

Memo

To: Town Council

From: Lyle L Layton 

Date: 4/29/2013

Re: Community Resource Housing Development Proposal

The following is a brief financial analysis of the April 15th Council meeting Housing Development report:

CRHD is requesting Town financial support for the project which would have to come from the General Fund (G.F.), whether this is an outright cash contribution or deferred tap fees. It appears that they are asking for at least \$25,221 in cash, which at this time appears to be affordable. I believe that any deferred tap fee amount would have to be paid to the Utility Fund out of General Fund reserves per the Town attorney. This could be problematic considering that the ending 2014 budget projects G.F. unassigned reserves to be \$569,499. At this point we cannot be certain about mineral lease, severance tax and sales tax revenues in 2014 or beyond. If, by chance, revenues go down reserves could then prove to be inadequate to provide basic services to the Town's citizens. Therefore my recommendation would be to provide no more than \$25,221 in cash contributions or reduced fees to the project.

The presentation also disclosed a backlog of applicants for county-wide entities that the proposed New Castle project (centrally located in the county) could house. Therefore it appears that this is a county-wide issue. Couple this with the disparity in per capita retail sales tax base for county cities and towns (see chart on page 2), it may be feasible that Garfield County could be persuaded to participate in order to lower the construction financing gap in the project. Tom has suggested that if the County does not desire to provide outright funding for this project, they might loan funds for the deferred tap fees. The town would then pay this loan back in the future when the developer makes the tap fee payments.

I really don't have any comments on the land lease or sale as this appears to be strictly a counsel preference/decision. It is very difficult to speculate on what any future use might be best for the Town and Economic Development.

PER CAPITA RETAIL SALES TAX BASE - GARFIELD COUNTY MUNICIPAL SALES TAX REVENUE

<u>TOWN</u>	<u>2013 RETAIL SALES TAX REVENUE</u>	<u>2012 POPULATION</u>	<u>2013 PCRSTB **</u>
GLENWOOD SPRINGS	\$ 14,358,769	9,709	\$ 1,479
RIFLE	\$ 7,597,492	9,297	\$ 817
CARBONDALE	\$ 3,330,780	6,496	\$ 513
NEW CASTLE	\$ 1,077,532	4,565	\$ 236

**** Per Capita retail sales tax base**