



“Lost Opportunity” Cost Analysis

January 24, 2012

Presented By,

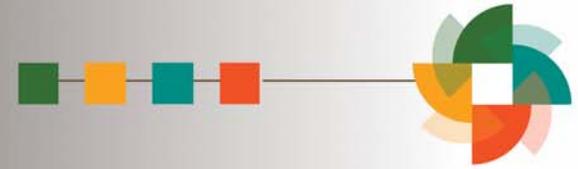
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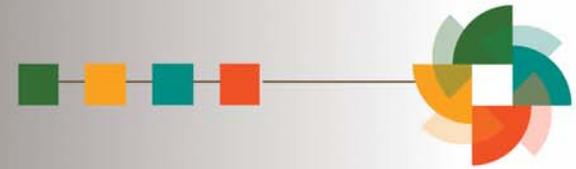
Highway Building Site Alternatives



- Building Sites Evaluated for Highway Facility
 - Build on C1 or C2
 - Build on Puerner St. Site



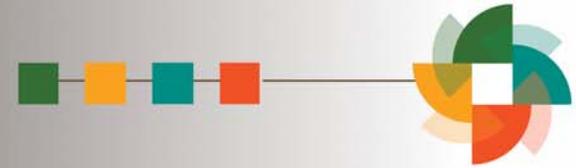
Building on C1 or C2



- Potential Lost Land Sale Revenue
 - Sale of 40 acres @ \$27,615/acre
 - Based upon comparable land for HWY 26 bypass
 - Potential lost land sale revenue = \$1,104,600



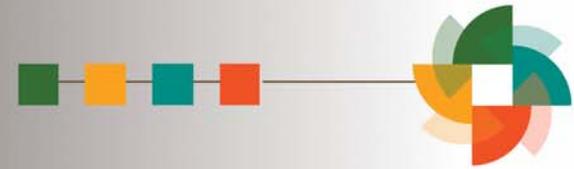
Building on C1 or C2



- Potential Lost Taxable Property Value
 - Conversion to taxable at sale
 - 40 acres at \$4,000/acre = \$160,000
 - Residential Build-out
 - 3 residential units per acre
 - 5 per year 2013-2016
 - 10 per year 2017-2024
 - \$200,000 per unit (Average 2011 Jefferson Housing)
 - Total \$24,000,000



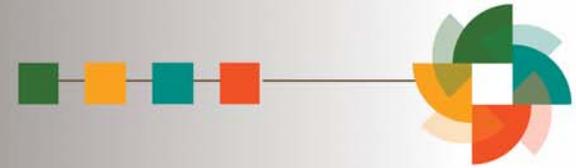
Build on C1 or C2



- Potential Loss of Property tax revenue
 - 1% appreciation on property values
 - Current County tax rate \$3.95/thousand
 - 20 years of collection based upon build-out assumptions
 - Potential Future Collections = \$1,131,347
- Farm rentals (an offset to the above)
 - Current contract \$10,160 per year
 - 3% increase with each renewal
 - 20 Year rental = \$235,887



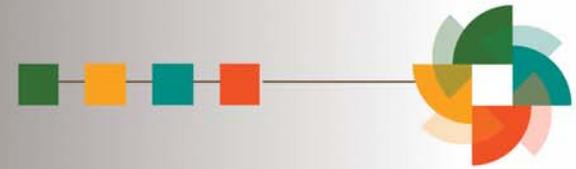
Build on C1 or C2



- Summary for C1 or C2
 - Potential Land Sale = \$1,104,600
 - Potential Future Tax Collection = \$1,131,347
 - Offset of farm rental = (\$235,887)
 - 20 year Lost Opportunity = \$2,000,060
 - Net Present Value @ 2% = \$1,693,857
 - Net Present Value @ 4% = \$1,471,018



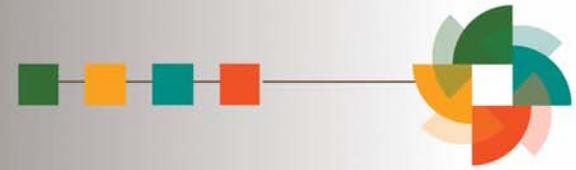
Build on Puerner St. Site



- Potential Lost land sale revenue
 - \$600,000 (net of demo) per Barrientos Report
- Potential Lost Property Value
 - Conversion to taxable at time of sale = \$700,000
 - Residential Build-out per City of Jefferson 2007 redevelopment plan
 - 38 Condo Units and 8 duplex @ \$200,000 per unit
 - Built out over 5 years 2014-2018



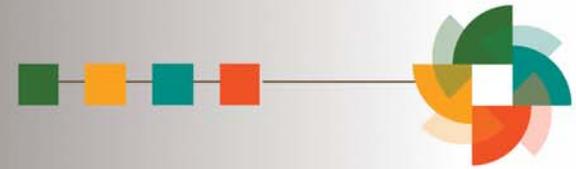
Build on Puerner St. Site



- Potential Loss of property tax revenue
 - 1% appreciation on property values
 - Current County tax rate \$3.95/thousand
 - 4 years of collection based upon build-out assumptions
 - Statutory 2028 City of Jefferson TID #5 closure
 - Potential Future Collections = \$177,407



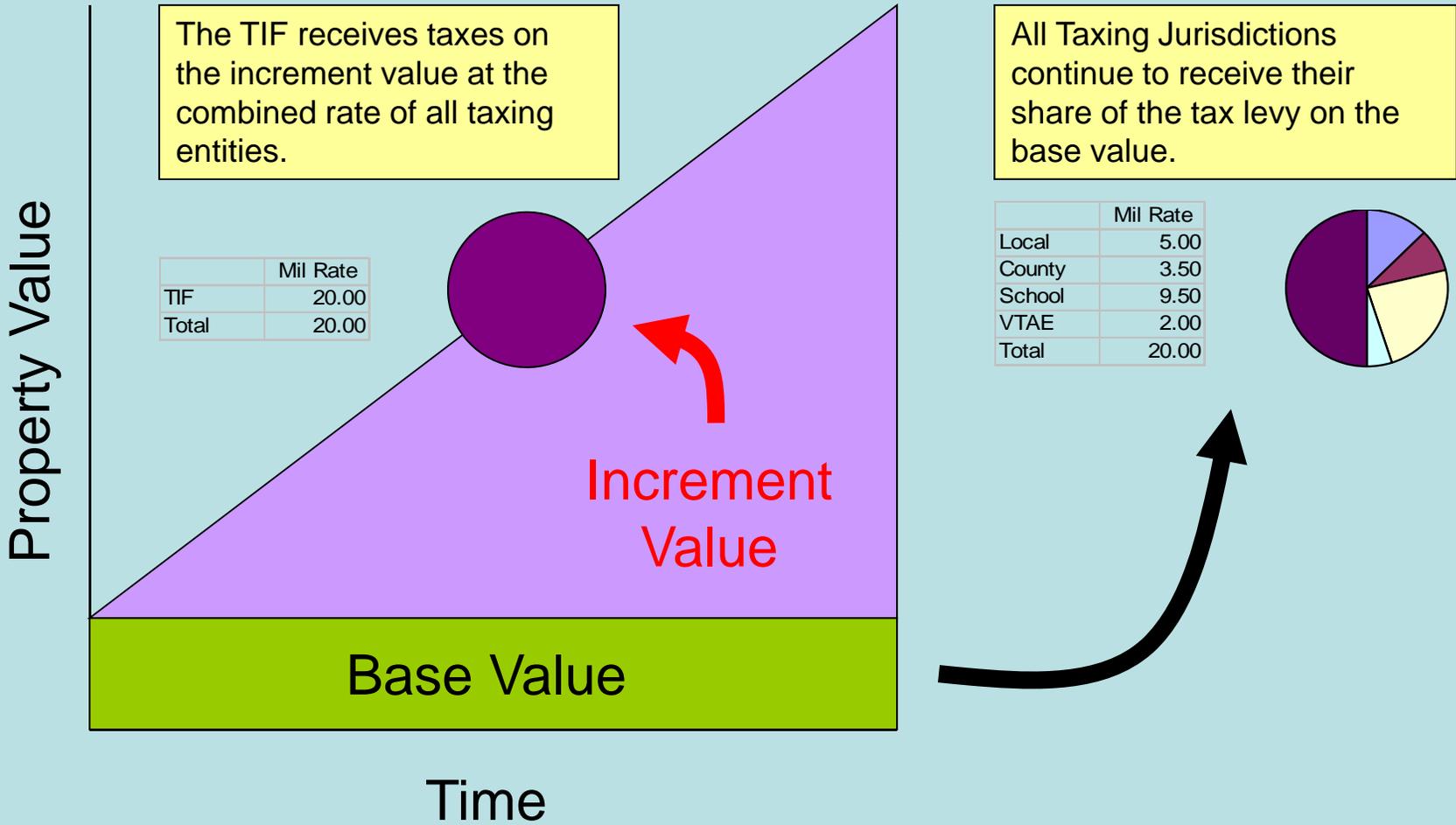
Build on Puerner St. Site



- Summary for Puerner St. Site
 - Potential Land Sale (net of demo) = \$600,000
 - Potential Future Tax Collection (4 yrs) = \$177,407
 - 20 year Lost Opportunity = \$777,407
 - Net Present Value @ 2% = \$683,607
 - Net Present Value @ 4% = \$612,829



Tax Increment Financing – How it Works



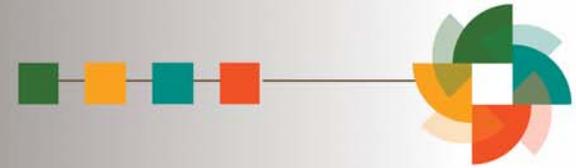
Puerner St. Site with No TID



- Illustration for Puerner St. Site with no TID
 - Potential Land Sale (net of demo) = \$600,000
 - Potential Future Tax Collection (20 yrs) = \$640,401
 - 20 year Lost Opportunity = \$1,240,401
 - Net Present Value @ 2% = \$1,043,423
 - Net Present Value @ 4% = \$895,134



Conclusions



■ C1 or C2

- Future value of opportunity Costs = \$2,000,060
- Net Present Value @ 2% = \$1,693,857
- Net Present Value @ 4% = \$1,471,018

■ Puerner St. Site within TID #5

- Future value of opportunity Costs = \$777,407
- Net Present Value @ 2% = \$683,607
- Net Present Value @ 4% = \$612,829

■ Puerner St. Site (illustration with no TID)

- Future value of opportunity Costs = \$1,240,401
- Net Present Value @ 2% = \$1,043,423
- Net Present Value @ 4% = \$895,134

