WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) REQUEST FORM #10

9/7/18

9/11/18

	Date	: <u>9///18</u>	W	eekly Agenda D	ate: <u>9/11/18</u>		
							_
	ELECTED OFFICIAL / DEF	PARTMENT HE	EAD / CITIZEN:	Taylor, De	Witt and Butl	er	
	WORDING FOR AGENDA	ITEM:					
	Funding potentials and o		ase quality of se	econdary roads	by new revenue	and alternative	
			ACTION REC	QUIRED:			
	Approve Ordinance]	Approve Resolu	tion 🗌	Approve Motic	on 🗌	
	Public Hearing		Other: Informati	onal 🗹	Attachments	~	
EVECII	TIVE SUMMARY:						_
	ast four years, our County	Board of Sur	pervisors has red	duced the levy	rate While there	are three pressing	needs—the
ourthouse nere overn	e, the LEC, and secondary ight. This will take long-terntain them.	roads—that h	nave not had the	care and atte	ntion necessary i	n some 3 decades	, we cannot get
DAOK	DOUND.						
BACKO See Attach	ROUND: ment						
70071110011	mont						

See Attachment	
IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?	
Yes □ No □	
Yes □ No □ RECOMMENDATION:	
Yes □ No □	
Yes □ No □ RECOMMENDATION:	
Yes No RECOMMENDATION: Information only	
Yes No RECOMMENDATION: Information only ACTION REQUIRED / PROPOSED MOTION:	
Yes No RECOMMENDATION: Information only	
Yes No RECOMMENDATION: Information only ACTION REQUIRED / PROPOSED MOTION:	
Yes No RECOMMENDATION: Information only ACTION REQUIRED / PROPOSED MOTION:	
Yes No RECOMMENDATION: Information only ACTION REQUIRED / PROPOSED MOTION:	

Background:

In discussions as two supervisors desiring to engage on this issue, we see 4 potential scenarios wherein we can realize the restoration of gravel without imposing an unwished for or increased levy. They are as follows:

- 1. **Stretch the program over 10 years' time** which is a balanced approach to regaining on 30 years of spot-gravelling and neglect. We did not get there overnight, nor will we be able to restore the condition of 1,250 miles of road overnight.
- 2. **Utilize new revenue.** This would be the result of increases to CF Industries revenue over a ten-year period past the initial obligations that we will need to meet over the next 3 years. This would give us a bridge from years 4 to 10. The county needs to be careful and judicious with the use of Tax Increment Financing. This is a potential but would need to be carefully vetted as to the impact on taxing bodies. If feasible, utilizing the release of increment and the county's portion may well be preferable. New CF Industries revenue should only be realized and programmed with the intent of the previously passed Taxpayers First Resolution obligating \$1 out of every \$2 of future CF Industries revenue. Also, we must calculate the impact to the secondary roads fund from CF revenue and should show that as a separate line item.
- 3. **Utilize gravel stockpile and internal resources**. This should be taken into account in any project as to the defraying of expenses and how much more we can stretch what was done in yesteryear now that we have purchased substantial land resources so as to gain an increased amount of our own gravel.
- 4. Calculate into the program the increasing weighing of borrowing initially and paying with interest versus the increased costs of production, labor, etc.
- 5. Consider if rural voters by consensus of several town-hall meetings out in rural areas akin to what was done with the bridge levy would consider adding 50% of what was levied for the special bridge levy, which would generate \$650,000 annually for 10 years, \$6.5 million.
- 6. Calculate what the potential cost generation of the aforementioned revenues would be over 10 years' time with items 1-5 and separately with/without item 6 to see how we can live within the means and see at what percentage we can make up ground to where we were in yesteryear.
- 7. Direct the county engineer to prioritize roads based on need, vpd travel, etc.

To: Woodbury County Board of Supervisors

From: Dennis D. Butler, Finance Director

Date: September 7, 2018

RE: Revenue Options for Potential Secondary Roads Gravel Project

Funding Options for a Ten Year Gravel Project - Woodbury County 938 Miles of Gravel Roads

Following are several options for a ten year Gravel Project that would reconstruct all 938 miles of County gravel roads.

The following assumptions are: (1) the purchase of 2,000,000 tons of gravel during FY 20 that will be crushed and stockpiled by the County at a cost of\$10,000,000. If the County were to purchase 100,000 tons per year it is estimated the cost would rise 5% per year (% estimated by the County Engineer)

The options are only for purchase and crushing the gravel needed. It does not include the annual cost of hauling and spreading the gravel. That cost will have to be determined each FY in the annual budget.

If the decision is to purchase the all the gravel up front it would be suggested to borrow \$10,000,000 with repayment over 10 years. It is estimated an interest rate of 4%.

The options to be discussed are not in order of preference.

Option #1

The first option would be to fund the Principal and Interest payment of \$1,400,000 from the Debt Service Fund. Based on current taxable valuations the tax rate would increase 29.615 cents per 1,000 which would generate \$1,400,000 in taxes. The repayment would drop each FY by \$40,000 due to interest reductions.

Option #2

Under this option it would be proposed to cover the Principle and Interest payments by the Rural Basic tax rate which would result in a tax rate increase of \$1.22 per 1,000. With this increase the County would still be under the maximum levy allowed by law.

Option #3

Using this option would increase General Basic the tax rate by 8.623 cents county wide which would generate \$400,000 and increase the Rural Basic tax rate 87.509 cents which would generate \$1,000,000.

Option #4

This option involves three different funding sources to achieve the \$1,400,000 payment.

- (1) Use new TIF increment revenue in the amount of \$500,000 each year for ten FY's.
- (2) Use the \$300,000 currently budgeted for gravel each FY.
- (3) Generate \$600,000 from a General Obligation Bond which would result in a tax increase of 1.777 cents which would generate \$84,000 the first FY.

To use TIF revenues the County would have to amend the TIF area for Grow Woodbury County that would include all County Roads and right of ways in Woodbury County.

Option #5

This option has four sources of revenue to make the \$1,400,000 annual payment on the \$10,000,000 General Obligation Bond.

- (1) Use new TIF increment revenue in the amount of \$500,000 each year for ten FY's.
- (2) Use the \$300,000 currently budgeted for gravel each FY.
- (3) Generate \$427,671 from the increase of 10 cents per 1,000 on all taxable property in Woodbury County.
- (4) Generate \$228,547 from a tax rate increase of 20 cents per 1,000 in the Rural Basic Fund on Township only taxable valuations.

To use TIF revenues the County would have to amend the TIF area for Grow Woodbury County that would include all County Roads and right of ways in Woodbury County.

Option #6

This option would involve holding rural meetings similar to the special bridges project to ask the rural citizens to fund a portion or all of the costs and those revenues would be held in a separate fund for the gravel project. It will take up to \$1,400,000 a year for ten years.

All of the options lisited above are only for the gravel and crushing for 1,000,000 tons. This would all be done during FY 20.

The actual cost of hauling and spreading the gravel would come from the annual budget in the Secondary Roads Fund. Funding for this would come from additional revenues during the annual budgeting process starting in January of each year.

CF Nitrogen LLC Plant Only Taxing District 243 Minimum Assessment \$595,000,000

Total

			TOLAI										
		Assessment	Assessment	(90% Rollbacк)	Projected	Projected	Projecte	ed TIF Split					
Assessment	% of	Release	Release	Taxable	Tif	TIF	50%	50%					
<u>Year</u>	<u>Release</u>	<u>Per Year</u>	<u>Cummulated</u>	<u>Value</u>	<u>Tax Rate</u>	<u>Revenue</u>	TIF Projects	Tax Reduction					
2016	0%	-	-		0	-	-	-					
2017	4%	23,800,000	23,800,000	21,420,000	20.41349	437,257	218,628	218,628					
2018	5%	29,750,000	53,550,000	48,195,000	20.41349	983,828	491,914	491,914					
2019	4%	23,800,000	77,350,000	69,615,000	20.41349	1,421,085	710,543	710,543					
2020	5%	29,750,000	107,100,000	96,390,000	20.41349	1,967,656	983,828	983,828					
2021	4%	23,800,000	130,900,000	117,810,000	20.41349	2,404,913	1,202,457	1,202,457					
2022	4%	23,800,000	154,700,000	139,230,000	20.41349	2,842,170	1,421,085	1,421,085					
2023	5%	29,750,000	184,450,000	166,005,000	20.41349	3,388,741	1,694,371	1,694,371					
2024	4%	23,800,000	208,250,000	187,425,000	20.41349	3,825,998	1,912,999	1,912,999					
2025	5%	29,750,000	238,000,000	214,200,000	20.41349	4,372,570	2,186,285	2,186,285					
2026	4%	23,800,000	261,800,000	235,620,000	20.41349	4,809,827	2,404,913	2,404,913					
2027	4%	23,800,000	285,600,000	257,040,000	20.41349	5,247,083	2,623,542	2,623,542					
2028	5%	29,750,000	315,350,000	283,815,000	20.41349	5,793,655	2,896,827	2,896,827					
2029	4%	23,800,000	339,150,000	305,235,000	20.41349	6,230,912	3,115,456	3,115,456					
2030	5%	29,750,000	368,900,000	332,010,000	20.41349	6,777,483	3,388,741	3,388,741					
2031	4%	23,800,000	392,700,000	353,430,000	20.41349	7,214,740	3,607,370	3,607,370					
2032	4%	23,800,000	416,500,000	374,850,000	20.41349	7,651,997	3,825,998	3,825,998					
2033	5%	29,750,000	446,250,000	401,625,000	20.41349	8,198,568	4,099,284	4,099,284					
2034	4%	23,800,000	470,050,000	423,045,000	20.41349	8,635,825	4,317,912	4,317,912					
2035	5%	29,750,000	499,800,000	449,820,000	20.41349	9,182,396	4,591,198	4,591,198					
2036	16%	95,200,000	595,000,000	535,500,000	20.41349	10,931,424	5,465,712	5,465,712					
Totals	100%	595,000,000				102,318,128	51,159,064	51,159,064					

Woodbury County Current and Projected TIF Financing Plans Grow Woodbury County Urban Renewal Area

Plan 1 - 50% TIF Release After Industrial Rollbacks

		110112	0,7 111 1101000																					
<u>Urban Renewal District Revenues</u>			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY2036	FY 2037	FY 2038
Source Business																								
	lity Parcel # 8748-13-400-002				437,257	983,828	1,421,085	1,967,656	2,404,913	2,842,170	3,388,741	3,825,998	4,372,570	4,809,827	5,247,083	5,793,655	6,230,912	6,777,483	7,214,740	7,651,997	8,198,568	8,635,825	9,182,396	10,931,424
TIF TIF Revenues - Liberty T	wp./Sergeant Bluff		82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620	82,620
TIF TIF Revenues - Liberty T	wp./Westwood		44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687	44,687
TIF Dogwood Trail/ Sergean	t Bluff City - Principal						176,250	176,250	174,227															
TIF Reimbursement from																								
Sergeant Bluff* -Interes	t Repayment	-	6,013	12,026	12,026	11,248	9,480	7,010	3,832	•	•	•	• •			•							-	
Total TIF Revenues			133,320	139,333	576,590	1,122,383	1,734,122	2,278,223 -	2,710,279	2,969,477	3,516,048	3,953,305	4,499,877	4,937,134	5,374,390	5,920,962	6,358,219	6,904,790	7,342,047	7,779,304	8,325,875	8,763,132	9,309,703	11,058,731
Unban Banassal District Ermanditures																								
Urban Renewal District Expenditures																								
	Int. Length of Project	Toma											Dayma	ent Schedule										
Project Description Re	te Bond Cost	<u>Type</u>											rayine	int Schedule										
	2% 7 Years 1,710,000	TIF	12,825	25,650	241,650	403,500	397,500	390,750	383,250															
AGP Road (Port Neal Circle) Dogwood Trail (Sgt. Bluff)																								
CF Industries On-Site Road	800,000	Rebate			200,000	200,000	200,000	200,000																
General Basic Fund Re-Payment of Intern	800,000	Loan	100,000		200,000	200,000	200,000	200,000																
Potential S.R. Gravel Project		Loan	100,000			500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000									
Attorney Fees			15,000	15,000	15,000	15,000	15,000	15.000	15,000	300,000	500,000	300,000	300,000	300,000	500,000									
Total TIF Expenditures			127,825	40,650	456,650	1,118,500	1,112,500	1,105,750	898,250	500,000	500,000	500,000	500,000	500,000	500,000	•	•	-			•			
Revenues over Expenditures			5,495	98,683	119,940	3,883	621,622	1,172,473	1,812,029	2,469,477	3,016,048	3,453,305	3,999,877	4,437,134	4,874,390	5,920,962	6,358,219	6,904,790	7,342,047	7,779,304	8,325,875	8,763,132	9,309,703	11,058,731
Possible Property Tax for Economic development	ent - 50%				59,970	1,942	310,811	586,237	906,015	1,234,739	1,508,024	1,726,653	1,999,939	2,218,567	2,437,195	2,960,481	3,179,110	3,452,395	3,671,024	3,889,652	4,162,938	4,381,566	4,654,852	5,529,366
Possible Property Tax Increment Release - 50%					59,970	1,942	310,811	586,237	906,015	1,234,739	1,508,024	1,726,653	1,999,939	2,218,567	2,437,195	2,960,481	3,179,110	3,452,395	3,671,024	3,889,652	4,162,938	4,381,566	4,654,852	5,529,366
Breakdown of Tax Entit	y FY 18-19 = 22.07100																							
	Woodbury County	43.07%	-	-	25,829	836	133,866	252,492	390,220	531,802	649,506	743,669	861,374	955,537	1,049,700	1,275,079	1,369,242	1,486,947	1,581,110	1,675,273	1,792,977	1,887,140	2,004,845	2,381,498
	Sergeant Bluff School	46.92%	-	-	28,138	911	145,833	275,062	425,102	579,339	707,565	810,145	938,371	1,040,952	1,143,532	1,389,058	1,491,638	1,619,864	1,722,444	1,825,025	1,953,250	2,055,831	2,184,056	2,594,378
	WIT	4.36%	-	-	2,615	85	13,551	25,560	39,502	53,835	65,750	75,282	87,197	96,730	106,262	129,077	138,609	150,524	160,057	169,589	181,504	191,036	202,952	241,080
Dog Wood Trail not reimbursed from	County Assessor	2.31%	-	-	1,385	45	7,180	13,542	20,929	28,522	34,835	39,886	46,199	51,249	56,299	68,387	73,437	79,750	84,801	89,851	96,164	101,214	107,527	127,728
Sergeant Bluff City:	Ag Extension	0.58%	-	-	348	11	1,803	3,400	5,255	7,161	8,747	10,015	11,600	12,868	14,136	17,171	18,439	20,024	21,292	22,560	24,145	25,413	26,998	32,070
FY 2019 98,000	Liberty Township	2.75%	-	-	1,649	53 0	8,547	16,122	24,915	33,955	41,471	47,483	54,998	61,011	67,023	81,413	87,426	94,941	100,953 367	106,965	114,481	120,493	128,008	152,058
FY 2020 176,250 FY 2021	State Levy	0.01%	-		E0 070		31	59 586,237	91	123	151	173	200	222	244	296	318	345		389	416	438	465	553 5,529,366
FY 2021	Total	100.00%			59,970	1,942	310,811	586,237	906,015	1,234,739	1,508,024	1,726,653	1,999,939	2,218,567	2,437,195	2,960,481	3,179,110	3,452,395	3,671,024	3,889,652	4,162,938	4,381,566	4,654,852	5,529,366
FY 2023							D	Woodbury		/ 10 10														
			FY 18-19				вгеак	down of Tax Ent	ity Tax Rates F	18-19														
	Fund			% of Total																				
	<u>Fund</u> General Basic		<u>Tax Rate</u> 3.69591	% of Total 38.88	10,042	325	52,047	98,169	151,718	206,765	252,528	289,139	334,902	371,513	408,123	495,751	532,361	578,125	614,735	651,346	697,110	733,720	779,484	925,926
	General Supplemental		2.6573	27.96	7,222	234	37,429	70,597	109,106	148,692	181,602	207,930	240,840	267,168	293,496	356,512	382,840	415,750	442,078	468,406	501,316	527,644	560,555	665,867
	County Services (Sioux Ri	ivers)	0.53132	5.59	1,444	47	7,483	14,114	21,813	29,728	36,307	41,571	48,151	53,415	58,678	71,277	76,541	83,120	88,384	93,648	100,227	105,491	112,071	133,126
	Debt Service		0.33132	3.97	1,025	33	5,314	10,024	15,492	21,113	25,785	29,524	34,197	37,935	41,673	50,621	54,359	59,032	62,770	66,508	71,181	74,919	79,592	94,545
	Rural Basic		2.24345	23.6	6,096	197	31,592	59,588	92,092	125,505	153,283	175,506	203,284	225,506.7	247,729	300,919	323,141	350,919	373,142	395,364	423,143	445,365	473,143	562,033
	Total		9.50514	100.000	25,829	836	133,866	252,492	390,220	531,802	649,506	743,669	861,374	955,537	1,049,700	1,275,079	1,369,242	1,486,947	1,581,110	1,675,273	1,792,977	1,887,140	2,004,845	2,381,498
CF Assessed Value Release					23,800,000	53,550,000	77,350,000	107,100,000	130,900,000	154,700,000	184,450,000	208,250,000	238,000,000	261,800,000	285,600,000	315,350,000	339,150,000	368,900,000	392,700,000	416,500,000	446,250,000	470,050,000	499,800,000	595,000,000
CF Taxable Value Release					21 420 000	48 195 000	69 615 000	96 390 000	117.810.000	139 230 000	166 005 000	187 425 000	214 200 000	235,620,000	257 040 000	283.815.000	305 235 000	332 010 000	353 430 000	374 850 000	401 625 000	423 045 000	449 820 000	535 500 000
Ci Tanabic Value Release				100	11,420,000	10,133,000	03,013,000	30,330,000	117,010,000	133,230,000	100,000,000	107,423,000	221,200,000	233,020,000	257,040,000	203,013,000	303,233,000	332,010,000	333,430,000	374,030,000	101,023,000	123,043,000	113,020,000	333,300,000