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**BROWN RANCH**

Brown Ranch Annexation Committee

August 8, 2023





## City Council Follow up:

Brown Ranch will serve a broad segment of the local workforce with different unit types.

Unit Type	Range of AMI served (3-person household)	Average household income served (3-person household)	Number units (full buildout)
Multifamily	30 - 140% AMI	\$68,250 (70% AMI)	1486
Single Family Attached	100 - 180% AMI	\$117,000 (120% AMI)	494
Single Family Detached	120 - 250% AMI	\$156,000 (160% AMI)	294

Rental units at full buildout: **1369**

Ownership units at full buildout: **895**

Rental units Phase 1: **747**

Ownership units Phase 1: **377**

Note: Rental/Ownership mix subject to change per demand study.





## Outstanding Negotiating Points

- Dedication of land for regional park (Option 1 or Option 2)
- Allocation of STR Tax Funds to Brown Ranch and 2023 ballot question
- Operating Fiscal Impact Analysis
- Capital Revenues and Expenses
- Vesting Term





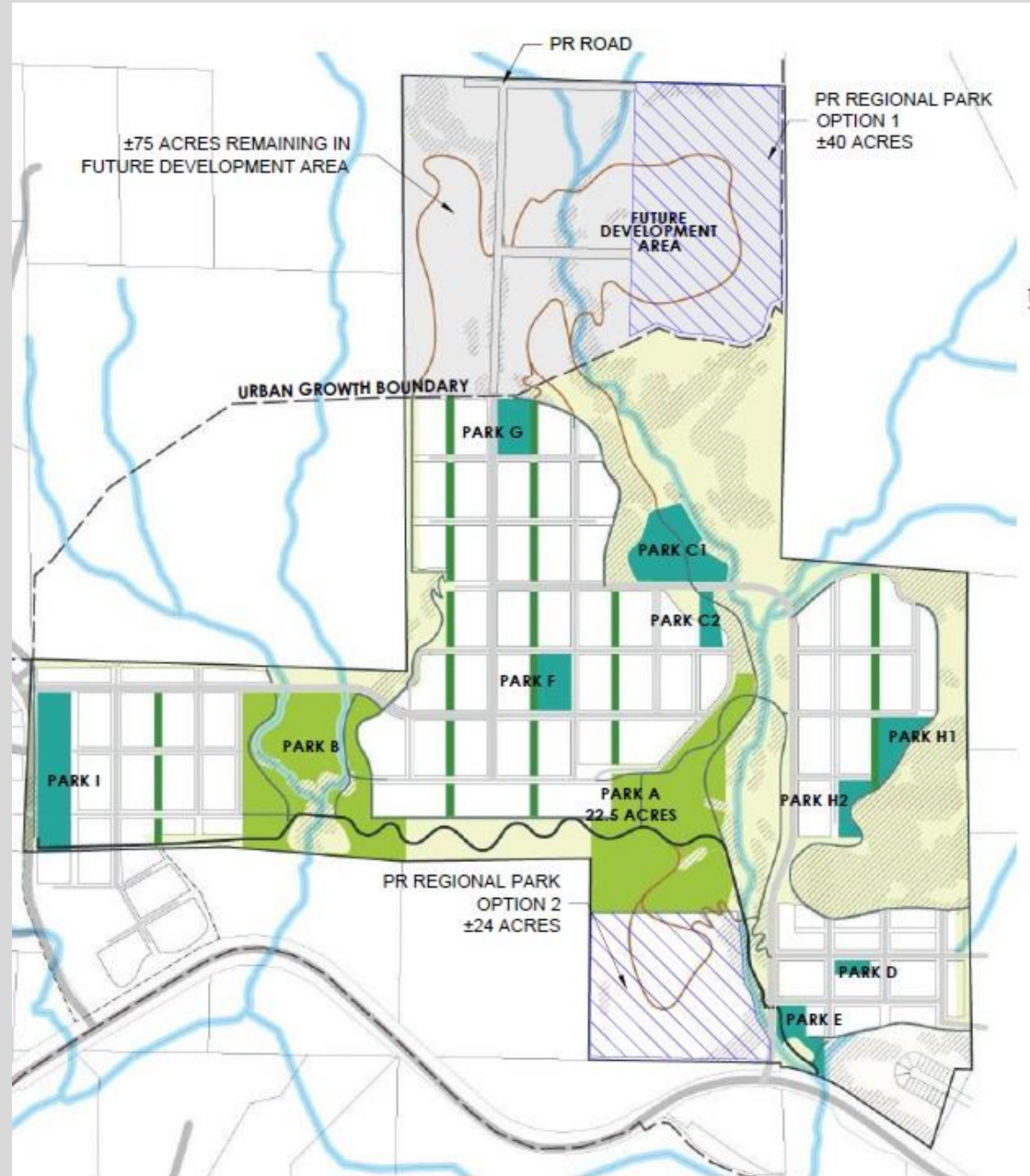


BROWN RANCH

## Regional Park

### Follow-up since 8/1 City Council:

- City Staff visited Brown Ranch on 8/3.
- County Master Plan supports Regional Park next to growth areas.
  - Conditional Use Process requires County Planning Commission hearing





## STR Tax Revenue

- City Council generally agreeable to 75% of STR revenues
- Ballot question for multi-year fiscal obligation tied to finalizing annexation agreement
  - Ballot language drafting process?





# Operating Fiscal Gap

**City Staff and YVHA agree gap is \$1,203 per unit per year (Scenario 5)**

	Existing City Operations		Brown Ranch Scenario 5	
<b>General Government</b>	\$	2,843	\$	463
<b>Streets</b>	\$	418	\$	255
<b>Transit</b>	\$	577	\$	177 ← <b>Micro-Transit</b>
<b>Fire</b>	\$	752	\$	705
<b>Police</b>	\$	763	\$	763
<b>Parks</b>	\$	1,008	\$	254
<b>Total Expenses</b>	\$	5,943	\$	2,617
<b>Total Revenue</b>	\$	5,403	\$	1,414
<b>Total Net Fiscal Impact</b>	\$	(540)	\$	(1,203)





## Operating Fiscal Gap

### **YVHA Proposal: YVHA will fill the entire fiscal operating gap.**

- YVHA will agree to pay the City \$1,203 per unit per year.
- Cost per unit will increase annually with inflation (CPI).
- Costs are assessed on units upon the issuance of a Certificate of Occupancy (CO) pro-rated for the fiscal year.
- If per unit costs are not paid, City can deny future building permits.
- YVHA will fund operating gap fill via a revenue source of its choice which may include:
  - RETA (1%-2%)
  - Metro District Mil Levy (5-10 Mils)
  - YVHA Mil Levy (\$1.6M annually)
- Obligation sunsets if City approves a property tax to fund operations.





## Capital Gap

**City's Capital Expenses:** The City's side of the ledger is comprised of expenses that have broad community benefit and solve existing community problems.

- Highway 40 expansion (City share = \$56,000,000)
- Elk River Water Treatment Plant (City share = \$17,860,000)
- Core Trail Extension (\$2,395,313)







# Capital Gap (Full Buildout)

CAPITAL ANALYSIS (FULL BUILDOUT 2264 UNITS)					
BROWN RANCH REVENUE		CITY REVENUE		PROJECT	
STR Tax	\$210,000,000.00	STR Tax	\$30,320,871.00	STR Tax	\$240,320,871.00
Self-Supported Project Value	\$99,495,920.00	Self-Supported Project Value	\$0.00	Self-Supported Project Value	\$99,495,920.00
Geothermal Direct Pay	\$0.00	Geothermal Direct Pay	\$0.00	Geothermal Direct Pay	\$0.00
Grants	\$23,250,000.00	Grants	\$2,500,000.00	Grants	\$25,750,000.00
Philanthropy	\$24,000,000.00	Philanthropy	\$0.00	Philanthropy	\$24,000,000.00
Land Sales	\$9,000,000.00	Land Sales	\$0.00	Land Sales	\$9,000,000.00
		Building Use & Excise Tax	\$32,112,576.00	Building Use & Excise Tax	\$32,112,576.00
		City Debt	\$25,660,000.00	City Debt	\$25,660,000.00
		Water & Sewer Tap Fees	\$27,335,536.00	Water & Sewer Tap Fees	\$27,335,536.00
	\$365,745,920.00		\$117,928,983.00		\$483,674,903.00
BROWN RANCH EXPENSE		CITY EXPENSE		PROJECT	
Public Works	\$204,407,726.00	Public Works	\$76,873,116.00	Public Works	\$281,280,842.00
Fire	\$16,556,848.00	Fire	\$4,114,368.00	Fire	\$20,671,216.00
Police	\$0.00	Police	\$2,478,000.00	Police	\$2,478,000.00
Parks & Open Space	\$27,735,141.00	Parks & Open Space	\$74,064,564.00	Parks & Open Space	\$101,799,705.00
Electric	\$34,213,520.00	Electric	\$1,580,700.00	Electric	\$35,794,220.00
Geothermal	\$0.00	Geothermal	\$0.00	Geothermal	\$0.00
Other	\$78,288,054.00	Other	\$0.00	Other	\$78,288,054.00
	\$361,201,289.00		\$159,110,748.00		\$520,312,037.00
GAP	\$4,544,631.00		-\$41,181,765.00		-\$36,637,134.00

**City Public Works Expenses:**

- Share of Elk River Water Treatment Plant (\$17,860,000)
- US 40 improvements (\$56,617,803)
- Core Trail Extension (\$2,395,313)



# Capital Gap (Phase 1)

CAPITAL ANALYSIS (PHASE 1 1124 UNITS)					
BROWN RANCH REVENUE		CITY REVENUE		PROJECT	
STR Tax	\$100,000,000.00	STR Tax	\$2,566,525.00	STR Tax	\$102,566,525.00
Self-Supported Project Value	\$49,396,384.30	Self-Supported Project Value	\$0.00	Self-Supported Project Value	\$49,396,384.30
Geothermal Direct Pay	\$0.00	Geothermal Direct Pay	\$0.00	Geothermal Direct Pay	\$0.00
Grants	\$13,250,000.00	Grants	\$2,500,000.00	Grants	\$15,750,000.00
Philanthropy	\$24,000,000.00	Philanthropy	\$0.00	Philanthropy	\$24,000,000.00
Land Sales	\$9,000,000.00	Land Sales	\$0.00	Land Sales	\$9,000,000.00
		Building Use & Excise Tax	\$14,302,752.00	Building Use & Excise Tax	\$14,302,752.00
		City Debt	\$0.00	City Debt	\$0.00
		Water & Sewer Tap Fees	\$13,571,176.00	Water & Sewer Tap Fees	\$13,571,176.00
	\$195,646,384.30		\$32,940,453.00		\$228,586,837.30
BROWN RANCH EXPENSE		CITY EXPENSE		PROJECT	
Public Works	\$91,236,890.00	Public Works	\$5,620,313.00	Public Works	\$96,857,203.00
Fire	\$16,556,848.00	Fire	\$4,114,368.00	Fire	\$20,671,216.00
Police	\$0.00	Police	\$2,186,000.00	Police	\$2,186,000.00
Parks & Open Space	\$7,866,414.00	Parks & Open Space	\$10,426,414.00	Parks & Open Space	\$18,292,828.00
Electric	\$34,213,520.00	Electric	\$1,580,700.00	Electric	\$35,794,220.00
Geothermal	\$0.00	Geothermal	\$0.00	Geothermal	\$0.00
Other	\$38,867,391.00	Other	\$0.00	Other	\$38,867,391.00
	\$188,741,063.00		\$23,927,795.00		\$212,668,858.00
GAP	\$6,905,321.30		\$9,012,658.00		\$15,917,979.30



## Capital Gap

**YVHA's Capital Expenses:** YVHA will “fill the gap” using a variety of methods and levers:

- Land Sales (\$9,000,000)
  - 4.8 acres on Overlook Ridge
  - 24 acres next to Neighborhood A (New; *pending City choice for Regional Park acreage*)
- Program changes (\$10,000,000)
  - Increase density to gain more efficiency
  - Increase incomes served (absolute last-resort option)
- Geothermal Development Partnership (\$30,000,000)
- Grants/Philanthropy (TBD)
- Reduced costs (TBD)

***Risk mitigation: if grants, STR tax revenue, and/or philanthropy do not materialize at projected levels, YVHA will make up the gap using debt and equity.***





## Vesting Term

- **Limited Vesting:** In DRAFT Brown Ranch Annexation Agreement, vesting term only refers to the volume of housing units and non-residential spaces YVHA can develop at Brown Ranch.
  - YVHA is seeking assurance that a future City Council cannot down-zone Brown Ranch while property is being developed.
  - Vesting is critical to accessing financing.
- **Original YVHA request:** vesting term of 40 years.
- **Updated YVHA proposal:** vesting term of 20 years with a ten-year extension after 1,100 units delivered.





## Other Outstanding issues

- Traffic Impact Study (Delivered to Jon Snyder Monday)
- Elk River Water Treatment Plant Cost Share
- Highway 40 Improvement Cost Share
- Water Rights Dedication Policy Fee in Lieu
- Planning Applications

