

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

For Local Governments, Municipal Bond Underwriters, and Real Estate Developers

PO Box 5342

Vail, Colorado 81658

970-390-9162

amy.bernstein.greer@gmail.com

MEMORANDUM

TO: Mr. Jeffrey Armistead, 10th Mountain Builders

FROM: Amy Greer

DATE: April 18, 2024

SUBJECT: Analysis of Potential Incremental Town of Minturn Revenues Generated, and General Fund Expenditures Incurred as a result of the development of the Midtown Village PUD –Draft 3

In accordance with your request Stan Bernstein and Associates, Inc. has developed this **ANALYSIS OF POTENTIAL INCREMENTAL TOWN OF MINTURN REVENUES GENERATED, AND GENERAL FUND EXPENDITURES INCURRED, AS A RESULT OF THE DEVELOPMENT OF THE MIDTOWN VILLAGE PUD** (the “Fiscal Impact Analysis”).

THE MIDTOWN VILLAGE PUD

The Fiscal Impact Analysis is based upon a total of 39 residential units (21 in phase 1 and 18 in phase 2) and 5,000 square feet of commercial space. It is expected that buildout of phase 1 will be complete by the end of 2026 and the buildout of phase 2 will be complete by the end of 2029. Aggregate non-inflated value is approximately \$27.879 million as set forth on Schedule 1.

INCREMENTAL TOWN OF MINTURN REVENUES, AND GENERAL FUND EXPENDITURES, BY INDIVIDUAL ACCOUNTING FUNDS

The following paragraphs summarize the forecast non-inflated incremental Town of Minturn revenues, and incremental general fund expenditures, by individual accounting funds.

- **General Fund (Exhibit I, page 1)** General Fund revenues are expected to exceed expenditures by approximately \$893,000 during years 2024 – 2033. Incremental General Fund revenues are forecast to exceed incremental expenditures by approximately \$91,000 annually at stabilization (2031). This is based on marginal cost estimates for each governmental fund. While we believe these marginal cost estimates to be reasonable to use for financial modeling purposes, no attempt has been made to do a detailed analysis of every Town of Minturn service department for the purpose of precisely determining what percentage of costs are fixed and what percentage of costs are variable. Incremental General Fund revenues over expenditures will vary and could increase or decrease depending on the actual impact of the additional housing units and commercial square feet.
- **Capital Fund (Exhibit II, page 2)** Incremental Capital Fund revenues, which include 4% use tax revenues, are forecast to generate approximately \$505,000 on a non-inflated basis during the analysis period.
- **Water Enterprise Fund (Exhibit III, page 3)** Incremental Water Enterprise Fund revenues are forecast to generate approximately \$3.0 million during the analysis period. These revenues will be available to defray water utility operating costs and for transfer to the General Fund. Incremental Water Tap fee revenues are based on an assumed buildout that requires 23 (18 residential, 5 commercial) new taps and are forecast to be approximately \$658,000 during the analysis period. This assumes a tap fee rate of \$12,940 per residential SFE and \$68,973 for the fire station in 2024 with 3% annual increases. Incremental System Improvement fee revenues are forecast to be approximately \$825,000 during the analysis period assuming 3% annual increases to the existing three tier SIF rate structure (assumes fire station pays full SIF fee @ 5,000 square feet). Cash in lieu revenues are forecast to be approximately \$1.02 million during the analysis period assuming 18 residential SFE's and 5 commercial SFE's at a rate of \$40,501 per SFE. It is assumed that these revenues will be used to pay water utility related capital and/or debt service costs.

APPROACH, METHODOLOGY AND UNDERLYING ASSUMPTIONS

Stan Bernstein and Associates, Inc. believes that the most understandable way to assess the Midtown Village PUD revenue and expenditure impacts to the Town of Minturn is to identify (i) the incremental General Fund revenue and expenditure impacts, and (ii) the individual revenue impacts for the Town of Minturn's Capital Fund, and Water Enterprise Fund. Although not a direct revenue impact to the Town of Minturn, the incremental Fire Impact Fee revenues have also been identified. The incremental revenue and expenditure impacts have been identified for the years ending December 31, 2024 through 2033.

Incremental Town of Minturn Assessed Valuation. Incremental assessed valuation expected to be generated as a result of the Midtown Village PUD is forecast to be approximately \$2.797 million by tax collection year 2031 as set forth on Schedule 1. Assessed valuation is expected to increase as a result the sale and platting of lots and from the completion of homes. Assessed valuation forecasts do not include the impacts of inflation and assume that vacant platted lots will be assessed at 29% of 75% of market value and completed living units will be assessed at 6.8% of market value.

Incremental Town of Minturn Property Tax Revenues. Incremental Town of Minturn property tax revenues expected to be generated from the Midtown Village PUD are forecast to increase from \$17,613 for tax collection year 2026 to \$50,167 by tax collection year 2031 as presented on Exhibit I, page 1. This assumes that the Town of Minturn General Fund mill levy remains 17.934.

Incremental Town of Minturn Sales and Use Tax Revenues. Non-inflated incremental Town of Minturn 4.0% sales tax revenues expected to be generated from the Midtown Village PUD are forecast to be approximately \$22,794 annually beginning in 2028. Sales tax revenue forecasts assume that an average of 3.0 persons will occupy each completed living unit; it is assumed that 80% of residential living units will be occupied for a full-year, 15% will be occupied for half of the year, and 5% will be occupied for 1 month of the year. It is assumed that each "full-year equivalent household" will generate incremental sales-taxable expenditures averaging \$16,620 annually (this level of expenditure was calculated by dividing the year 2021 budgeted taxable sales (\$17.95 million) by the number of Town of Minturn households (540) which results in an average taxable expenditure per capita of \$33,241 which has been factored by 50% to compensate for expenditures incurred by non-Minturn related I-70 travelers).

Non-inflated 4% Town of Minturn construction materials use tax revenues expected to be generated from the Midtown Village PUD are forecast to generate approximately \$505,000 million during years 2025-2028. This does not account for any use tax refunds that may be issued by the Town. The construction materials use tax revenue forecasts assume that the average non-inflated construction value of an average

home is \$676,385 excluding land and builders' profit and that 50% of such costs will be for construction materials.

Incremental Town of Minturn Real Estate Transfer Tax Revenues. 1% Real Estate Transfer Taxes on initial sales are expected to total approximately \$245,760. 1% RETT on secondary sales are projected to total \$17,203 annually beginning in 2028. This assumes an average annual turnover of inventory of 7%.

Incremental Town of Minturn General Fund Other Revenues. Non-inflated incremental Town of Minturn General Fund revenues (i.e., other than sales or property tax revenues) have been forecast for each General Fund revenue source based upon a "revenue generation per household" approach. This approach assumes that each incremental household will generate the same amount of incremental revenues to the Town of Minturn's General Fund that are currently being generated for each household within the boundaries of the Town of Minturn (for financial planning purposes it is assumed that there are approximately 540 households within the Town of Minturn. These incremental forecast General Fund revenues are presented on Exhibit I, page 1.

Incremental Town of Minturn General Fund Expenditures. Uninflated incremental Town of Minturn General Fund expenditures have been forecast by departments (i.e., General and Administration Department; Building, Zoning and Planning Department; Public Safety – Police Department; and Buildings and Grounds Department). Incremental Town of Minturn department costs are difficult to assess but have been forecast at a marginal per household allowance as follows:

Department	Variable Cost %	Allocation per Household
General Government	10%	\$102.7
Planning and Zoning	65% of Inspection Fees	N/A
Public Works – Streets	10%	\$55.60
Court/Police	50%	\$428.00
Events	10%	\$13.90

No new roadways (other than those internal to the development) are proposed within the Town of Minturn.

Incremental Fire Impact Fee Revenues. Although not a revenue source to the Town of Minturn, incremental Fire Impact Fee revenues have been based upon one-time impact fee rates of \$1,939 per dwelling unit. Fire Impact Fee revenues are forecast to total \$71,743 during the analysis period.

LIMITING FACTORS

Although Stan Bernstein and Associates, Inc. believes the assumptions and methodology that have been used to develop the Fiscal Impact Analysis are reasonable, certain

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assumptions may or may not materialize which might cause actual results to differ from forecast results and such variation may be material. Consequently, Stan Bernstein and Associates, Inc. does not vouch for the achievability of the assumptions or for the forecast results.

If you have any questions or comments regarding this analysis, please do not hesitate to contact me.

Very truly yours,

STAN BERNSTEIN AND ASSOCIATES, INC. (signed)

Stan Bernstein and Associates, Inc.