



Harrisburg NC

*The right side of opportunity*

## Item 4A - Public Hearing

# Farmington Ridge Parkway Project Development District

December 10, 2018



## Project Development District Financing

- Similar to Tax Increment Financing in Other States
- Local Government Establishes District
- Use the Incremental Increase in Property Tax Due to Project in District to Pay for Project
- Commonly used for Redevelopment or Economic Development



## Project Development District

- Council Unanimously Approved Farmington PUD Rezoning and Farmington Road Layout Plan in July 2017 and October 2017, respectively
- Key Corridor Roadway which will be a four-lane road with a divided median and will connect Rocky River Road to Tom Query/Caldwell Roads and Provide Access to all Sections of the Farmington Development
- Anticipated Economic Development
  - Approximately 76,000 SqFt of Office Space, 77,000 SqFt of Retail Space and 12,000 SqFt of Day Care Space
  - Approximately 180 Town Homes and 38 Single Family Homes

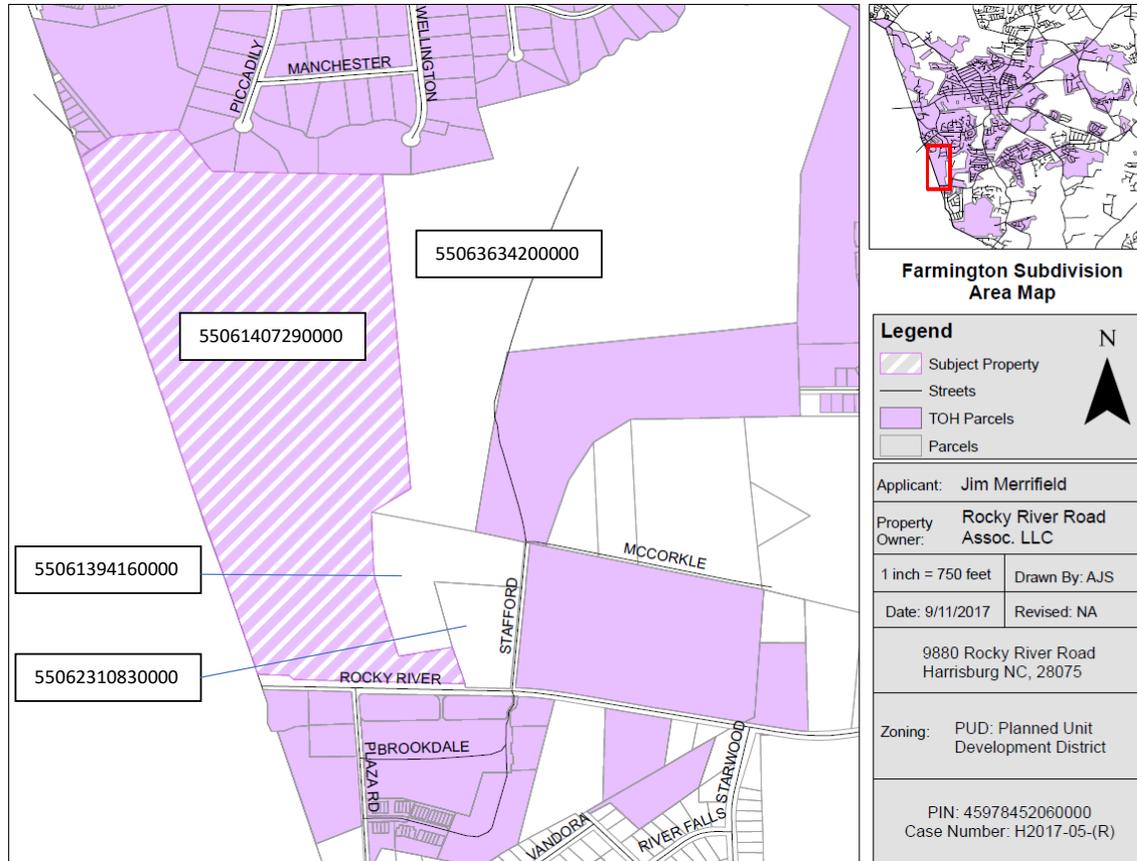








# Project Development District Map



**Farmington Subdivision  
Area Map**

**Legend**

-  Subject Property
-  Streets
-  TOH Parcels
-  Parcels

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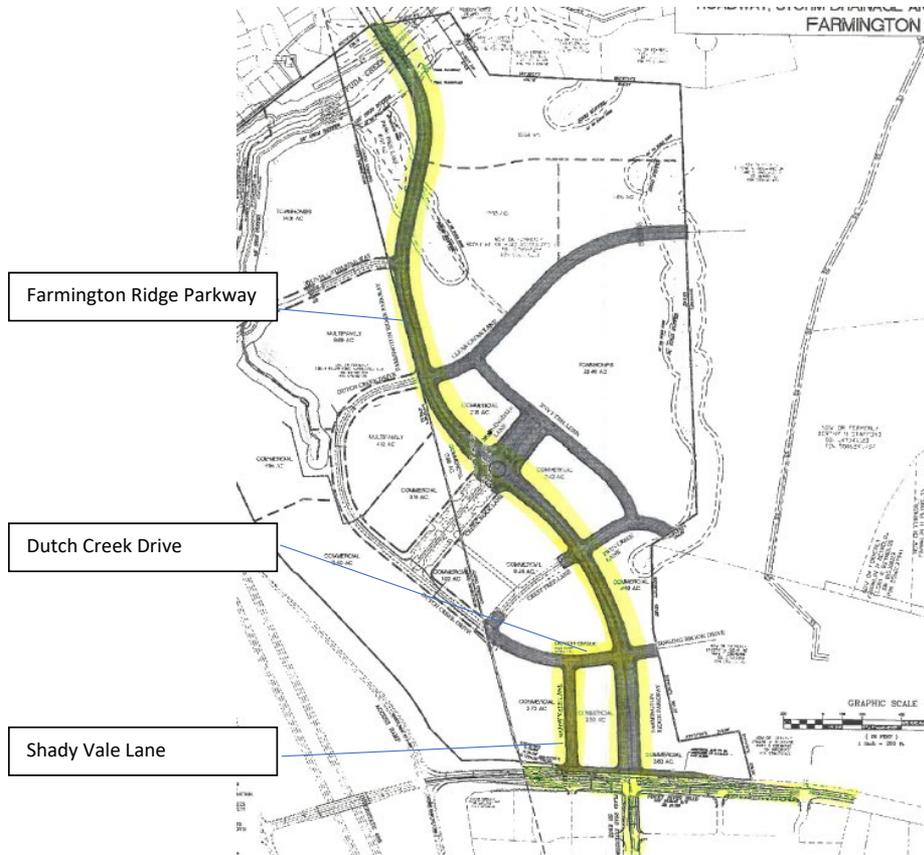

Applicant: Jim Merrifield	
Property Owner:	Rocky River Road Assoc. LLC
1 inch = 750 feet	Drawn By: AJS
Date: 9/11/2017	Revised: NA
9880 Rocky River Road Harrisburg NC, 28075	
Zoning:	PUD: Planned Unit Development District
PIN: 45978452060000 Case Number: H2017-05-(R)	

## Project Summary – Farmington Ridge Parkway

- Construction of Farmington Ridge Parkway, Shady Vale Lane and a portion of Dutch Creek Drive including:
  - Survey and Engineering Costs
  - Drainage Facilities or Improvements
  - Utilities and Street Lights
  - Adjacent Sidewalks
  - Planting Strips, Irrigation and Street Trees
  - Signalization of the Intersection of Farmington Ridge Parkway and Rocky River Road
  - Associated Improvements to Rocky River Road and Plaza Road Extension, as required by NCDOT



# Project Map – Farmington Ridge Parkway





## Development District Financing Plan

- Must Establish a Financing Plan to Fund Project
- Four Options for Financing:
  - Pay-as-you-go
  - Developer Financing
  - Municipal Financing
  - Municipal Financing with Developer Participation

## Development District Financing Plan

- Proposed Option is Developer Financing
  - Town Shifts Risk of Debt Financing to Developer
  - Developer Incurs Risk of Capital and/or Debt and Related Issuance Costs
  - Town and County Reimburses Developer for Project Development-Eligible Costs from Incremental Tax Revenues



## Costs of Proposed Project and Financing

- Total Project Principal Cost is \$6,000,000
- Financing Rate is 5%
- Resulting Total Repayment to Developer of Approximately \$9,035,000 (Based on Anticipated Buildout)
  - Approximate Repayment Amounts:
    - Harrisburg - \$2.98M
    - Cabarrus County - \$6.055M
- District to be Established for 14 Years
  - 2 Year Buildout of Roads
  - Up to 12 Years Repayment



## Base Valuation of Development Financing District

- Parcel 5506147290000 is Proposed to Encompass Financing District
- Parcels 5506363420000, 55061394160000, and 55062310830000 to be Added Upon Annexation
- Total Assessed Valuation at January 1, 2018
  - \$4,178,520
- Current Tax Generation Based on Valuation
  - \$14,835



## Projected Increase in Valuation

- Estimated Valuation at Development Buildout (Approximately Year 8)
  - \$108,403,850
- Estimated Town Incremental Tax Increase at that Time
  - \$370,000
    - 90% to Developer - \$333,000
    - 10% to Town - \$37,000





## Project Development Financing Benefits

- Risk put on Developer
  - Developer Must Secure Financing or Use Existing Capital, Pay for Construction Costs and Complete Development to Timetable to Get Full Payback
  - Developer to maintain roads in project after Town acceptance through end of TIF period. If TIF has not been repaid by end of Year 13, Developer will contribute funds to the Town adequate to repave the roads in project after Year 14.
- At Current Tax Rate and Anticipated Valuation at Completion
  - Generate Additional \$370,000 in Tax Revenue
- Town Will Obtain Additional Traffic Artery From Rocky River Road to Tom Query/Caldwell to Hwy 49
  - Will Decrease Response Times for Fire Department with Another Connection

## Project Development Financing Costs

- Will Need to Maintain Road Upon Repayment of TIF or Year 14, whichever is earlier
  - Will Receive Some Powell Bill Revenues to Help
- Additional Costs of Sanitation/Public Safety and Streetlights
  - In 2016, Council Agreed to Fund CCSO Plan Which Added 3 additional Deputies (a Lieutenant and 2 Deputies) Over 3-Year Period
    - Lieutenant has been Filled and 2 Deputies to be Added When Available by CCSO
  - Farmington will not Trigger Additional Fire Company at Station 2, but Continued Development over Time Will
  - Sanitation and Streetlights Estimated to Cost Approximately \$10,000-15,000 per Year





## Tonight's Action

- Consideration of the TIF Project
  - If Council desires to approve, then recommended motion
    - To approve the Farmington Ridge Parkway Project Development District Plan, adopt a Resolution to Create the Farmington Ridge Parkway Project Development District and approve the related Infrastructure Reimbursement Agreement.

Questions?

