

Heather Soelberg
Treasurer
City of Cascade
PO Box 649
Cascade, ID 83611

Dear Ms. Soelberg,

This letter is in response to your questions and/or concerns regarding the Fiscal Impact Analysis prepared for Mr. Phil Davis and The River District project.

Questions:

It is anticipated that a large percentage of the homes in TRD (The River District) will be second homes. How does that affect the figures?

As the percentage of secondary home ownership declines, the assessed property values would decline as these primary homeowners would be eligible for the property tax exemption. If all homes in TRD were primary owner occupied homes receiving the maximum property tax exemption, the fiscal impact would reduce to \$40k surplus to the City.

Shouldn't actual data be used for Existing housing inventory, not an assumption?

All demographic data is based on estimates using the actual 10 year US Census information. This includes annual data estimates from the Census Bureau and all other demographic resources. If the City has more up to date household demographic information we would be happy to update the model.

We will be asking about where the line crosses from when revenues generated from taxes will cross with the expenditure of plowing costs.

The 35% is yet to be determined. Is there any way that Galena can calculate when those lines cross helping us to determine an agreeable %?

Galena was not able to determine the City's actual snow removal budget from available budget documents. The Developer has calculated the costs of snow removal in the first phase of the project to cost approximately \$1,250. It should be noted that the Fiscal Impact Analysis has included the proportionate costs in the Street Department, which should already contain the snow removal funding. Therefore, any services provided by the developer will exceed the surplus already calculated for the City. We would recommend the 35% as it is calculated on actual costs and will only contribute to more surplus, not a deficit.

I don't see fire/emergency services?

Fire services are provided for by the Cascade Rural Fire District. Emergency Medical Services are provided for by the Valley County Emergency Medical District. The costs to provide these services will not be borne by the City of Cascade. As the proposed development is located near the existing fire station and ambulance services, it should not create significant variable expenses and should be covered by the increased property tax revenue.

If over the time of 20 years for build-out, please provide an annual breakdown.

\$184,266 / 20 = \$9,213 per year – Residential Surplus

\$44,321 / 20 = \$2,216 per year – Commercial Surplus

As admitted by developer this may never see full build-out. Please provide milestones of analysis with end of development at 5 years, and again at 10 years. For the 20-year build-out please show a bell-curve of where break-even hits.

From which City fund would these deficits come?

Will the City have such extra funds as will be required?

What financial strategies are there? Please provide list/details.

What if outside circumstances cause development to halt at end of first year? What mitigations are being offered to relieve the City of the deficits created?

To clarify, this project provides an annual surplus beginning in year 1. If the development is stalled or delayed, the City will have less responsibility and less income. There is no deficit to remedy. There is only a delay from when the City will receive their Property Tax revenues as these payments are made in arrears. This delay in the first-year receipts would need to be addressed by the City and developer. Galena would be happy to assist the City under separate contract in identifying short-term funding strategies including use of Fund Balance, use of prior year resources, controlling expenses, Levy for the shortfall, postponing or delaying a capital/equipment purchase, inter-fund borrowing, or other standard governmental fiscal practices.