

Portsmouth Economic Development Committee

INTRODUCTION

Waste Water Management vs. Sewers

- In our opinion the current public debate of the waste water issue affecting the Island Park/Portsmouth Park area is lacking in consideration of some very important financial realities and potentially powerful economic alternatives.
- We are here this evening to engage in this discussion.
- We understand that what we present here will have to be fully studied from a non-economic view and will require the review and concurrence of several other town bodies. But, we felt it critically important to address it to you, the Town Council, at this point.

Wastewater Management vs Sewers

Portsmouth, RI

What is in Portsmouth's Best Interest?

“Perception is the Truth”

Dirty vs Clean

Wastewater Management	Sewers
\$24-30 Million	\$46 Million
Engineers/Lawyers to fight DEM	
\$1 Million	
\$1 Million	
\$26 Million	\$46 Million

We need to find / fund \$20 Million.
If we can, should we?

**The Engineering Solution
Must Be Balanced
with
Financial Realities**

Analyze the Facts

Island Park / Portsmouth Park Area
2010 Assessed Valuation \$180+ Million

Wastewater Management	vs	Sewers
	Market Perception	
-\$15 Million Assessed Value	“Dirty vs Clean”	+\$15 Million Assessed Value
\$0 Assessed Value	77 Unbuildable Lots 1/3 ± Waterfront \$300k / Property	\$23.1 Million Assessed Value
\$26 Million	Estimated Costs Lombardo Associates Portsmouth Town Planner	\$46 Million

\$20 Million ??

Affordability

Portsmouth 2011 Tax Rate is \$13.93 per \$1000 (December 31, 2010 Assessment - \$3,153,276,908 Total Assessed Value)

- A. 77 Potentially Non-Buildable/Condemned Lots of which $\frac{1}{3} \pm$ are Water Front
 Projected Assessment \$300,000 per property
 Total \$23,100,000 Assessment x \$13.93 Rate = \$321,783 Tax
- B. Cardi Plat 13 Lot 9 – 104 Acres per Tax Field Card
 Current Assessment \$577,700 x 13.93 = \$8,047
 Sewered 300 – 2 Bedroom Condo Units
 Estimated Tax Assessment \$425,000/unit
 Total Assessment \$127,500,000 x 13.93 = \$1,776,075 Tax
- C. 300 Condos and 1000 existing houses/lots paying \$600/year for Sewer Assessment/Tax = \$780,000 Tax
- D. Cardi Provides Land for Sewer Treatment Plant
- E. Funds generated
 - a. \$ 321,783 77 Lots with Value
 - b. \$ 1,776,075 Cardi Condos
 - c. \$ 780,000 Assessment/Tax

\$ 2,877,858 Yearly Tax Income available to pay bond (\$239,821/month)
- F. Bonds available for \$2,877,858 a year payment.

# Years	Rate	Bond Amount	Balance needed to reach \$46 Million	<u>One Time Only</u> Addition in Property Tax for a \$294,315 House to fund Balance	<u>OR</u> Additional Bond Payment for a \$294,315 House per Month
20 Year	4.6%	\$37,585,961	\$8,414,039	\$785.23 (2.668)	\$4.33
25 Year	4.95%	\$41,228,982	\$4,771,018	\$445.29 (1.513)	\$2.59
30 Year	5.25%	\$44,479,124	\$1,520,876	\$141.86 (.482)	\$.78

Affordability (Mod A – 150 Condos)

Portsmouth 2011 Tax Rate is \$13.93 per \$1000 (December 31, 2010 Assessment - \$3,153,276,908 Total Assessed Value)

- A. 77 Potentially Non-Buildable/Condemned Lots of which $\frac{1}{3} \pm$ are Water Front
 Projected Assessment \$300,000 per property
 Total \$23,100,000 Assessment x \$13.93 Rate = \$321,783 Tax
- B. Cardi Plat 13 Lot 9 – 104 Acres per Tax Field Card
 Current Assessment \$577,700 x 13.93 = \$8,047
 Sewered 150 – 2 Bedroom Condo Units
 Estimated Tax Assessment \$425,000/unit
 Total Assessment \$63,750,000 x 13.93 = \$888,037 Tax
- C. 150 Condos and 1000 existing houses/lots paying \$600/year for Sewer Assessment/Tax = \$690,000 Tax
- D. Cardi Provides Land for Sewer Treatment Plant
- E. Funds generated
 - a. \$ 321,783 77 Lots with Value
 - b. \$ 883,037 Cardi Condos
 - c. \$ 690,000 Assessment/Tax

\$ 1,899,820 Yearly Tax Income available to pay bond (\$158,318/month)
- F. Bonds available for \$1,899,820 a year payment.

# Years	Rate	Bond Amount	Balance needed to reach \$46 Million	<u>One Time Only</u> Addition in Property Tax for a \$294,315 House to fund Balance	<u>OR</u> Additional Bond Payment for a \$294,315 House per Month
20 Year	4.6%	\$24,812,398	\$21,187,602	\$1977.50 (6.719)	\$12.61
25 Year	4.95%	\$27,217,341	\$18,782,659	\$1751.17 (5.95)	\$10.18
30 Year	5.25%	\$28,670,217	\$17,329,783	\$1615.78 (5.49)	\$8.92

Affordability (Mod B – 150 Condos, \$300,000)

Portsmouth 2011 Tax Rate is \$13.93 per \$1000 (December 31, 2010 Assessment - \$3,153,276,908 Total Assessed Value)

- A. 77 Potentially Non-Buildable/Condemned Lots of which 1/3 ± are Water Front
 Projected Assessment \$300,000 per property
 Total \$23,100,000 Assessment x \$13.93 Rate = \$321,783 Tax
- B. Cardi Plat 13 Lot 9 – 104 Acres per Tax Field Card
 Current Assessment \$577,700 x 13.93 = \$8,047
 Sewered 150 – 2 Bedroom Condo Units
 Estimated Tax Assessment \$300,000/unit
 Total Assessment \$45,000,000 x 13.93 = \$627,850 Tax
- C. 150 Condos and 1000 existing houses/lots paying \$600/year for Sewer Assessment/Tax = \$690,000 Tax
- D. Cardi Provides Land for Sewer Treatment Plant
- E. Funds generated
 - a. \$ 321,783 77 Lots with Value
 - b. \$ 627,850 Cardi Condos
 - c. \$ 690,000 Assessment/Tax

\$ 1,639,633 Yearly Tax Income available to pay bond (\$136,636/month)
- F. Bonds available for \$1,639,633 a year payment.

# Years	Rate	Bond Amount	Balance needed to reach \$46 Million	<u>One Time Only</u> Addition in Property Tax for a \$294,315 House to fund Balance	<u>OR</u> Additional Bond Payment for a \$294,315 House per Month
20 Year	4.6%	\$21,414,284	\$ 24,585,716	\$2294.48 (7.796)	\$14.64
25 Year	4.95%	\$23,489,864	\$22,510,136	\$2100.82 (7.138)	\$12.22
30 Year	5.25%	\$24,743,765	\$21,256,135	\$1983.97 (6.741)	\$10.95

Other Consequences

1. Elimination of Wastewater Management District.
2. Certainty.
3. Positive effect on Liquidity – financing is a much greater challenge with multi use facilities ie., management agreements, wastewater management, escrow accounts required by lenders eliminated.
4. Much more positive environment for small business survival and growth.
5. Contributory Positive Valuation – Positive valuation effect on Island Park to Redwood Farm to the rest of Portsmouth. Valuation contributions will vary but are all positive.

**Common Sense
Must Prevail !!**

Portsmouth Economic Development Committee

RECOMMENDATION

Waste Water Management vs. Sewers

- The Town Council direct the Town Administrator to assemble and lead a team to analyze and report to the Council on the competing economic outcomes and risks for the town and all property owners of Waste Water Management vs Sewers in the Island Park/Portsmouth area, including
 - The results of substantive discussions on the development of relevant property & participation in a sewer system (in particular the Cardi property).
 - The fiscal impacts and risks to the town.
 - The economic impacts to the citizens of Portsmouth in costs, property valuations, property liquidity and risk.