

Bay Beach Project – Fact vs. Fiction

Initial Property Transaction Details	Total cost of Construction	Paid by MOLINARO for their benefit	Paid by MOLINARO for COMMUNITY BENEFIT	Cost to the TOWN	FICTION	FACT
Pavilion	\$814,000	-	\$814,000	\$ 0	FICTION: Capital costs will be borne by the Town	FACT: All community benefits and their associated costs directly benefit the Town and are paid for 100% by the developer. NO COSTS BORNE BY THE TOWN
Podium	\$600,000	-	\$600,000	\$ 0	FICTION: Capital costs will be borne by the Town	FACT: All community benefits and their associated costs directly benefit the Town and are paid for 100% by the developer. NO COSTS BORNE BY THE TOWN
Open Space	\$1,333,000	\$380,000	\$953,000	\$ 0	FICTION: Capital costs will be borne by the Town	FACT: All community benefits and their associated costs directly benefit the Town and are paid for 100% by the developer. Any additional capital costs associated with the shorewall and storm management system are also borne 100% by the developer (as they are a direct benefit to the developer) in accordance with the Town's development standard. NO COSTS BORNE BY THE TOWN
Road	\$736,000	-	\$736,000	\$ 0	FICTION: Capital costs will be borne by the Town	FACT: All community benefits and their associated costs directly benefit the Town and are paid for 100% by the developer. Any additional capital costs associated with the road are also borne 100% by the developer (as they are a direct benefit to the developer) in accordance with the Town's development standard. NO COSTS BORNE BY THE TOWN
Parking Lot	\$353,200	-	\$353,200	\$ 0	FICTION: Capital costs will be borne by the Town	FACT: All community benefits and their associated costs directly benefit the Town and are paid for 100% by the developer. NO COSTS BORNE BY THE TOWN
TOTAL COSTS	\$3,836,200	\$380,000	\$3,456,200	\$0		

Bay Beach Project – Fact vs. Fiction, cont'd

TOTAL COSTS paid for by Molinaro For community benefit	\$3,456,200	FICTION	FACT
Estimated value of parkland transfer as required by cash-in-lieu of parkland policy	<u>(\$175,000)</u>		
Net Town proceeds (Community Benefits)	a) <u>\$3,281,200</u>		
Appraised value of property being transferred to Molinaro	b) <u>\$1,677,759</u>	FICTION: Value of footprint of the building being the parcel transferred to Molinaro is worth \$2.7 million	FACT: After the podium is transferred back to the Town, the valued lands owned by the Molinaro group are \$1.7 million
Benefit in excess of property value	c = a - b <u>\$1,603,441</u>	FICTION: The Town is not getting back the current market value of the property	FACT: The Town is receiving value in excess of value appraised for the lands transferred to the Molinaro group
Asset Cost (inclusive of costs related to parking lot construction, fencing, etc. constructed by Town on site and \$100,000 in OMB hearing legal fees and \$85,000 of capital costs)	d) <u>\$675,084</u>	FICTION: Staff diverted \$75,000 for capital improvements to the beach for the needs of this project	FACT: \$75,000 initially considered in 2008 for architectural renderings of the lobster house was reduced to a \$35,000 allocation to capital planning costs associated with pursuing partnership
Transfer proceeds in excess of cost of parcel	e = a - d <u>\$2,606,116</u>		
RETURN ON TOWN'S INVESTMENT	386%	FICTION: The Town is not receiving an appropriate market return on the land	FACT: The Town is receiving a 386% return over 9 years on the initial investment in the land

FUTURE ANNUAL OPERATING BENEFIT OF PROJECT

Estimated annual taxation Revenue (at 2010 tax rates) **f) \$190,020**

Incremental annual operating costs- pavilion (includes staff time, utilities, facilities maintenance, custodial net of revenues) **g) (\$45,000)**

Property Insurance **h) (\$1,497)**

Increased annual cash flow **i = f-g-h \$143,524**

FICTION:
New assets will cost taxpayers money

FACT:
Project provides net annual revenue to the Town

Incremental annual amortization of net new Town assets **j) (\$72,900)**

FICTION:
Town will assume a future financial burden for assets it does not want

FACT:
The cost of amortizing these assets would have occurred if Town could have afforded to construct pavilion, podium and open space on site as per Parks Master Plan

Net full cost recovery benefit to Town **k = i - j \$70,624**

FICTION:
Capital assets will create a future financial burden to Town

FACT:
Even factoring in cost of capital replacement, Project still provides a net annual benefit to the Town