



Bleakly Advisory Group

August 28, 2020

David E. Pennington, Mayor
City of Dalton
300 West Waugh Street
Dalton, GA 30720

Carl Campbell, Executive Director
Dalton-Whitfield County Joint Development Authority
100 South Hamilton Street
Dalton, GA 30720

REVISED PROPOSAL

Re: Tax Allocation District Redevelopment Planning Services; City of Dalton, Georgia

Dear Mayor Pennington:

Thank you and the Joint Development Authority (JDA) for reaching out to express interest in having our firm help the City of Dalton (City) to assess the potential for expanding the number of Tax Allocation Districts (TADs) in the City. As we understand the situation, the Mayor and City Council are interested in exploring two locations for new TADs, which are generally identified as the “North Bypass” and “Walnut Avenue” areas. We further understand that a TAD for the North Bypass is likely to include parcels that will first need to be annexed into the City of Dalton.

As you know, BAG studied the North Bypass during the process of preparing the City’s first redevelopment plan back in 2015 (“the 2015 Plan”). At the time, BAG suggested a TAD for the North Bypass that included roughly 100 parcels and 271 acres. We also evaluated a potential project identified as “Hammond Creek” within that proposed district. This TAD was included in early drafts of the 2015 plan but later removed before the final version was adopted by the City Council. However, the parcels considered for that TAD (all within the City limits at the time) remained part of the redevelopment area and the rationale for exercising redevelopment powers for that part of the city was addressed in the report. It would therefore be possible to create a TAD for the North Bypass by amending the 2015 Redevelopment Plan rather than drafting an entirely new document, saving significant effort and expense. The boundaries of the redevelopment area would need to be adjusted slightly to include any TAD parcels that may be annexed into the City. The specific parcels making up the new TAD could include those parcels that were originally proposed or be substantially altered to reflect changing conditions since 2015.

Walnut Avenue was not included in the redevelopment area for the 2015 redevelopment plan. Creating a TAD for this part of the City will therefore require drafting a new stand-alone plan for that area. Our



understanding of the City's objectives for Walnut Avenue suggest that the rationale for exercising redevelopment powers in this part of Dalton will also be significantly different than those identified in 2015. The geography of this redevelopment area and the specific parcels included within a possible TAD are likely to be narrowly defined.

The short-term purpose of our work for these two areas would therefore consist of the following steps. First, BAG will conduct a preliminary analysis of each area to (a) quantify financial investments and resulting public benefits that TADs may provide, (b) evaluate potential options and recommend optimal TAD boundaries to accommodate identified opportunities, and (c) outline the basis for a redevelopment strategy to justify the creation of a Walnut Avenue TAD (assuming that the North Bypass will be amended into the 2015 Plan).

If after these initial analyses the City Council decides to proceed in 2020 to create one or both TADs, we would be prepared to assist with all tasks required to draft/amend the redevelopment plans, present plan details to the City Council and at required public hearings, assist the City's legal counsel with drafting the respective adopting resolutions and work with the County Assessor to obtain certification of the respective Districts. Associated fees quoted in this proposal would be valid through December 31, 2020. Our cost proposal assumes that the two potential TADs would be analyzed simultaneously and that both will proceed to adoption on the same schedule. If the City should decide to drop further consideration of one of the TADs earlier in the process, we will adjust the balance of the scope of work and fee accordingly.

If requested, BAG can also support your office during implementation, such as assisting the City in negotiating consent agreements with the County and School District. These additional tasks would be undertaken only if/when authorized and would be billed on an hourly basis at the rates quoted in our fee proposal. Our proposed scope of services is explained in more detail below:

SCOPE OF SERVICES

Task 1: Preliminary Analysis of TAD Options

- a) **Identify Local Redevelopment Priorities.** We assume that City of Dalton CFO Cindy Jackson and the JDA's Carl Campbell will be our point of contact who will help us to identify, meet with, and obtain information from key local players in this process. Our first task will be to spend time in Dalton to meet with various public officials and private parties who have an interest in redevelopment. Our objective will be to gain a better understanding of the geography of the two areas being considered for TADs, potential private investments that may benefit from the availability of this incentive, the expected timing of those investments, and the possible boundaries of Tax Allocation Districts. We will also use this opportunity to finalize the early work schedule and obtain latest available GIS/tax parcel data from the County.
- b) **Evaluate Potential Redevelopment Areas and TAD Boundaries.** Based on the results of Task 1a, we will proceed to analyze the two study areas using GIS. The scope of preliminary study will address the following:



- Evaluate alternative boundaries for potential TAD(s) based on aggregations of tax parcels that capture identified redevelopment opportunities and needs, as well as future investments.
- Determine the current-year tax digest for potential TAD districts and the percentage of the City's total tax digest they represent.
- Review any existing plans for the study areas to determine the type of development, in terms of land use and density, that the City desires to encourage in the short- and long-term.
- Meet with any landowners, or proponents of projects that have already been identified by the JDA, to "model" the amount of TAD proceeds that could be leveraged from redevelopment projects.
- Estimate the future assessed value likely to be created by these early identified projects, as well as potential long-term projects not yet identified, to forecast the proposed TAD(s) capacity to leverage financial incentives for redevelopment.
- Evaluate the potential uses/needs for TAD funding to support redevelopment, which comply with Georgia's Redevelopment Powers Law.
- Determine the criteria under which the Walnut Avenue area could meet the statutory qualifications to be designated as redevelopment area in terms of demographic conditions, vacancy, disinvestment, inadequate infrastructure, and related criteria.

Task 1 Deliverable: We will summarize the financial analysis/forecast of potential redevelopment projects, their potential to generate TAD proceeds, proposed TAD boundaries, and redevelopment strategies for each area in a narrative PowerPoint-style report. We can meet with local officials to review these findings and refine boundaries based on local input. Our proposed budget assumes that we will attend up to two in-person or web meetings to present findings, at venues determined by the JDA. The first meeting(s) would be internal with JDA/City staff and/or property owners to explain findings and adjust forecasts as needed based on input with those parties. A second presentation would be made to the City Council in a Council meeting or workshop session to obtain input and authorization to proceed to drafting the necessary redevelopment plans/amendments.

If at the end of this phase the JDA decides not to proceed with one or both TADs, no further work will be undertaken for the affected area(s). We will also provide a revised cost estimate for the balance of the assignment if the scope of services is different than described below. If the City Council is interested in considering adoption of the TADs, we will then proceed to Task 2 upon receiving the JDA's written authorization.

Task 2: Prepare Redevelopment Plan(s)

- a) **Finalize Redevelopment Strategy.** Once the City Council decides to pursue the establishment one or both TADs, we would proceed to refine the district(s) boundaries and financial projections. Our proposed (base) budget assumes that BAG will prepare a draft redevelopment



plan for Walnut Avenue and a proposed amendment to the 2015 plan that adds the North Bypass.

b) **Prepare the TAD Redevelopment Plan document to implement the preferred strategy.** The central document required to create and operate a TAD is the redevelopment plan, as mandated by Georgia's Redevelopment Powers Law (O.C.G.A. 36-44-1). We will prepare a plan for the designated Walnut Avenue redevelopment area, which will be consistent with the requirements of Georgia's Redevelopment Powers Law. This redevelopment plan will draw extensively on the findings of Phase 1. The redevelopment plan will follow the same format used in dozens of adopted plans prepared by Bleakly Advisory Group, consisting of the following elements:

1. Executive Summary
2. Grounds for Exercising Redevelopment Powers
3. Summary of Site conditions
4. Plan Vision and Goal
5. Current Market Conditions
6. Proposed Redevelopment Projects
7. Contractual Relationships
8. Relocation Plans
9. Estimate School System Impacts
10. Zoning and Land Use Compatibility
11. Redevelopment Costs
12. Assessed Valuation for TAD
13. Historic Properties
14. Creation and Termination Dates for TAD
15. Tax Allocation Base
16. Property Taxes for Computing Tax Allocation
17. Term and Rate of Bond Issue
18. Property to be Pledged for Bonds
19. School Impact Analysis
20. Maps/Exhibits

Concurrently, BAG will draft appropriate amendments to the City's 2015 Redevelopment Plan to add the North Bypass as TAD #4. Many of these same items would be addressed/changed in the Plan Amendment.



The TAD Redevelopment Plan(s) will be prepared in draft form and submitted to appropriate City officials/staff for internal review. Upon receipt of comments, a final draft version will be prepared to submit to the City Council for action, with copies made available to the Whitfield County Commission and Dalton Board of Education for their consideration and comment. Our budget proposal assumes that all documents would be supplied electronically. Requests for hard copies will be supplied at cost.

- c) **Public Hearings/Meetings:** Establishment of a TAD(s) requires a minimum of one advertised public hearing and the passage of a formal resolution that both adopts the redevelopment plan and establishes the TAD as of December 31 of the same year the resolution is adopted. Our proposed budget assumes that we will present at a maximum two meetings in Dalton prior to the City Council vote, including the scheduled public hearing(s).
- d) **Assistance through Certification:** After the Redevelopment Plan(s) are adopted/amended and the TADs are created, the City must complete the process of obtaining certification of the TADs from the Georgia Commissioner of Revenue to set the base value of the districts. This process involves walking through the process with the County Assessor to obtain their certification that the stated values of all TAD parcels are correct as of December 31, 2020. We have been through this process with several communities and can provide instructions and form letters to assist the Board of Assessors and your office to ensure that the required steps are completed and the TADs are officially recognized and certified by the Department of Revenue in timely manner.

Task 3: Hourly Services (As Needed)

The following optional tasks may or may not be needed and the associated level of effort can also be highly variable based on local circumstances. The following is a menu of optional services BAG could provide to assist the JDA in implementing its TAD program. These services would be billed hourly, as needed, upon receiving prior authorization.

- a) **Present the Redevelopment Plan(s) to Whitfield County and School Board for consent.** Assuming it votes to pass a TAD resolution(s), the City Council would then request that the Whitfield County Commission and the City Schools' Board of Education (BOE) to consent and agree to contribute their respective property tax increments to the TAD(s). We will be available to assist as needed, in negotiating with the County and BOE to obtain their concurrence. Typically, that role includes some or all the following tasks:
 - Presenting the adopted Redevelopment Plan at County and School District meeting(s) for TAD consent, as well as assisting staff in one-on-one meetings with Board members and key staff.
 - Participating as needed in negotiating specific terms of intergovernmental agreements with each jurisdiction. Counties and school boards tend to either vote up or down on consent based on philosophical or political reasons; or consent only after negotiating an intergovernmental agreement (IGA) containing multiple conditions and deal points. Our role in this process can range from advising on the financial and market issues that may need analysis during the negotiation process, up to preparing initial agreement drafts for review by the City's legal



counsel. We will work closely with the JDA/City and its legal team to create the most practical structure for the future operation of the TAD(s) – to ensure that they can deliver the financial resources promised when created.

b) Provide Implementation Assistance

Although a prerequisite, creating a TAD obviously does not guarantee results. Some cities have the capacity to manage their redevelopment efforts internally, while others may require periodic assistance. We have assisted several municipal clients to successfully implement their redevelopment programs. We have also participated in negotiating terms of development agreements with private parties who are seeking TAD incentives for their projects. At times we have represented private sector clients in this process and at other times we have served as financial advisors to municipalities or counties. Implementation can involve multiple tasks and many services that we have successfully provided on behalf of our public and private sector clients. As these tasks inevitably arise, we will be available to assist Dalton and the JDA if/when needed.

PROPOSED SCHEDULE AND COST PROPOSAL

Based on the suggested work program outlined above, we have prepared the following estimate of timing and fees. We will invoice for the work completed either at the end of each task or monthly as work progresses. Invoices are due and payable upon submission. Signing this proposal will only obligate the City to complete Task 1. We will not begin any work on Task 2 without your prior written authorization to proceed.

TAD Analysis and Planning Tasks	Period of Performance	Fee
1. Analysis of TAD Options – Two (2) Study Areas	4 to 6 weeks	\$9,500
2. Prepare One (1) complete and One (1) Amended Redevelopment Plan	6 to 8 weeks	\$11,500
3. Assistance in Negotiating (as needed)	TBD	TBD
4. Implementation Assistance (as needed)	TBD	TBD
Tasks 1 & 2 TOTAL		\$21,000

The fee quote of \$9,500 for the Task 1 analysis and public process is a firm fixed fee, subject to adjustment only if the JDA requests changes to the proposed scope of services. We require a retainer payment of \$2,000 to begin work on Task 1.

If the City decides to authorize us move forward with both TADs, our fee for Task 2 would also be fixed for any work authorized prior to the end of December. Our expectation is that a quarter of that fee will be needed to amend the City's existing redevelopment plan to add the North Bypass. The bulk of the effort in this phase will be spent on Walnut Avenue.

If authorized, any additional (Task 3) costs will be invoiced hourly at a rate of \$190 per hour plus direct expenses. Based on prior experience dealing with dozens of counties and school districts in Georgia, working through the consent process can typically be accomplished with less than 40 hours of effort. If preferred, we can estimate an upset limit at that time and will not invoice beyond the quoted allowance without the City's authorization.



The terms and conditions that govern this assignment are detailed on the following page and are also an integral part of this proposal.

If this scope and terms are acceptable to you, please sign and return a copy of this engagement letter to us, along with the retainer, as authorization to proceed.

Let me know if you have any questions. We look forward to working with you.

Best Regards,

Geoff Koski
President



1447 Peachtree Street NE, Suite 610
Atlanta, GA 30309

Accepted by: _____

Title: _____

Date: _____ / _____ / _____



Terms and Conditions of the Agreement

Accuracy of Report: Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and is believed to be reliable. This study is based on estimates, assumptions and other information developed by Bleakly Advisory Group ("BAG") from its independent research efforts, general industry knowledge and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study. This report will be based on information that is current as of the date of the report. BAG assumes no responsibility to update the information after the date of the report.

The report will contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described on our report and variations may be material. Therefore, nor warranty or representation is made by BAG that any of the projected values or results contained in the work product from this assignment will actually be achieved.

Usage of Report: This report may not be used, in whole or in part, in any public or private offering of securities or other similar purpose by the client without first obtaining the prior written consent of BAG.

Termination: Should you determine to terminate this agreement for any reason you agree to so notify BAG via letter and agree to pay for work completed by BAG up to the date of the notification of termination.

Entirety of Agreement: The terms and conditions of this agreement embody the entirety of the agreement and understanding between the parties hereto and there are no other agreements and understandings, oral or written, with reference to the matter hereof that are not merged herein and superseded hereby. No alteration, change, or modification of the terms of the agreement shall be valid unless made in writing and signed by both parties.

Dispute Resolution: If a dispute arises out of or related to this agreement, or the breach thereof, the parties will attempt to settle the matter through amicable discussion. If no agreement can be reached, the parties agree to use mediation before resorting to a judicial forum. The cost of the third party mediator will be shared equally by the parties.

Limitation of Liability: The client agrees that as a result of any mediation or legal action resulting from this assignment BAG's maximum liability is limited to the fees it receives for the assignment.

Governing Law: The agreement shall be governed by the laws of the State of Georgia.