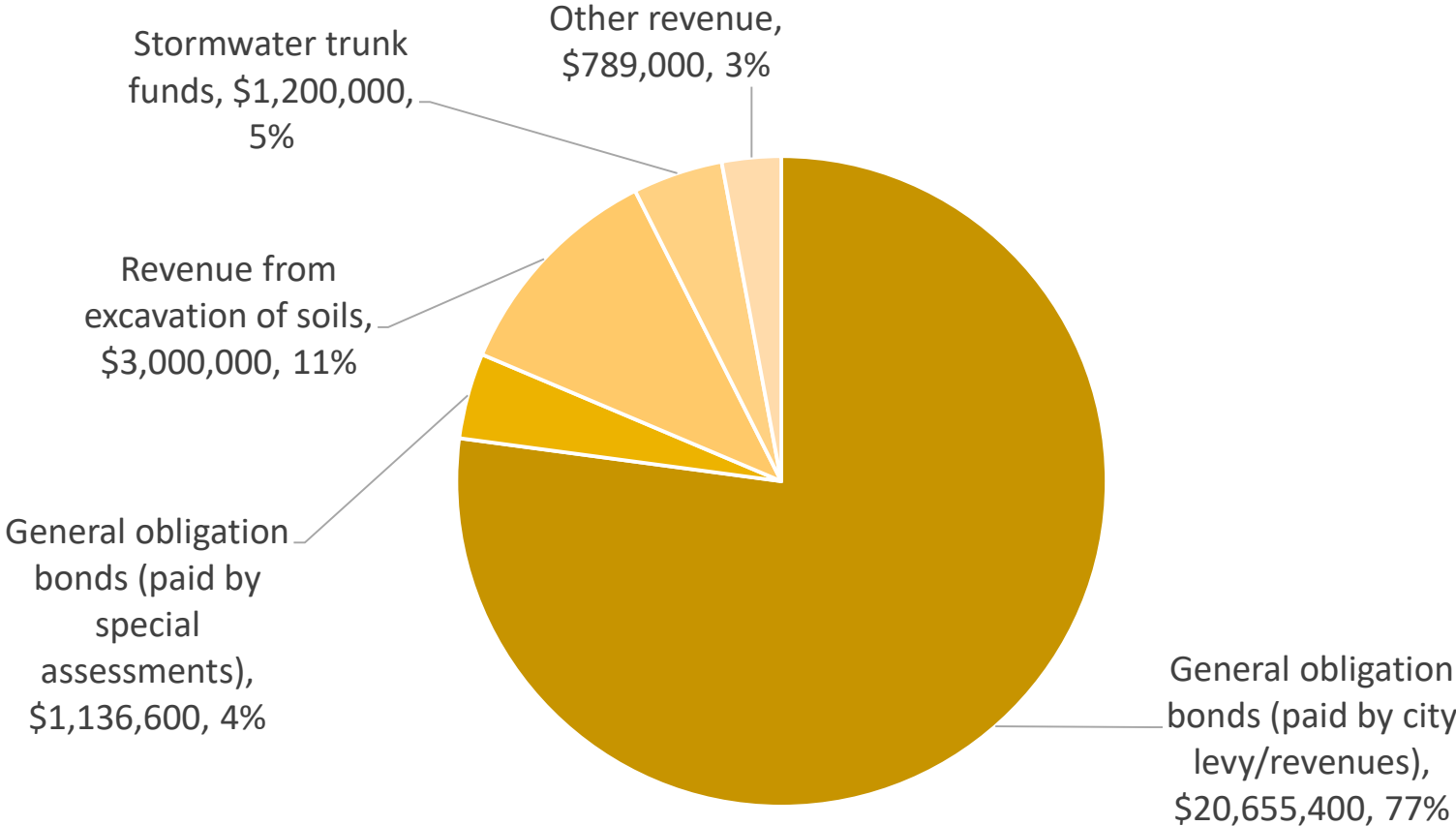
Source of Funds for \$11,872,000 **Baseline Scenario**



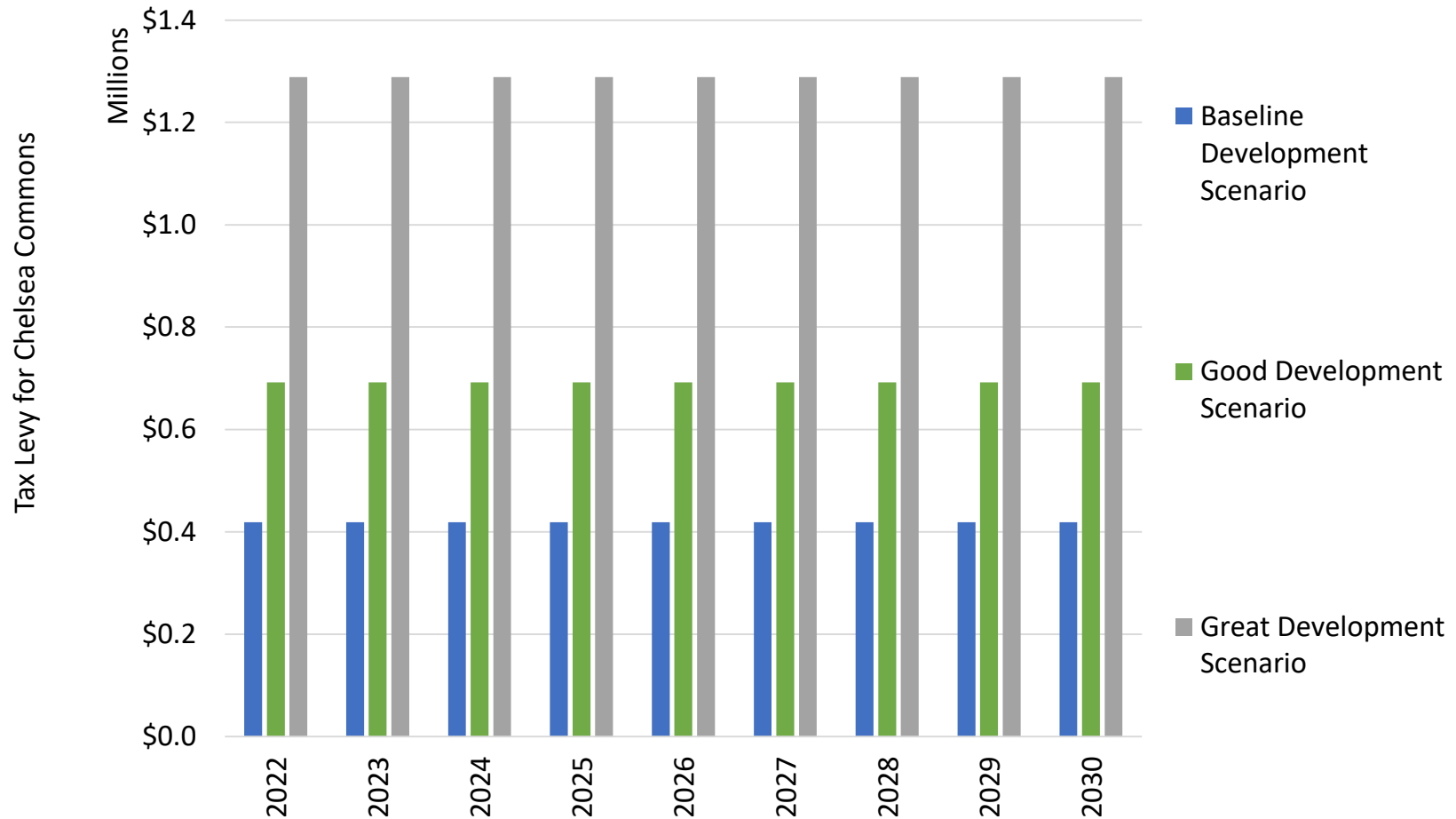
Source of Funds for \$16,442,000 of **Good Scenario**
(includes Baseline improvements)



Source of Funds for \$26,781,000 of **Great Scenario**
(includes Baseline and Good improvements)

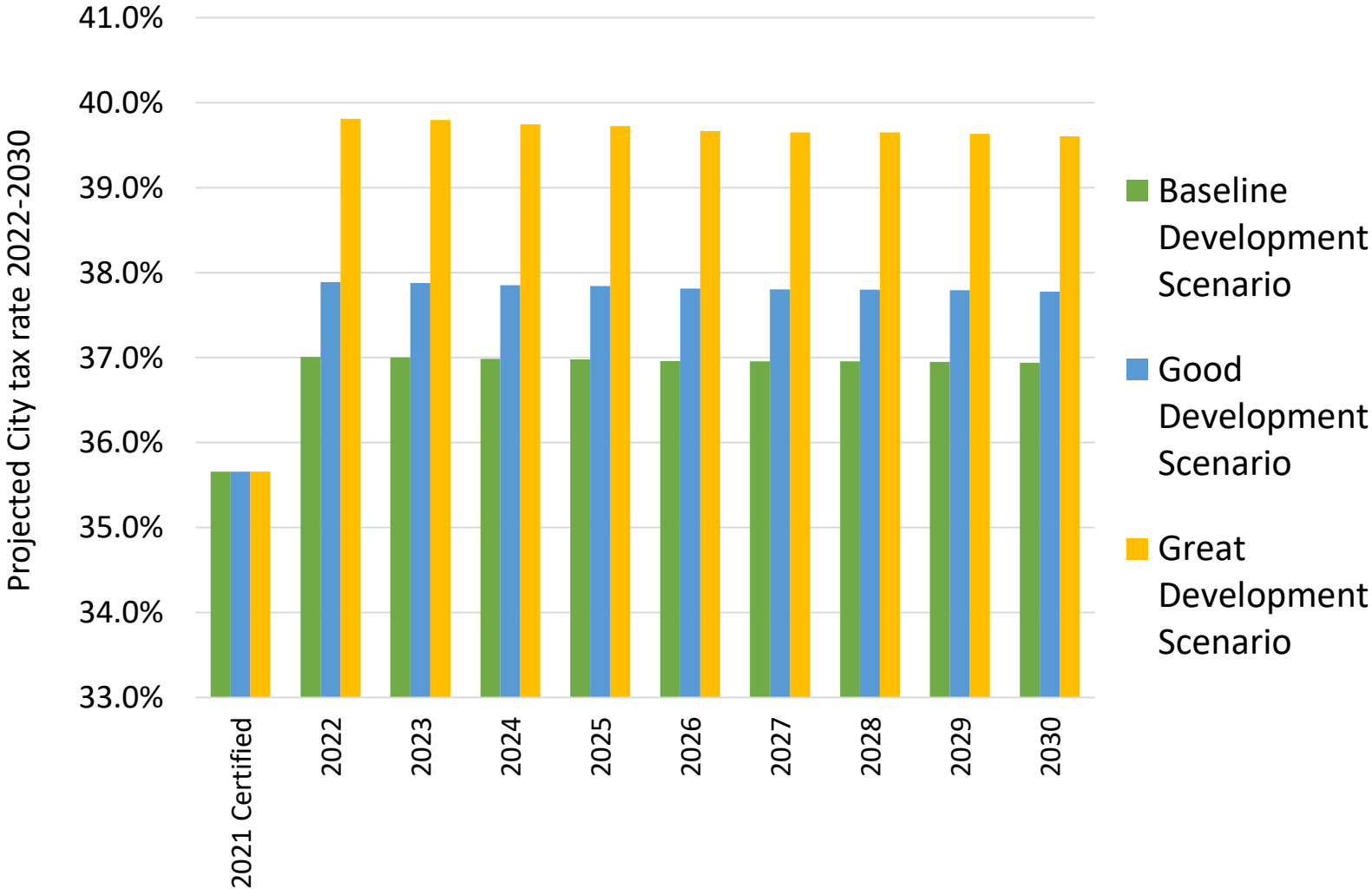


City Tax Levy to Pay for Public Improvements (Debt Service) Depends on Scenario

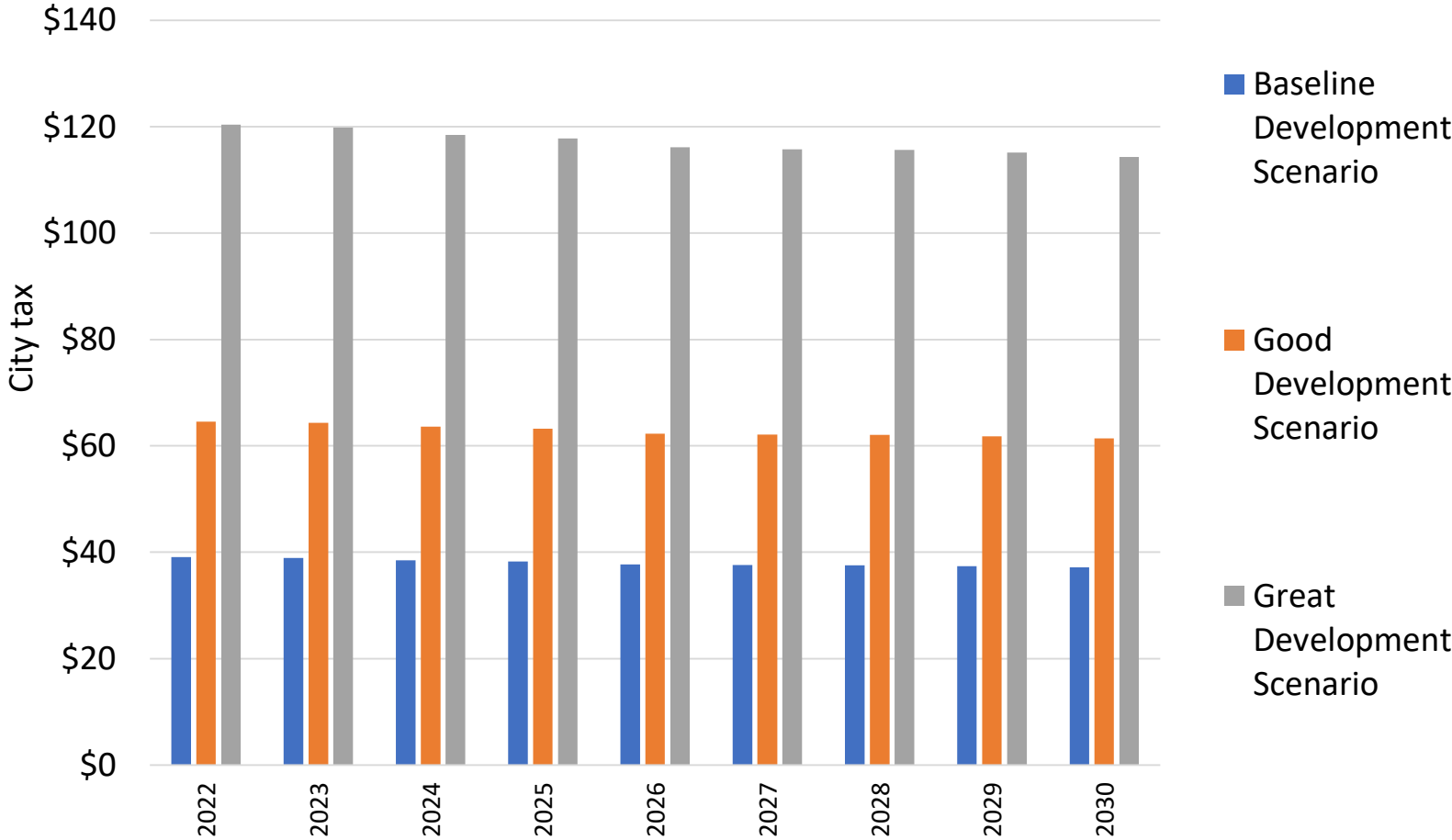


* Debt service is estimated based on 20 year term, level annual payments, and rate of 2.0%.

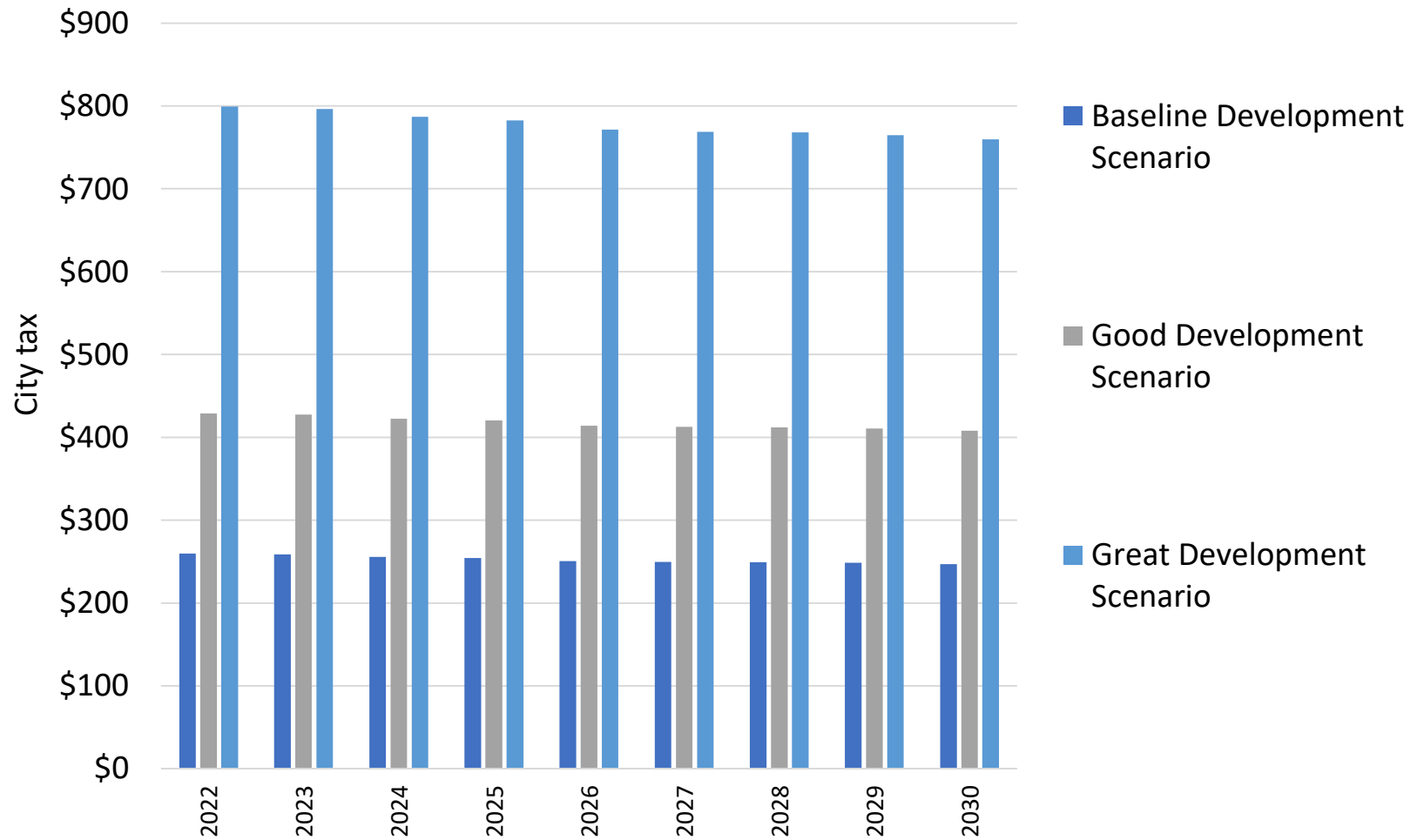
Increase in tax levy for CCA will exceed the increase in valuation from development in CCA



Impact on existing taxpayers for improvements in CCA will depend on scenario, here is an example of impact for \$300,000 Residential-Homestead



Impact on existing taxpayers for improvements in CCA will depend on scenario, here is an example of impact for \$1.0 million Commercial Property



To achieve no tax rate impact from CCA need to reduce planned project spending

- Estimated total combined bonding payable from tax levy, in order to have no impact on City's tax rate (taxes paid by existing taxpayers) is \$5.5 M
- This compares to the following bonding for project costs payable from City tax levy/utility revenues:
 - Bonding for Baseline improvements \$7.0 M
 - Bonding for Good improvements + \$4.1 M
 - Bonding for Great improvements + \$9.6 M
 - Total Bonding for Baseline, Good, and Great \$20.7 M

Questions?

Thank you

Tammy Omdal
612-851-4964
tomdal@northlandsecurities.com

Northland Public Finance
The public finance group of
Northland Securities, Inc.
150 South Fifth Street, Suite 3300
Minneapolis, Minnesota 55402
800-851-2920
www.northlandsecurities.com/public_finance

Member of FINRA and SIPC | Registered with SEC and MSRB