



To: Mayor and Town Council
From: Clint Kinney, Town Manager
Date: August 16, 2024
Re: Info Update

TID BITS:

- We continued with our request to the BoCC for Little Red funding this week. As the Council is aware, we estimate this project to be \$8.5 million, for which we have \$6 million of General Funds available. The County identified a little over \$200k of existing funding they can contribute to the project. We are hoping they will budget an additional \$200K in their 2025 budget. They also committed to helping with grant writing.
- June sales tax numbers were up close to 6%, year-to-date numbers are up close to 8%. Lodging tax was up 7% in June and is up 13% year-to-date. Excise tax, which is dedicated to workforce housing, is far exceeding budget projections (\$175K vs \$ 1 million). Marijuana and tobacco taxes are down close to 8% for the year, although they were up in June by 3%. RETT revenue is coming in right about budget.
- July delivered an occupancy rate in the Village of 67.3%, up 6.2 %. Actual room nights booked were up 4.4%.
- (correction from last week) We have one more week of Thursday night concerts and Wednesday night rodeo, then JAS. We will be closing the Recreation Center starting at 4:00 on Friday of Labor Day weekend, through Sunday.
- As of noon ish on Friday, Art Burrows was the only new citizen to pick up a Council packet.
- We spent a lot of time on Friday meeting with State agencies (and municipal and County partners) to discuss housing issues. The Colorado Housing and Finance Authority and the Office of Economic Development and International Trade (that runs the Colorado Affordable Housing Finance Fund) learned about both our Draw Site project and the Center project. CHFA has a land bank grant program that could very likely help with the acquisition of the Center site land and OEDIT distributes Proposition 123 funds that would assist with the Draw Site.
- Aspen Ski Co was not fully aware of our municipal law (nor the County law) that makes e-bikes on dirt trails illegal. Apparently, they would like to start renting e-bikes on the resort. As such, they may be asking for the Council to consider changing the existing ordinance.
- The FAB met on Wednesday to review the Draw Site financing. Staff took notes for the FAB and created a draft recommendation utilizing their comments and insights. While the FAB is still reviewing the draft, I will attach it to this memo. We are hoping to have a final version for Monday.

CC: Department Directors



To: Mayor and Town Council
From: Finance Advisory Board
Date: August [redacted], 2024
Re: A Recommendation Regarding the Draw Site Project

DRAFT

The Finance Advisory Board (FAB) met on August 14, 2024, to review the most updated financing proposal for the 79 Unit Draw Site proposal. The FAB centered their review by focusing on the overall Tourism Fund revenues and the proposed project proforma. The FAB had previously reviewed the Housing Master Plan, financing mechanisms and earlier iterations of the proforma; therefore, the Board started with a high level of familiarity with the project.

Comments from the FAB regarding the Draw Site Employee Housing included:

- Reviewing the Tourism Fund, financing plan, and proforma, it is clear the Town can pay for this project with the combination of the proposed tourism tax, rental income and (still to be identified) grant funds.
- This is one of only a few locations in town that can have this many units constructed on it.
- Although a for-sale project would be easier to finance and have less long-term expense to the Town, the rental approach as recommended is agreed to be the correct approach at this time.
- The Council should acknowledge that the Tourism Fund is only projecting a contribution to housing capital projects of \$5 million annually. Earmarking \$3 million of the annual \$5 million contribution to a single project, 60% of those funds, could create a significant opportunity cost by not having adequate funds available for future projects.
- Specifically, regarding the opportunity cost: investing 60% of this revenue source in this single project could impede reaching the goal of 200 new units. Other financing approaches will likely need to be pursued for future projects.
- To achieve the proposed affordable rents, requires this \$3 million annual contribution. This is a major subsidy, equating to approximately \$38,000 per unit per year (over \$3,000 per month) for 30 years. The Council should evaluate, consider, and ensure this amount of subsidy is acceptable.
- Due to the volatile construction market, there is a very real concern of potential cost overruns. The current cost estimate is fair, but there is a risk of rising costs that needs to be understood and acknowledged.
- The Town Council may want to reevaluate the entire approach to the housing master plan. With the cost per square foot of construction is only expected to go up, the Council should consider building units at down valley locations where the cost per square foot of

construction would be lower and more units could be developed at the same expense. In short, there could be more bang for the buck, more units constructed to meet the need, if this investment of public funds were made down valley rather than in the Village.

SUMMARY:

The FAB cannot speak to how this project specifically meets the existing TOSV Housing policy, but it can state the funding sources and expenses are accurately represented and are reasonable. The FAB strongly encourages the Council to consider the opportunity cost of investing 60% of the currently available Tourism Tax dollars into this single project. In addition to building on this site, the FAB strongly encourages the Town Council to explore additional down valley locations that are less expensive to develop.

CONCLUSION:

The FAB is comfortable stating that this project is financially reasonable, and feasible as presented and is appropriate to put to the voters for their consideration.