

Financing Moran

(Subtitled: How to build a \$15million project without increasing local tax rates)

Sources & Uses of Funds
City Council Work Session
December 14, 2009

Moran: a \$15million project

- ◆ The Moran Guide's \$21million included tenant startup and fit-up costs
- ◆ Moran development costs were estimated in the Guide at +/- \$15million
- ◆ The Sources & Uses budget looks at that \$15million project

Moran: Uses of Funds

Environmental Cleanup		
EPA Environmental Assessment	169,000	
Environmental Remediation	367,765	
		536,765
Site Construction		
General Site Improvements	1,967,544	
Tenant Specific Site Improvements	994,983	
		2,962,527
		DEW Construction Estimate 6/10/09
Building Core & Shell		
Demolition & Demo Cleanup	441,042	
Basic Building Core & Shell	6,108,336	
Tenant Specific Core & Shell	671,107	
		7,220,485
		DEW Construction Estimate 4/30/09
Project Soft Costs		
Architectural, Engineering & Site Planning	918,758	
Permits	317,320	
Clerk & Administrative Costs	75,000	
Development Services	250,000	
Builder's Risk Insurance	30,000	
Legal (general matters)	25,000	
Preconstruction Construction Manager	50,000	
Capitalized Reserves	50,000	
Early Programming	15,000	
Promotions & Community Relations	15,000	
Audits	10,000	
Technical Studies	27,020	
Grant Reporting	2,000	
		1,785,098
Misc. Pre-Construction Expenses		100,000
Site Acquisition		375,000
Contingency		1,317,031
Subtotal		14,296,906
		Roughly comparable to budget in Guide at \$14,963,521
New Budget Items		
CEDO Services (Development Fee)	250,000	Optional - if project can afford it
Construction Period Interest (net)	315,437	May not be needed
Additional Capitalized Reserves	700,000	Required for New Market Tax Credits
		1,265,437
TOTAL USES		15,562,343

Moran: Sources of Funds

Third-Party Governmental Grants & Project Subsidies

EPA -- Brownfields Sustainability Program	25,000	
EPA -- Environmental Assessment Funds	64,000	
Vermont DEC -- Brownfields Program	95,000	
CCRPC Brownfields Initiative	105,000	
CDBG	3,000	
CDBG-R	25,000	
BED Settlement	100,000	
BEDI Grant	1,040,000	
Subtotal	1,457,000	Grants awarded to date

City of Burlington

Site Acquisition Funds (sunk costs)	375,000	Paid by City to BED in past
BTV (City) Capital Funds	101,667	City's 1/3rd share of \$305,000 currently in project; 2/3rds to be repaid by tenants
City General Fund	71,952	City's 1/3rd share of \$215,856 currently in project; 2/3rds to be repaid by tenants
Subtotal	548,619	

HUD Section 108 Loan

2,091,000 Approved Loan -- Repayment from TIF District

New Market Tax Credit Equity (net of transaction costs)

3,478,566 Estimate based on bldg development only; does not include tenant fitup and startup costs

New Source(s) - To Be Determined

887,158 See identified potential new sources below

Total City Sources

8,462,343 will vary depending on final tenant negotiations and final costs (compared to Guide at \$7,747,356)

Tenants' Share of Moran Development Costs

7,100,000 Budget amount, pending final development agreements; may be subsidized by added NMTC equity (compared to Guide at \$7,216,165)

TOTAL SOURCES

15,562,343

Potential New Sources

Leave Tenants' share of City Capital Funds in project	203,333	\$305,000 currently in project; 2/3rds to be repaid by tenants
Leave Tenants' share of City General Funds in project	143,904	\$215,856 currently in project; 2/3rds to be repaid by tenants
Parks Dept pay for skate park	350,000	Fundraising? Capital budget?
FY11 BTV Capital Budget	300,000	
VT DEC Brownfields	100,000	FY10 round. Would fully fund environmental cleanup
Historic Preservation tax credits (Fed & State)	1,350,000	estimate
Downtown District sales tax rebate on construction materials	200,000	estimate
additional Tax Increment Financing	flexible amt	TIF district has debt capacity beyond Section 108 Loan
add Lake Street into NMTC	400,000	

Moran: Minimized Risk

- ◆ Two key decision points minimize risk to City:
 - When City Council reviews development agreements
 - When a decision is made whether to close on NMTC and commence construction
- ◆ Until then 25% of BEDI grant (\$1,040,000) and Section 108 Loan (\$2,091,000) expected to cover all or most costs

Moran: New Market Tax Credit Budget

- ◆ The more \$\$ run through the NMTC structure, the more subsidy that can be generated
- ◆ In addition to the Moran Development's \$15million we may add:
 - Some or all of Waterfront North
 - NMTC transaction costs
 - Other?

NMTC: Tenant Fit-up and Startup Costs

- ◆ Tenants may individually opt in to NMTC
- ◆ Will generate subsidy for tenants that elect to participate