

City of Medford, Minnesota

Cost Benefit Analysis of utility connection to Lazy-U Mobile Home Park

WITH LAZY U CONNECTION

Assumptions:

- 3 # of new homes per year
- \$ 130,000 taxable value of homes (after market value exclusion)
- 67% average City tax rate
- 5,000 average water rate usage per home
- 6% Discount Factor

- \$ 4,400 Development Fees per Lot
- \$ 19.53 Base Rate Water
- \$ 4.15 Volume Rate Water
- \$ 14.00 Base Rate Sewer
- \$ 6.05 Volume Rate Sewer

- \$ 580,000 Aeration Basin
- \$ 3,010,000 WWTP Expansion / Upgrades
- \$ 97,000 City upsizing cost to water main
- \$ 1,125,000 Developer cost to extend
- \$ 4,812,000** TOTAL PV COSTS

n
165
2
3,800
627,000
\$ 100,000
\$ 6,298

YEAR	TAXES		DEVELOPMENT FEES		NEW UTILITY REVENUES		LAZY U TAXES		LAZY U DEVELOPMENT
	GROSS	PV	GROSS	PV	GROSS	PV	GROSS	PV	GROSS
1	\$ -	\$ -	\$ 13,200	\$ 12,453	\$ 3,043	\$ 2,871	\$ -	\$ -	\$ 1,125,000
2	\$ -	\$ -	\$ 13,200	\$ 11,748	\$ 6,086	\$ 5,417	\$ -	\$ -	\$ -
3	\$ 2,613	\$ 2,194	\$ 13,200	\$ 11,083	\$ 9,129	\$ 7,665	\$ -	\$ -	\$ -
4	\$ 5,226	\$ 4,139	\$ 13,200	\$ 10,456	\$ 12,172	\$ 9,642	\$ -	\$ -	\$ -
5	\$ 7,839	\$ 5,858	\$ 13,200	\$ 9,864	\$ 15,215	\$ 11,370	\$ -	\$ -	\$ -
6	\$ 10,452	\$ 7,368	\$ 13,200	\$ 9,305	\$ 18,258	\$ 12,872	\$ -	\$ -	\$ 8,800
7	\$ 13,065	\$ 8,689	\$ 13,200	\$ 8,779	\$ 21,302	\$ 14,167	\$ -	\$ -	\$ 8,800
8	\$ 15,678	\$ 9,837	\$ 13,200	\$ 8,282	\$ 24,345	\$ 15,274	\$ -	\$ -	\$ 8,800
9	\$ 18,291	\$ 10,826	\$ 13,200	\$ 7,813	\$ 27,388	\$ 16,211	\$ -	\$ -	\$ 8,800
10	\$ 20,904	\$ 11,673	\$ 13,200	\$ 7,371	\$ 30,431	\$ 16,992	\$ -	\$ -	\$ 8,800
11	\$ 23,517	\$ 12,388	\$ 13,200	\$ 6,954	\$ 33,474	\$ 17,634	\$ -	\$ -	\$ 8,800
12	\$ 26,130	\$ 12,986	\$ 13,200	\$ 6,560	\$ 36,517	\$ 18,148	\$ -	\$ -	\$ 8,800
13	\$ 28,743	\$ 13,476	\$ 13,200	\$ 6,189	\$ 39,560	\$ 18,547	\$ -	\$ -	\$ 8,800
14	\$ 31,356	\$ 13,869	\$ 13,200	\$ 5,838	\$ 42,603	\$ 18,843	\$ -	\$ -	\$ 8,800
15	\$ 33,969	\$ 14,174	\$ 13,200	\$ 5,508	\$ 45,646	\$ 19,047	\$ -	\$ -	\$ 8,800
16	\$ 36,582	\$ 14,400	\$ 13,200	\$ 5,196	\$ 48,689	\$ 19,166	\$ -	\$ -	\$ 8,800
17	\$ 39,195	\$ 14,556	\$ 13,200	\$ 4,902	\$ 51,732	\$ 19,212	\$ -	\$ -	\$ 8,800
18	\$ 41,808	\$ 14,647	\$ 13,200	\$ 4,625	\$ 54,775	\$ 19,190	\$ -	\$ -	\$ 8,800
19	\$ 44,421	\$ 14,682	\$ 13,200	\$ 4,363	\$ 57,819	\$ 19,110	\$ -	\$ -	\$ 8,800
20	\$ 47,034	\$ 14,665	\$ 13,200	\$ 4,116	\$ 60,862	\$ 18,977	\$ -	\$ -	\$ 8,800
	\$ 446,823	\$ 200,427	\$ 264,000	\$ 151,403	\$ 639,047	\$ 300,353	\$ -	\$ -	\$ 1,257,000

Annex? Y or N

Lazy U current # of units

Lazy U new units per year

average water use per *NEW* unit

average water use *EXISTING*

average taxable valuation per unit (net of mve)

Potential current taxes & LGA due to annexation

\$ - Increased Sheriff Contract

\$ 20,000 Increased Utility Payroll

2% COI annual adjustment

DEVELOPMENT FEES	
	PV
\$	1,125,000
\$	-
\$	-
\$	-
\$	-
\$	6,204
\$	5,853
\$	5,521
\$	5,209
\$	4,914
\$	4,636
\$	4,373
\$	4,126
\$	3,892
\$	3,672
\$	3,464
\$	3,268
\$	3,083
\$	2,909
\$	2,744
\$	1,188,867

LAZY U CURRENT UTILITY REVENUES		
	GROSS	PV
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	143,134	\$ 106,958
\$	143,134	\$ 100,904
\$	143,134	\$ 95,192
\$	143,134	\$ 89,804
\$	143,134	\$ 84,721
\$	143,134	\$ 79,925
\$	143,134	\$ 75,401
\$	143,134	\$ 71,133
\$	143,134	\$ 67,107
\$	143,134	\$ 63,308
\$	143,134	\$ 59,725
\$	143,134	\$ 56,344
\$	143,134	\$ 53,155
\$	143,134	\$ 50,146
\$	143,134	\$ 47,308
\$	143,134	\$ 44,630
\$	2,290,147	\$ 1,145,763

LAZY U NEW UTILITY REVENUES		
	GROSS	PV
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	1,735	\$ 1,154
\$	3,470	\$ 2,177
\$	5,205	\$ 3,081
\$	6,940	\$ 3,875
\$	8,675	\$ 4,570
\$	10,410	\$ 5,173
\$	12,145	\$ 5,694
\$	13,880	\$ 6,139
\$	15,615	\$ 6,515
\$	17,350	\$ 6,830
\$	19,085	\$ 7,087
\$	20,820	\$ 7,294
\$	22,554	\$ 7,455
\$	24,289	\$ 7,574
\$	182,171	\$ 74,617

LAZY U NEW OPERATIONAL COSTS		
	GROSS	PV
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	-	\$ -
\$	(20,000)	\$ (14,945)
\$	(20,400)	\$ (14,381)
\$	(20,808)	\$ (13,839)
\$	(21,224)	\$ (13,316)
\$	(21,649)	\$ (12,814)
\$	(22,082)	\$ (12,330)
\$	(22,523)	\$ (11,865)
\$	(22,974)	\$ (11,417)
\$	(23,433)	\$ (10,986)
\$	(23,902)	\$ (10,572)
\$	(24,380)	\$ (10,173)
\$	(24,867)	\$ (9,789)
\$	(25,365)	\$ (9,420)
\$	(25,872)	\$ (9,064)
\$	(26,390)	\$ (8,722)
\$	(26,917)	\$ (8,393)
\$	(372,786)	\$ (182,026)