

SPECIAL MEETING AGENDA

PURSUANT TO A.R.S. § 38-431.02, NOTICE IS HEREBY GIVEN TO THE MEMBERS OF THE FLORENCE TOWN COUNCIL AND TO THE GENERAL PUBLIC THAT THE FLORENCE TOWN COUNCIL WILL HOLD A MEETING OPEN TO THE PUBLIC ON MONDAY, AUGUST 24, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

1. CALL TO ORDER

2. ROLL CALL: Rankin __, Walter __, Woolridge __, Hawkins __, Guilin __, Anderson __, Wall ____.

3. CALL TO THE PUBLIC

Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

4. PUBLIC HEARING

- a. Public hearing on Annexation No. 2015-01, more commonly known as the Bonnybrooke Solar Plant Annexation, area encompasses a land area of approximately 312.97 acres. The subject area is generally bound by the Bonnybrooke Road alignment to the north, Padilla Road to the west, the Quail Run Road alignment to the east and existing irrigation canals and the CAP Canal to the south.**

5. CALL TO THE PUBLIC


6. CALL TO THE COUNCIL

7. ADJOURNMENT

Council may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the Town's Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3).

POSTED ON AUGUST 18, 2015, BY LISA GARCIA, TOWN CLERK, AT 775 NORTH MAIN STREET, 1000 SOUTH WILLOW STREET, FLORENCE, ARIZONA, AND AT WWW.FLORENCEAZ.GOV.

*****PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT (ADA), THE TOWN OF FLORENCE DOES NOT DISCRIMINATE ON THE BASIS OF DISABILITY REGARDING ADMISSION TO PUBLIC MEETINGS. PERSONS WITH A DISABILITY MAY REQUEST REASONABLE ACCOMMODATIONS BY CONTACTING THE TOWN OF FLORENCE ADA COORDINATOR, AT (520) 868-7574 OR (520) 868-7502 TDD. REQUESTS SHOULD BE MADE AS EARLY AS POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATION.*****

	TOWN OF FLORENCE COUNCIL ACTION FORM	<u>AGENDA ITEM</u> 4a.
MEETING DATE: August 24, 2015 DEPARTMENT: Community Development STAFF PRESENTER: Mark Eckhoff, AICP Community Development Director SUBJECT: Public Hearing on Annexation 2015-02, Bonnybrooke Solar Project Annexation		<input type="checkbox"/> Action <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Public Hearing <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <div style="margin-left: 20px;"> <input type="checkbox"/> Regulatory <input type="checkbox"/> 1st Reading <input type="checkbox"/> 2nd Reading </div> <input type="checkbox"/> Other

RECOMMENDED MOTION/ACTION:

Hold the public hearing on Annexation No. 2015-02, more commonly known as the Bonnybrooke Solar Project annexation.

BACKGROUND/DISCUSSION:

Upon the request of Solar Star Arizona VII, LLC, (a subsidiary of SunPower Corporation, Systems (SunPower)) on behalf of the property owners (MLC Farms, LLC, and Clark Family Trust), staff filed a map and legal description of the Bonnybrooke Solar Project annexation boundary and a blank annexation petition with the Pinal County Recorder on July 29, 2015. The annexation contains approximately 312.97 acres. The site is generally bounded by the Bonnybrooke Road alignment to the north, Padilla Road to the west, the Quail Run Road alignment to the east and existing irrigation canals and the CAP canal to the south. A detailed map and legal description is provided with this report.

The Town of Florence is required by Arizona Revised Statutes to hold a public hearing within the last ten days of the thirty day waiting period. This public hearing, which purpose is to obtain public comment regarding the proposed annexation, was noticed per State statutes.

FINANCIAL IMPACT:

The annexation of the subject farm land will have a nominal impact. The development of the proposed solar farm on the subject site will produce significant positive fiscal impacts. A detailed fiscal impact report is included with this report.

RECOMMENDATION:

Hold the public hearing on Annexation No. 2015-02, more commonly known as the Bonnybrooke Solar Project annexation.

ATTACHMENT:

Bonnybrooke Solar Project Annexation Filing with Legal, Map and blank petition
Bonnybrooke Solar Project Economic and Fiscal Impact Report

108



**OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
VIRGINIA ROSS**

DATE/TIME: 07/29/2015 1550
FEE: \$9.50
PAGES: 10
FEE NUMBER: 2015-049150



When recorded mail to:

Florence Town Clerk
Town of Florence
P.O. Box 2670
775 N. Main Street
Florence, Arizona 85132

TOWN OF FLORENCE

Blank Annexation Petition

Annexation No. 2015-02
Bonnybrooke Solar Project Annexation

July 29, 2015

**TOWN OF FLORENCE
ANNEXATION PETITION
BONNYBROOKE SOLAR PROJECT ANNEXATION
ANNEXATION NO. 2015-02**

**TO THE HONORABLE MAYOR AND TOWN COUNCIL OF THE TOWN OF FLORENCE,
ARIZONA,**

We the undersigned, owners of one-half or more in value of the real and personal property and more than one-half of the persons owning real and personal property that would be subject to taxation by the Town of Florence in the event of annexation within the territory proposed to be annexed, which is hereafter described, said territory being contiguous to the corporate limits of the Town of Florence, with the exterior boundaries of the territory proposed to be annexed shown on the map attached hereto, marked Exhibit "A-2" and made a part hereof, request the Town of Florence to annex the following described territory, provided that the requirements of A.R.S. Section 9-471, and amendments thereto are fully observed.

The description of the territory to be annexed, not already within the present limits of the Town of Florence and located in Pinal County, Arizona, is as described on Exhibit "A-1" and made a part hereof.

The area being placed under petition contains 312.971 acres, more or less.

Annexation Petition
Annexation No. 2015-02
Bonnybrooke Solar Project Annexation

Town of Florence

[illegible]

Exhibit A-1 Bonnybrooke Solar Project Annexation

LEGAL DESCRIPTION

PARCEL 1

A parcel of land, being a portion of the East Half (E1/2) of Section 29, Township 4 South, Range 10 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at a found plastic capped iron bar stamped "Found Pt RLS 37401" monumenting the North Quarter corner of said Section 29, from which a found 3" aluminum capped post stamped "RLS 37401" monumenting the Northeast corner of said Section 29 bears South 89°40'43" East, a measured geodetic bearing and basis of bearings for this description (record South 89°30'47" East per Record of Survey by Hansen Surveying and Engineering, recorded in Surveys Book 18, Page 75, records of said Pinal County, herein referenced as record source "RH"), a distance of 2,637.21 feet (record 2,637.84 feet per "RH");

THENCE South 89°40'43" East (record South 89°30'47" East per "RH"), along the North line of said Section 29, a distance of 2,637.21 feet (record 2,637.84 feet per "RH"), to said found 3" aluminum capped post stamped "RLS 37401" monumenting said Northeast corner of said Section 29;

THENCE South 00°23'30" East (record South 00°17'21" East per "RH"), along the East line of said Section 29, a distance of 2,627.64 feet (record 2,624.18 feet per "RH") to a found ¾" iron bar monumenting the East Quarter corner of said Section 29;

THENCE South 01°54'21" East (record South 01°48'37" East per "RH"), continuing along said East line of said Section 29, a distance of 1,949.70 feet to a calculated point in the center line of the Florence-Casa Grande Canal;

THENCE South 41°29'54" West, along said center line of said Florence-Casa Grande Canal, a distance of 901.58 feet to calculated point on the South line of said Section 29;

THENCE South 89°33'11" West, along said South line of said Section 29, a distance of 2,035.79 feet to a found 2" aluminum capped iron bar stamped "LS 17258" monumenting the South Quarter corner of said Section 29;

THENCE North 00°56'42" West (record North 00°50'49" West per "RH"), along said North-South mid-Section line of said Section 29, a distance of 2,626.72 feet (record 2,627.13

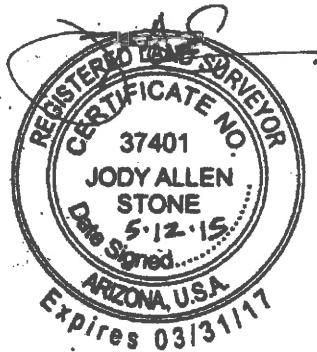
feet per "RH") to a found 2" aluminum capped iron bar stamped "LS 17258" monumenting the Center of said Section 29;

THENCE North 00°56'20" West (record North 00°50'49" West per "RH"), along said North-South mid-Section line of said Section 29, a distance of 2,656.14 feet to the **TRUE POINT OF BEGINNING**.

Containing 312.971 acres, more or less.

AND;

That portion of the South 33.00 feet of Section 20, the South 33.00 feet of the West 33.00 feet of Section 21, the West 33.00 feet of Section 28, Township 4 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona, lying adjacent to the above described Parcel 1.






201-22-7000
E Bonnybrooke Rd

201-22-0020

201-23-0040



Exhibit A-2: Bonnybrooke Solar Project Annexation

 Site Location  Parcel Lines
 Town Limits

0 375 750
Feet



Legal Description

Refer to Exhibit A-1 for legal description

This map is created for reference purposes only and is to be used at your own risk. The Town of Florence makes no warranty as to the accuracy or completeness of the information contained in this map and assumes no liability for any errors or omissions contained therein, nor for any direct, indirect, or consequential damages which may be caused by its use. It is the user's responsibility to verify all information contained herein.

6/18/2015

2015-66

201-26-7000

201-26-001C

201-26-001D

201-25-0070

201-25-0060

201-26-0030

N Padilla Rd

N Quail Run Rd

201-25-0090

E Diversion Dam Rd

201-25-0020

201-26-004D

201-26-001B

USA-20-1030

201-25-014A

201-12-7010

201-31-005B

201-31-005C

201-31-0090

201-12-8010

ANNEXATION AFFIDAVIT
Annexation No. 2015-02
Bonnybrooke Solar Project Annexation

Personally appears before me, Mark Eckhoff, Community Development Director of the Town of Florence, who, first being duly sworn deposes and says as follows:


1. I make this affidavit of my own personal knowledge.
2. I am the duly appointed Community Development Director of the Town of Florence, Arizona and I am qualified to make this affidavit on behalf of and for the Town.
3. I have made a diligent search of the records of the Office of the Clerk of the Town and of the Office of the Pinal County Recorder for any annexation filing, which might involve territory sought to be annexed in the Town Annexation Petition, which is filed herewith, with exhibits, in the Office of the Pinal County Recorder.
4. I hereby affirm, pursuant to A.R.S. §9-471(A)(6), that no part of the territory for which the attached Annexation Petition is filed is already subject to an earlier filing for annexation.

FURTHER AFIANT SAYETH NOT.



Mark Eckhoff, Community Development Director

SWORN TO AND SUBSCRIBED before me this 28th day of July 2015.



Notary Public for the State of Arizona



My commission expires: 1-5-19

July 28, 2015

Town of Florence
Attn: Lisa Garcia, Interim Town Manager
P.O. Box 2670
775 N. Main Street
Florence, AZ 85132

RE: Annexation 45 day waiting period waiver

Ms. Garcia: ARCUS LANGLEY FARMS

Pursuant to A.R.S. 9-471 (A), I 2012, LLC, the undersigned owner of real and personal property in the territory to be annexed as described in the Town of Florence Annexation No. 2015-01 (the "original annexation"), known as the Bonnybrooke Solar Project Annexation, hereby waive the forty-five (45) day waiting period for a new blank annexation petition filing for my property that was part of the original annexation.

By: Arcus Langley Farms 2012, LLC

By: [Signature]

Name: ANDREW MARTIN

Title: MANAGER, ARCUS PRIVATE CAPITAL SOLUTIONS, MANAGER OF

Date: 7-28-15 ARCUS LANGLEY FARMS 2012, LLC

State of Arizona §

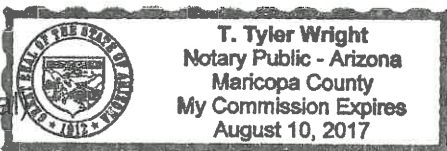
County of Pinal §

On this 28TH day of JULY, 20 15, before me personally appeared

ANDREW MARTIN (name of signer), whose identity was proven to me on

the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged

that he or she signed the above/attached document.

(Notary seal) 

[Signature]
Notary Public

July 29, 2015

Town of Florence
Attn: Lisa Garcia, Interim Town Manager
P.O. Box 2670
775 N. Main Street
Florence, AZ 85132

RE: Annexation 45 day waiting period waiver

Ms. Garcia:

Pursuant to A.R.S. 9-471 (A), I Mickey A. Clark, the undersigned owner of real and personal property in the territory to be annexed as described in the Town of Florence Annexation No. 2015-01 (the "original annexation"), known as the Bonnybrooke Solar Project Annexation, hereby waive the forty-five (45) day waiting period for a new blank annexation petition filing for my property that was part of the original annexation.

By: Clark Family Trust

By: Mickey A. Clark

Name: Mickey Clark

Title: Trustee

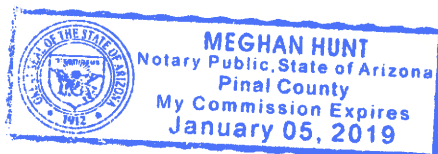
Date: 7-29-15

State of Arizona §

County of Pinal §

On this 29th day of July, 2015, before me personally appeared Mickey Clark (name of signer), whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.

(Notary seal)



Meghan Hunt
Notary Public

July 29, 2015

Town of Florence
Attn: Lisa Garcia, Interim Town Manager
P.O. Box 2670
775 N. Main Street
Florence, AZ 85132

RE: Annexation 45 day waiting period waiver

Ms. Garcia:

Pursuant to A.R.S. 9-471 (A), I Mickey D. Clark the undersigned owner of real and personal property in the territory to be annexed as described in the Town of Florence Annexation No. 2015-01 (the "original annexation"), known as the Bonnybrooke Solar Project Annexation, hereby waive the forty-five (45) day waiting period for a new blank annexation petition filing for my property that was part of the original annexation.

By: MLC Farms, LLC

By: Mickey D. Clark

Name: Mickey Clark

Title: Manager

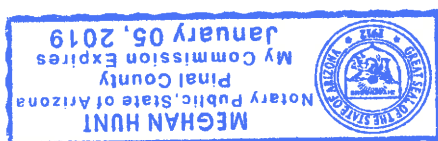
Date: 7-29-15

State of Arizona §

County of Pinal §

On this 29th day of July, 2015, before me personally appeared Mickey Clark (name of signer), whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.

(Notary seal)



Mickey D. Clark
Notary Public

Bonnybrooke Solar Project Economic and Fiscal Impact Report & Cost/Benefit Analysis Town of Florence, Arizona



Prepared for:

Town of Florence

&

SunPower

June 2015

Prepared by:



Elliott D. Pollack & Company
7505 East 6th Avenue, Suite 100
Scottsdale, Arizona 85251

TABLE OF CONTENTS

Executive Summary	i
1.0 Introduction	1
2.0 Methodology & Assumptions	3
2.1 Assumptions	3
2.2 Economic Impact Methodology	3
2.3 Fiscal Impact Methodology	4
3.0 Impact of Construction on Town of Florence	8
3.1 Economic Impact of Construction	8
3.2 Fiscal Impact of Construction	8
4.0 Impact of Stabilized Operations on Town of Florence	12
4.1 Economic Impact of Operations	12
4.2 Fiscal Impact of Operations	13
5.0 Cost/Benefit Analysis	15
Appendix 1 – Property Tax Schedule for Life of Project	A-1



Executive Summary

Introduction

SunPower is a global provider of solar technology and energy services for residential, commercial and power plant applications. The following summary details the economic and fiscal impacts as well as the net cost/benefit of the construction and ongoing operations of the proposed Bonnybrooke Solar Project to the Town of Florence, if annexed. This solar power generating facility would produce up to 50 MW of power and is currently located in unincorporated Pinal County, approximately four miles east of the Town of Florence.

Economic Impacts

Solar facilities have a notable impact on both local and regional economies.. The Bonnybrooke Solar Project will create significant construction employment and create jobs for Pinal County residents during operations. There will be 150 onsite construction jobs at peak activity, which will create approximately 39 spin-off jobs within Pinal County and more throughout the State. Total construction related wages will total over \$5.7 million. In addition, there is expected to be onsite employment and contract work of three jobs within the County over the project's assumed 35 years of operations, creating over \$6.9 million in wages throughout the project's life.

Constructing the project is expected to generate an estimated \$27.5 in economic activity throughout Pinal County. Through 35 years of operations, an additional \$39.3 million in economic activity will occur within the County's economy. All totaled, the Bonnybrooke Solar Project is expected to create over \$66.8 million in economic activity within Pinal County.



Economic Impact over Life of Project Bonnybrooke Solar Project Pinal County (2015 dollars)			
Construction			
Impact Type	Jobs	Wages	Economic Output
Direct	150	\$4,359,000	\$23,800,000
Indirect	29	\$1,016,000	\$2,453,000
Induced	10	\$329,000	\$1,294,000
Total	189	\$5,704,000	\$27,547,000
Operations			
Impact Type	Annual Jobs	Wages over 35 Yrs	Economic Output (35 yrs)
Direct	2	\$5,978,000	\$35,735,000
Indirect	1	\$616,000	\$2,187,500
Induced	0.3	\$343,000	\$1,344,000
Total	3	\$6,937,000	\$39,266,500
1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. Operating jobs are average annual while wages and economic output represent totals over 35 years. Source: Elliott D. Pollack & Company; IMPLAN			

Fiscal Impacts

Construction and operations of the solar project will create significant tax revenue for the Town of Florence and other local entities. The substantial value from solar equipment and the new commercial use will drastically increase the property value of the site. Significantly increased property taxes from the project will comprise the majority of the fiscal impact. Town revenue will also be generated from construction sales tax as well as employee generated revenue.

The Town of Florence will receive an estimated \$493,130 in cumulative tax and fee revenue from construction related impacts. Nearly 88% of this Town revenue (\$431,630) will be generated in the first year (2016) following annexation.

Through annual property tax payments and employee generated revenue, an additional total of nearly \$884,775 will be paid to the Town of Florence stemming from operations. Combined construction and operations impacts total nearly \$1.4 million over the life of the project.

The project will also benefit many other taxing jurisdictions such as Pinal County, Florence Unified School District, Florence Flood Control District, and others. Property taxes paid to the



Florence Unified School District will total over \$5.8 million. Pinal County (including county level entities such as the library and junior college) are projected to receive over \$5.6 million. Florence Flood is expected to collect over \$1.7 million. Other taxing districts will receive a total of nearly \$1.6 million over the life of the project. In total, the cumulative impact to the Town of Florence, Pinal County and the Pinal County region is nearly \$16.1 million.

35 Year Fiscal Impact Summary Bonnybrooke Solar Project - Town of Florence (2015 dollars)	
Construction Impact	
Property tax	\$61,500
Construction Sales Tax (non-solar components)	\$286,000
Annexation Application, Civil Design, & ROW	\$29,382
Demolition, Construction Staging, Permits, Impact Fees	\$7,167
Town Admin Fees	\$63,181
Secondary revenues from employment	\$45,900
Total impact during construction	\$493,130
35-Year Operations Impact	
Commercial Property Tax	\$848,200
Employee Spending Sales Tax	\$32,900
Resident Property Tax	\$3,500
State Shared Revenues	\$175
Total Operations Impact	\$884,775
Impact to Town of Florence	\$1,377,910
Impact to Pinal County	\$5,609,750
Impact to Florence Unified School District	\$5,819,390
Impact to Florence Flood District	\$1,704,510
Impact to Other Districts	\$1,584,650
GRAND TOTAL FISCAL IMPACT	\$16,096,205
1/ Town administration fees are best estimates according to Town of Florence. These figures may not be the finalized dollar amount. Source: Elliott D. Pollack & Co.; IMPLAN; AZDOR; AZ Tax Research Association	



During operations, Florence will receive \$25,450 in taxes on an average annual basis over the 35-year life of operations. Property taxes will start much higher, nearly \$40,000 at the onset of the project and then gradually decrease as depreciation of equipment is factored over time.

Average Annual Fiscal Impact Snapshots				
Bonnybrooke Solar Project				
Town of Florence				
(2015 dollars)				
Florence Revenue Source	1st Year of Full Assessment	Mid-Point	Final Years	TOTAL Revenue
	2019	2035	2050	
Property Tax	\$39,500	\$25,300	\$14,300	\$848,200
Secondary Revenue	\$1,045	\$1,045	\$1,045	\$36,575
Total	\$40,545	\$26,345	\$15,345	\$884,775
Source: EDPCo; IMPLAN; AZ Department of Revenue; AZ Tax Research Association				

Cost/Benefit Analysis

The basic approach for the cost/benefit analysis is to determine the level and character of current and future development and then to model the revenues and expenditures likely to be associated with this development.

Town staff from each potentially affected department participated in this analysis to include every expected expenditure. The analysis considered any potential operating expense, additional personnel, capital costs for new or replacement infrastructure as well as relevant maintenance costs for items such as annexed roadways.

Future conditions for this particular annexation are very straightforward for the next 35 years. This property will be the site of the 50 MW Bonnybrooke solar project and no other developments are expected on this property during that time period.

For a comparison of operating expenses to revenue, revenue was compared to ongoing operating expenses over a 35-year analysis period. Revenue includes sales taxes, property taxes, application fees, town administration fees, civil design and right of way fees, building permit costs and community development fees. The only expenses that were identified relate to ongoing road maintenance of newly annexed portions of Diversion Dam Road and Quail Run Road.



Due to the lack of any immediate need to service the property after annexation (no residents or capital project needs), there is a net gain expected in year one after annexation. Construction related revenues in 2016 alone total an estimated \$431,630 in net Town revenue.

2016 Net Fiscal Impact Summary	
Bonnybrooke Solar Project - Town of Florence	
(2015 dollars)	
Construction Revenue	
Construction Sales Tax (non-solar components)	\$286,000
Annexation Application, Civil Design, & ROW	\$29,382
Demolition, Construction Staging, Permits, Impact Fees	\$7,167
Town Admin Fees ^{1/}	\$63,181
Secondary revenues from employment	\$45,900
Total Construction Related Revenue	\$431,630
2016 Town of Florence Revenue	\$431,630
2016 Town of Florence Expenditure	\$0
NET FISCAL BENEFIT	\$431,630
^{1/} Town administration fees are best estimates according to Town of Florence. These figures may not be the finalized dollar amount.	
Source: Elliott D. Pollack & Co.; IMPLAN; AZDOR; Town of Florence; SunPower; ATRA	

All subsequent years also show significant net gains in revenue. **After 35 years, a \$1.2 million fund balance would be generated.**



35 Year Net Fiscal Impact Summary Bonnybrooke Solar Project - Town of Florence (2015 dollars)

Construction Revenue

Property tax	\$61,500
Construction Sales Tax (non-solar components)	\$286,000
Annexation Application, Civil Design, & ROW	\$29,382
Demolition, Construction Staging, Permits, Impact Fees	\$7,167
Town Admin Fees ^{1/}	\$63,181
Secondary revenues from employment	\$45,900

Total Construction Related Revenue	\$493,130
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35-Year Operations Revenue

Commercial Property Tax	\$848,200
Employee Spending Sales Tax	\$32,900
Resident Property Tax	\$3,500
State Shared Revenues	\$175

Total Operations Revenue	\$884,775
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35-Year Operations Expenditures

Road/Culvert Maintenance	\$150,210
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Total Town of Florence Revenue	\$1,377,905
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Total Town of Florence Expenditure	\$150,210
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NET FISCAL BENEFIT	\$1,227,695
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^{1/} Town administration fees are best estimates according to Town of Florence. These figures may not be the finalized dollar amount.

Source: Elliott D. Pollack & Co.; IMPLAN; AZDOR; Town of Florence; SunPower; ATRA



Conclusions

The annexation area appears to have the potential to provide much more revenue to the Town than the expected costs related to annexing. This is based on the following observations as outlined:

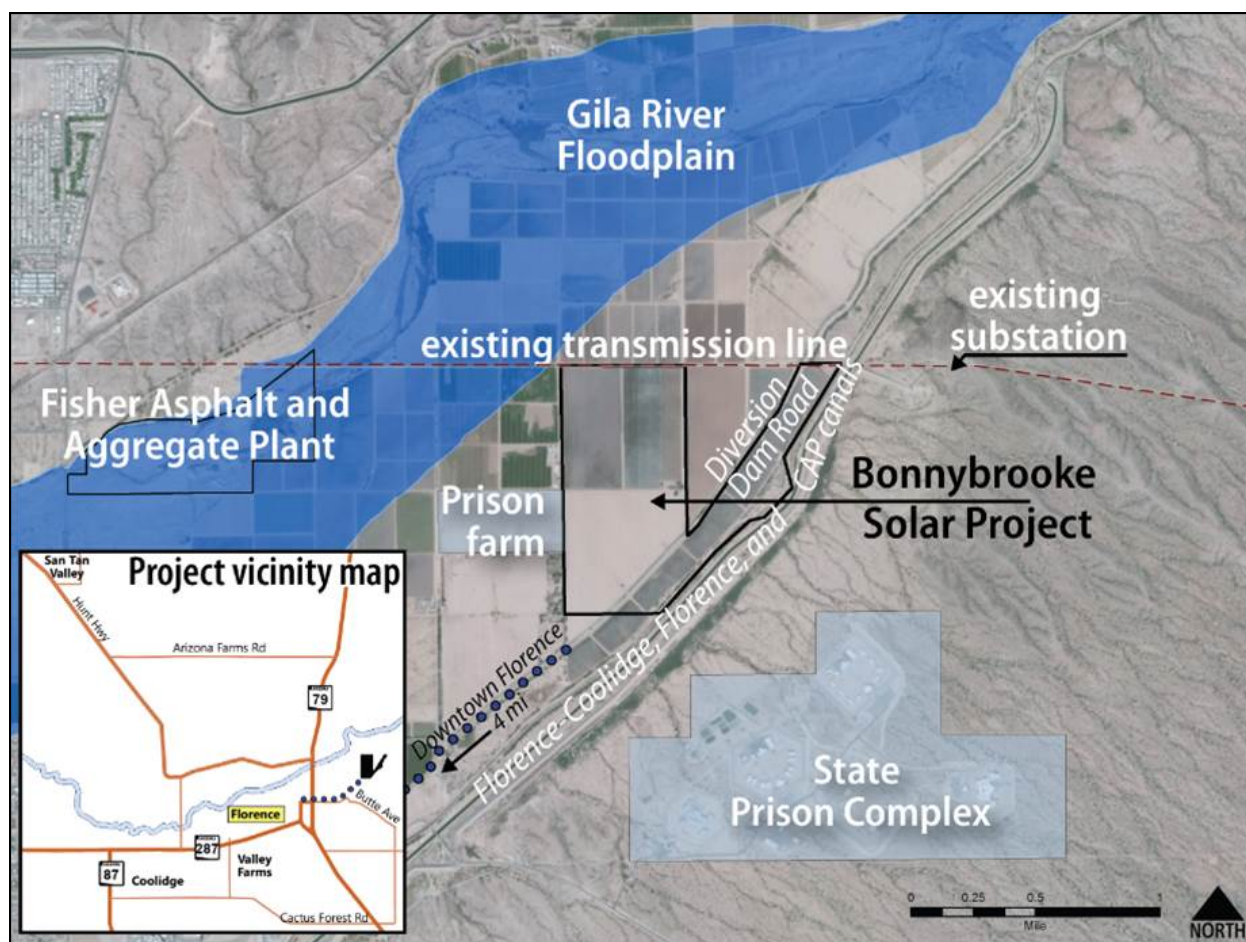
1. New property taxes from the addition of the 50 MW Bonnybrooke solar project represents the most significant revenue source that would be collected by the Town. This revenue is considered a stable source after the project is built.
2. Operating costs for the annexation will be limited to road repair and maintenance. Due to the fact that the developer of the Bonnybrooke project will also improve the annexed roadways up to the required specifications, little maintenance is expected initially. Over the 35-year analysis period, the Town Engineer estimated \$150,210 in total roadway maintenance costs. This compares favorably to the expected \$1.4 million in future revenue.

From a financial perspective, it is the opinion of this firm that the annexation is recommended.



1.0 Introduction

Elliott D. Pollack and Company has been retained by SunPower to perform an economic and fiscal impact study as well as a cost/benefit analysis of the construction and ongoing operations of a proposed solar power generating facility that would produce up to 50 MW currently located in unincorporated Pinal County, Arizona. This project is known as the Bonnybrooke Solar Project, located approximately 4 miles east of the Town of Florence. Annexation into the Town of Florence is being considered. This report calculates the economic and fiscal benefits of the project assuming the project is annexed into the Town.



The study focuses on the economic and fiscal impacts of the following:

1. Construction of the proposed project.
2. Stabilized operations of the project over the expected 35-year economic life.

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings, and job creation. Fiscal impact analysis evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue



sources of a city, county, or state government are analyzed to determine how the activity may financially affect them.

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration Statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported economic and fiscal impact findings outlined in this report represent the considered judgment of Elliott D. Pollack and Company based on the assumptions, analyses, and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, State and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.
- The analysis is based on the current tax structure and rates imposed by the county. Changes in those rates would alter the findings of this study. All dollar amounts are stated in constant 2015 dollars and, unless indicated, do not take into account the effects of inflation.
- The analysis outlined in this study is based on currently available information and estimates and assumptions about long-term future trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this market study are those that are believed to be significant to the projections of future results.

The following section will describe the assumptions and methodologies used to estimate the economic and fiscal impact of both the construction and stabilized operations of the proposed project. Section 3.0 will describe the impact of construction on the Town of Florence. Section 4.0 outlines the effect of stabilized operations on The Town of Florence and other jurisdictions. Section 5.0 details the cost/benefit analysis of the project for the Town of Florence and concludes with a recommendation from a financial perspective.



2.0 Methodology & Assumptions

2.1 Project Assumptions

The following table outlines the assumptions used in estimating the property tax impacts of the proposed Bonnybrooke Solar Project. With the exception of the San Carlos Irrigation District, these rates are applied to every \$100 of net assessed value. The irrigation district assigns a price per acre of land as opposed to relying on the assessed value. These rates are current as of the writing of this report and are used for the entire duration of the project life.

Property Tax Rates Bonnybrooke Solar Project	
DISTRICT	RATE
County Primary Tax	3.7999
Pinal County Jr. College	2.2633
Pinal County Flood	0.17
CAWC	0.14
Fire District Assistance Tax	0.0674
Pinal County Library	0.097
CAVIT	0.05
Pinal County Total	6.5876
Florence USD #001 Primary	5.5174
Florence USD #001 "B" Bonds	0.9946
Florence USD #001 Override	0.6409
School District Total	7.1529
Town of Florence	1.1182
Florence Flood	2.0951
State School Equalization	0.5089
Grand Total	17.4627
Special District (\$ per acre)	
San Carlos Irrigation	73
Source: Pinal County Assessor's Office	

2.2 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focuses on the jobs and corresponding output and wages that are created by the construction and ongoing operations of the proposed solar project.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by employees or onsite construction workers. Indirect employment is those jobs created by businesses that provide goods and services essential to construction or operations



of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to service-oriented firms (who support direct operations). Finally, the spending of wages and salaries of direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the County and State. These secondary effects were captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Minnesota IMPLAN Group (also known as MIG, Inc.), a nationally recognized company which is the sole-source provider of the IMPLAN economic impact modeling system, developed the multipliers used in this study. Founded in 1993, the IMPLAN system was formed as an outgrowth of research work by professors from the University of Minnesota. The data from this system allows our analysts to examine and model complex multiplier models of local economies. In this case, the economy of Pinal County has been selected.

The economic impact is categorized into three types of impacts:

- (1) Employment Impact – the total wage, salary and self employed jobs in a region. Jobs include both part time and full time workers.
- (2) Earnings Impact – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) Economic Output – the economic output, also referred to as economic activity, relates to the gross receipts for goods or services generated by a project's operations.

Economic impacts are by their nature regional in character. The direct impact of job creation will be primarily concentrated in the surrounding Pinal County communities; however the impact will be felt all throughout the State. All dollar figures, unless otherwise stated, are expressed in current dollars.

2.3 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will evaluate the impact of the proposed project on The Town of Florence and other local jurisdictions.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census, the U.S. Department of Labor, the



Internal Revenue Service, the State of Arizona, Pinal County, the Arizona Tax Research Association, and the U.S. Consumer Expenditure Survey.

Elliott D. Pollack and Company has relied upon the client for estimates of construction cost. In addition, this firm relied upon estimates of Town cost from Town of Florence staff. Unless otherwise stated, all dollar values are expressed in 2015 dollars.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are related to the construction and operations of the proposed solar project.

Construction impacts relate to the revenues generated from construction of the project and include the State and local sales taxes levied on non-solar construction materials. In addition, the Town will benefit from the spending of construction workers within Town limits.

This project would begin creating additional revenue once it is constructed and starts operating. For Town of Florence, revenues will include sales taxes, property taxes, and State shared revenues. Following is a description of the applicable revenue sources that will be considered for this analysis.

- Construction Sales Tax

The State as well as counties and cities in Arizona levy a sales tax on materials used in the construction of buildings or development of land improvements. That tax is calculated by State law under the assumption that 65% of the construction cost of the project and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is applied to the 65% materials figure. The sales tax on construction materials is a one-time collection by the governmental entity. Construction sales tax is generated during any new building construction as well as from improvements. The tax rate for the State is 5.6%, and a portion is shared with counties, cities and towns through revenue sharing formulas. The Town of Florence's rate is 4.0%.

Typically, construction of a project would generate construction sales taxes. However, Arizona Revised Statute ARS 42-5075, section 13 allows for the following exemption for renewable energy projects:

For taxable periods beginning from and after December 31, 1996 and ending before January 1, 2017, the gross proceeds of sales or gross income derived from a contract to provide and install a solar energy device. The contractor shall register with the department as a solar energy contractor. By registering, the contractor acknowledges that it will make its books and records relating to sales of solar energy devices available to the department for examination.

It is anticipated that construction will begin prior to the expiration of this exemption. The majority of the project is expected to be exempt from construction sales tax. However,



based on past completed projects, a portion of the project will be comprised of non-solar components and subject to tax.

- Sales Tax

The State, counties, and local cities charge sales tax on retail goods and services. These tax rates are applied to the estimated taxable commercial sales. The tax rate for the State is 5.6%, and a portion is shared with counties, cities and towns through revenue sharing formulas. Town of Florence's rate is 2.0%.

- Property Taxes

Taxes on real and personal property will be levied on the Bonnybrooke project and equipment. Direct, indirect and induced employees supported by the project would also pay property taxes on homes they occupy. In order to estimate property taxes, the value of a typical housing unit in the place of residence for all of the employees has been calculated at the median home value of the county, including both single family homes and apartment units. This value assumes that employees would occupy units in a pattern similar to the current inventory of housing in the county.

Property taxes are paid both during construction as well as annually (at a depreciated rate) once the project is operating. For Renewable Energy projects such as the Bonnybrooke Solar Project, Arizona Revised Statute 42-14155 values renewable energy equipment at the taxable original cost which is now defined as development cost net of federal grants or investment tax credits. It then further reduces the assessed value to 20% of the depreciated original cost and adds back the purchase price of the land.

During construction, the property tax is calculated on a base that is equal to the construction contract value multiplied by the assessment ratio (commercial property will have an 18% assessment ratio by 2016). Once the project is operating, the project will be centrally assessed by the Arizona Department of Revenue and pay personal property taxes based on specified formulas described in Arizona Revised Statute 42-14145 "Computing Valuation of Electric Generation Facilities". The initial "net book" value is based on a depreciation rate each year (in this case, a 30-year schedule) plus annual materials and supplies and construction work in progress. After the 30% investment tax credit reduction and 80% Arizona renewable energy equipment deduction and addition of the original cost of land, the resulting full cash value is then multiplied by the assessment ratio (18%) to derive the net assessed value. This value is then subject to the property taxes for each district.

Within tables displaying annual impacts, property taxes have been calculated to represent the year in which the tax would be collected by each taxing entity. This effectively creates a two year lag between the assessed year and the year that the tax is collected. In addition, property tax bills are split evenly with half of the liability due October 1 of the tax year and the second half due March 1 of the following year. These payment deadlines have been incorporated into the annual property tax calculations.



- State Shared Revenues

Each municipality in Arizona receives a portion of State revenues from five different sources - State sales tax (see description above), State income tax, State unemployment tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population.

- State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. This percentage is based on the most recently available income tax data from the Arizona Department of Revenue. The factor is applied to the projected wage levels of direct, indirect and induced employees supported by the construction and operations of the project. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

- State Unemployment Tax

Unemployment insurance tax for employees is 2.7% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of direct, indirect, and induced employees.

- HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. Registration fees average \$66 per employee in the State of Arizona. These factors are applied to the projected direct, indirect and induced employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

- Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$325 and portions of the total collections are distributed to the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenue generated to city, county and state governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections. All dollar figures, unless otherwise stated, are in constant 2015 dollars and do not take into account the effects of inflation.



3.0 Impact of Construction on Town of Florence

This section of the report outlines the economic and fiscal impact of the construction of the proposed solar project. Construction phase impacts are generally short-term effects related to onsite and offsite construction employment and other supporting industries. The long-term consequences are the operational phase impacts.

The proposed project has an expected 10-month construction build beginning in 2015. The economic impacts are expressed for the duration of construction.

3.1 Economic Impact of Construction

The Bonnybrooke Solar project would generate an estimated 150 onsite construction jobs during peak construction activity. About \$4.4 million in direct wages would be generated based on the total construction activity. Another 39 indirect and induced jobs would be created in Pinal County, which would also produce wages and economic activity. Altogether, the project would create approximately 189 jobs, \$5.7 million in wages and \$27.5 million in economic activity during the construction timeframe within Pinal County.

Economic Impact of Construction Bonnybrooke Solar Project Pinal County (2015 dollars)			
Impact Type	Jobs	Wages	Economic Output
Direct	150	\$4,359,000	\$23,800,000
Indirect	29	\$1,016,000	\$2,453,000
Induced	10	\$329,000	\$1,294,000
Total	189	\$5,704,000	\$27,547,000
1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. Source: Elliott D. Pollack & Company; IMPLAN			

3.2 Fiscal Impact of Construction

The construction of the Bonnybrooke Solar Project would create significant tax revenues for the Town of Florence. Revenues have been defined in this analysis as either primary or secondary,



depending on their source and how the dollars flow through the economy into government tax accounts. For instance, some revenues, such as construction sales taxes, are straightforward calculations based on the cost of construction for non-solar components. These revenues are described in this study as primary revenues. Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project as well as revenues that the State shares with counties and municipalities using a per capita formula. Revenue projections are based on typical wages of the employees working in the project, their spending patterns, and projections of where they might live.

The Town of Florence would benefit from primary sales tax revenue from the construction of non-solar components, property taxes from the value of construction work in progress as well as secondary impacts from the employees created by the development of the project.

The Town of Florence would collect over \$493,100 in construction related tax revenue. Nearly 88% of this Town revenue (\$431,630) will be generated in the first year following annexation.

The largest source of revenue would be construction sales tax on non-solar components. In addition, development related fees, increased property taxes as the value of the project's equipment is assessed and added to the tax roll and employee generated impacts would provide significant revenue. These figures are summarized in the table below.

Fiscal Impact of Construction Bonnybrooke Solar Project Town of Florence (2015 dollars)							
	Primary Revenues			Secondary Revenues			
Impact Type	Property Tax	Construction Sales Tax (Non-solar comp)	Permit/ Impact/ Admin Fees	Employee Spending Sales Tax	Resident Property Tax	State Shared Revenues	Total Revenues
Direct	\$61,500	\$286,000	\$99,730	\$31,100	\$4,600	\$240	\$483,170
Indirect	N/A	N/A	N/A	\$6,500	\$900	\$40	\$7,440
Induced	N/A	N/A	N/A	\$2,200	\$300	\$10	\$2,510
Total	\$61,500	\$286,000	\$99,730	\$39,800	\$5,800	\$300	\$493,130
<small>1/ The figures are intended only as a general guideline as to how the county could be impacted by the project. The above figures are based on the current economic structure and tax rates of the State of Arizona and county. Source: Elliott D. Pollack & Company; IMPLAN; Arizona Department of Revenue; Arizona Tax Research Association</small>							

The property taxes paid as value is added to the property will not be limited to Town of Florence government. Significant additional property taxes will accrue to Pinal County, other county-level districts (such as the junior college system, flood, library, and fire district assistance), the



Florence Unified School District, Florence Flood District and other entities such as the State Equalization Fund and the San Carlos Irrigation District.

The following table displays property taxes paid by the project owners by taxing district as value begins to be added to the County's property tax rolls. Pinal County and other county-level entities will receive nearly \$362,400 in property tax related to construction activity onsite. In addition, the Florence Unified School District will receive nearly \$393,500 in property tax from the increased value of the property in the first couple years after construction. Other districts in the region will receive a total of nearly \$207,400.

It is important to note that while the value of the property will be assessed by the Arizona Department of Revenue, that value is then remitted to Pinal County to be taxed at the local level.

Property Tax Impact During Construction Bonnybrooke Solar Project				
DISTRICT	2017(2nd Half)	2018	2019(1st Half)	Total
County Primary Tax	\$36,456	\$104,512	\$68,056	\$209,025
Pinal County Jr. College	\$21,714	\$62,250	\$40,536	\$124,500
Pinal County Flood	\$1,631	\$4,676	\$3,045	\$9,351
CAWC	\$1,343	\$3,851	\$2,507	\$7,701
Fire District Assistance Tax	\$647	\$1,854	\$1,207	\$3,708
Pinal County Library	\$931	\$2,668	\$1,737	\$5,336
CAVIT	\$480	\$1,375	\$896	\$2,750
Pinal County Total	\$63,201	\$181,185	\$117,984	\$362,371
Florence USD #001 Primary	\$52,934	\$151,751	\$98,817	\$303,501
Florence USD #001 "B" Bonds	\$9,542	\$27,355	\$17,813	\$54,711
Florence USD #001 Override	\$6,149	\$17,627	\$11,479	\$35,255
School Districts	\$68,625	\$196,733	\$128,108	\$393,467
Town of Florence	\$10,728	\$30,755	\$20,027	\$61,510
Town of Florence	\$10,728	\$30,755	\$20,027	\$61,510
Florence Flood	\$20,100	\$57,624	\$37,523	\$115,247
State School Equalization	\$4,882	\$13,997	\$9,114	\$27,994
San Carlos Irrigation	\$16,036	\$32,072	\$16,036	\$64,144
Other Total	\$41,019	\$103,692	\$62,674	\$207,384
Grand Total	\$172,845	\$481,611	\$308,766	\$963,222
NOTES				
1 The total may not equal the sum of the impacts due to rounding.				
2 The figures for Pinal County as a whole are based on current tax rates and assume Bonnybrooke Solar would not impact these rates.				
3 The above analysis is based on currently available information and estimates from the assessor and each districts' respective budgets. The forecasts are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Changes in rates would alter the findings of this analysis.				
Source: Elliott D. Pollack & Company; IMPLAN; AZ Department of Revenue; AZ Tax Research Association; SunPower				



Revenues that would be generated to the Town through development and annexation related fees are detailed below. Based on input from SunPower and Town staff, the Town can expect to receive fee revenue from a variety of sources. These include the Town Building Department administration fee, annexation application fees, General Plan Amendment and PUD application fees, right of way permits and inspections, civil design fees, construction staging permits, demolition permits, building permits, and development impact fees. All combined, these fees total just over \$99,700 as currently estimated. These fees may change materially as final amounts are calculated.

Town of Florence Development Fees Bonnybrooke Solar Project	
Description	Estimated Fee Revenue
Town Building Dept. Admin Fee	\$63,181
Annexation, GPA, & PUD application fees	\$11,682
Right-of-Way Permits/Offsite Inspections	\$7,000
Civil Design Fees (Plan, Drainage, Design)	\$10,700
Construction Staging Permits	\$300
Permit/Development Impact Fees (O&M Building)	\$6,546
Demolition Permits	\$321
TOTAL	\$99,730
Source: Town of Florence; Elliott D. Pollack & Co.; SunPower	



4.0 Impact of Operations on Town of Florence

The operations of the Bonnybrooke Solar Project will generate jobs and annual revenue for the Town of Florence for the expected 35-year life of the project. As soon as the project is completed (expected in 2016), the following estimated impacts are anticipated to be achieved.

4.1 Economic Impact of Operations

The Bonnybrooke Solar Project will create employment opportunities for Pinal County residents. As the project is constructed placed into service, it will continue to produce jobs, economic activity, and tax revenue for Pinal County on an annual basis through operating activity for the next 35 years.

The following table displays the ongoing economic impact of operating the solar project. Onsite employment, contract work, and ripple effects within Pinal County would create approximately three direct, indirect, and induced jobs. Wages of nearly \$200,000 would be paid out on an annual basis and over \$1.1 million in economic output would be produced within the County each year. This would continue throughout the 35-year life of the project.

Annual Economic Impact of Operations Bonnybrooke Solar Project Pinal County (2015 dollars)			
Impact Type	Jobs	Wages	Economic Output
Direct	2	\$170,800	\$1,021,000
Indirect	1	\$17,600	\$62,500
Induced	0.3	\$9,800	\$38,400
Total	3	\$198,200	\$1,121,900
1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. Source: Elliott D. Pollack & Company; IMPLAN			

Through 35 years of operations, the project will create over \$6.9 million in wages and add an additional \$39.3 million in economic activity to Pinal County's economy.



4.2 Fiscal Impact of Operations

Operations of the Bonnybrooke Solar Project will create tax revenue for the State, county and local governments. For this analysis, impacts were quantified for Town of Florence and other Pinal County entities with property taxing authority, such as the Florence Unified School District and Florence Flood Control District.

The Town of Florence will receive an estimated \$39,500 in property taxes and \$1,045 in secondary employee-generated taxes in the first full assessment year of the project and then receive gradually decreasing amounts as depreciation of the equipment occurs. Midway through the project (2035), combined taxes will total an estimated \$26,345 each year. This is comprised of an estimated \$25,300 in property taxes and \$1,045 in secondary employee-generated taxes. Near the end of the project (2050), taxes are estimated at \$14,300 each year in addition to employee impacts. Through the 35-year project operations life, nearly \$884,775 in taxes will accrue to the Town of Florence, in addition to construction related revenue.

Average Annual Fiscal Impact Snapshots Bonnybrooke Solar Project Town of Florence (2015 dollars)				
Florence Revenue Source	1st Year of Full Assessment	Mid-Point	Final Years	TOTAL Revenue
	2019	2035	2050	
Property Tax	\$39,500	\$25,300	\$14,300	\$848,200
Secondary Revenue	\$1,045	\$1,045	\$1,045	\$36,575
Total	\$40,545	\$26,345	\$15,345	\$884,775
Source: EDPCo; IMPLAN; AZ Department of Revenue; AZ Tax Research Association				

Similar to the construction impact, the property taxes paid will not be limited to the Town of Florence. Pinal County government, other county-level districts, the Florence Unified School District and others will receive significant revenues. For example, the Florence Unified School District will receive over \$246,300 in property tax in the first year of production from the increased value of the property and over the 35-year life of the project will receive over \$5.4 million. Other districts in the region will receive a total of nearly \$3.1 million during operations.

The final table below illustrates the average annual fiscal impact of operations on the Town of Florence. The property tax estimate is reported as the average annual collection by the Town



over the 35-year life of the project. The County would collect nearly \$25,450 on average each year from the operations of the Bonnybrooke project. The vast majority of this impact will be in direct property taxes due to the increased value of the land and the equipment placed into production.

Average Annual Fiscal Impact of Operations Over 35 Years Bonnybrooke Solar Project Town of Florence (2015 dollars)					
	Primary	Secondary			
	Property Tax	Employee Spending Sales Tax	Resident Property Tax	State Shared Revenues	Total Annual Revenues
Direct	\$24,400	\$760	\$70	\$4	\$25,230
Indirect	N/A	\$120	\$20	\$1	\$140
Induced	N/A	\$60	\$10	\$0	\$70
Total	\$24,400	\$940	\$100	\$5	\$25,450
<p>1/ Property taxes are estimated as an annual average over the 35-year life of the project.</p> <p>2/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All figures are representative of the major revenue sources for the Town. The figures are intended only as a general guideline as to how the Town could be impacted by the project. The above figures are based on the current economic structure and tax rates of the Town.</p> <p>Source: EDPCo; IMPLAN; AZ Department of Revenue; AZ Tax Research Association</p>					



5.0 Cost/Benefit Analysis

5.1 Overview

The basic approach for the cost/benefit analysis is to determine the level and character of current and future development and then to model the revenues and expenditures likely to be associated with this development.

Town staff from each potentially affected department participated in this analysis to include every expected expenditure. The analysis considered any potential operating expense, additional personnel, capital costs for new or replacement infrastructure as well as relevant maintenance costs for items such as annexed roadways.

Future conditions for this particular annexation are very straightforward for the next 35 years. This property will be the site of the 50 MW Bonnybrooke solar project and no other developments are expected on this property during that time period.

For a comparison of operating expenses to revenue, revenue was compared to ongoing operating expenses over a 35-year analysis period. Revenue includes sales taxes, property taxes, application fees, town administration fees, civil design and right of way fees, building permit costs and community development fees.

5.2 Benefits

As previously illustrated in the fiscal impact sections, the gross fiscal benefit of the Bonnybrooke Solar project is projected to be nearly \$1.4 million. This includes construction related revenues of \$493,130 such as construction sales tax, employee generated taxes, Town fees, and property taxes. It also includes the 35-year operations related revenue of \$884,775 comprised of property tax, employee generated taxes, and state shared revenue.

While excluded from this cost/benefit analysis, other entities such as Pinal County, Florence Unified School District, and Florence Flood Control District would be the recipient of several million dollars over the life of the project as well.

5.3 Costs

Working in coordination with Town Planning and other department staff, the analysis attempted to identify any expected cost of the annexation area as currently proposed for a solar generating facility. This resulted in focusing on three potential cost generators: police service, fire service, and roadway maintenance.

For police and fire, the departments compared records from existing solar facilities within the Town. The conclusion from both police and fire departments was that there is no expected costs related to this expansion.

The only expenses that were identified relate to ongoing road maintenance of newly annexed portions of Diversion Dam Road and Quail Run Road. Town Engineer Wayne Costa considers



both annexed roads to be low-volume roads. Total estimated maintenance costs would be \$150,210 for the 35-year analysis period. This would consist of pavement preservation for both roads, including yearly preventative maintenance and the maintenance of a few culverts.

5.4 Net Cost/Benefit

Taking into account the estimated road maintenance expense, this annexation is expected to generate net positive revenue for the Town. Due to the lack of any immediate need to service the property after annexation (no residents or capital project needs), there is a net gain expected in year one after annexation. Construction related revenues in 2016 alone total an estimated \$431,630 in Town revenue.

2016 Net Fiscal Impact Summary Bonnybrooke Solar Project - Town of Florence (2015 dollars)	
Construction Revenue	
Construction Sales Tax (non-solar components)	\$286,000
Annexation Application, Civil Design, & ROW	\$29,382
Demolition, Construction Staging, Permits, Impact Fees	\$7,167
Town Admin Fees ^{1/}	\$63,181
Secondary revenues from employment	\$45,900
Total Construction Related Revenue	\$431,630
2016 Town of Florence Revenue	\$431,630
2016 Town of Florence Expenditure	\$0
NET FISCAL BENEFIT	\$431,630
^{1/} Town administration fees are best estimates according to Town of Florence. These figures may not be the finalized dollar amount. Source: Elliott D. Pollack & Co.; IMPLAN; AZDOR; Town of Florence; SunPower; ATRA	

All subsequent years also show significant net gains in revenue. **After 35 years, a \$1.2 million fund balance would be generated.**



35 Year Net Fiscal Impact Summary Bonnybrooke Solar Project - Town of Florence (2015 dollars)	
Construction Revenue	
Property tax	\$61,500
Construction Sales Tax (non-solar components)	\$286,000
Annexation Application, Civil Design, & ROW	\$29,382
Demolition, Construction Staging, Permits, Impact Fees	\$7,167
Town Admin Fees ^{1/}	\$63,181
Secondary revenues from employment	\$45,900
Total Construction Related Revenue	\$493,130
35-Year Operations Revenue	
Commercial Property Tax	\$848,200
Employee Spending Sales Tax	\$32,900
Resident Property Tax	\$3,500
State Shared Revenues	\$175
Total Operations Revenue	\$884,775
35-Year Operations Expenditures	
Road/Culvert Maintenance	\$150,210
Total Town of Florence Revenue	\$1,377,905
Total Town of Florence Expenditure	\$150,210
NET FISCAL BENEFIT	\$1,227,695
^{1/} Town administration fees are best estimates according to Town of Florence. These figures may not be the finalized dollar amount. Source: Elliott D. Pollack & Co.; IMPLAN; AZDOR; Town of Florence; SunPower; ATRA	



5.5 Conclusions

The annexation area appears to have the potential to provide much more revenue to the Town than the expected costs related to annexing. This is based on the following observations as outlined:

1. New property taxes from the addition of the 50 MW Bonnybrooke solar project represents the most significant revenue source that would be collected by the Town. This revenue is considered a stable source after the project is built.
2. Operating costs for the annexation will be limited to road repair and maintenance. Due to the fact that the developer of the Bonnybrooke project will also improve the annexed roadways up to the required specifications, little maintenance is expected initially. Over the 35-year analysis period, the Town Engineer estimated \$150,210 in total roadway maintenance costs. This compares favorably to the expected \$1.4 million in future revenue.

From a financial perspective, it is the opinion of this firm that the annexation is recommended.



Appendix 1 – Property Tax Schedule for Life of Project



Property Tax Impact of Bonnybrooke Solar Project Construction and Operations 2017-2029

(2015 dollars)

DISTRICT	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
County Primary Tax	\$36,456	\$104,512	\$134,357	\$130,846	\$127,335	\$123,824	\$122,032	\$120,180	\$116,551	\$112,921	\$109,291	\$107,381	\$105,411
Pinal County Jr. College	\$21,714	\$62,250	\$80,026	\$77,934	\$75,843	\$73,752	\$72,685	\$71,582	\$69,420	\$67,258	\$65,096	\$63,958	\$62,785
Pinal County Flood	\$1,631	\$4,676	\$6,011	\$5,854	\$5,697	\$5,540	\$5,459	\$5,377	\$5,214	\$5,052	\$4,889	\$4,804	\$4,716
CAWC	\$1,343	\$3,851	\$4,950	\$4,821	\$4,691	\$4,562	\$4,496	\$4,428	\$4,294	\$4,160	\$4,027	\$3,956	\$3,884
Fire District Assistance Tax	\$647	\$1,854	\$2,383	\$2,321	\$2,259	\$2,196	\$2,165	\$2,132	\$2,067	\$2,003	\$1,939	\$1,905	\$1,870
Pinal County Library	\$931	\$2,668	\$3,430	\$3,340	\$3,250	\$3,161	\$3,115	\$3,068	\$2,975	\$2,883	\$2,790	\$2,741	\$2,691
CAVIT	\$480	\$1,375	\$1,768	\$1,722	\$1,676	\$1,629	\$1,606	\$1,581	\$1,534	\$1,486	\$1,438	\$1,413	\$1,387
Pinal County Total	\$63,201	\$181,185	\$232,924	\$226,837	\$220,750	\$214,664	\$211,557	\$208,347	\$202,055	\$195,762	\$189,470	\$186,158	\$182,743
Florence USD #001 Primary	\$52,934	\$151,751	\$195,084	\$189,986	\$184,888	\$179,790	\$177,188	\$174,500	\$169,230	\$163,959	\$158,689	\$155,915	\$153,055
Florence USD #001 "B" Bonds	\$9,542	\$27,355	\$35,167	\$34,248	\$33,329	\$32,410	\$31,941	\$31,456	\$30,506	\$29,556	\$28,606	\$28,106	\$27,591
Florence USD #001 Override	\$6,149	\$17,627	\$22,661	\$22,069	\$21,477	\$20,884	\$20,582	\$20,270	\$19,658	\$19,045	\$18,433	\$18,111	\$17,779
School Districts	\$68,625	\$196,733	\$252,912	\$246,303	\$239,694	\$233,084	\$229,711	\$226,226	\$219,394	\$212,561	\$205,729	\$202,132	\$198,424
Town of Florence	\$10,728	\$30,755	\$39,537	\$38,504	\$37,471	\$36,438	\$35,910	\$35,366	\$34,297	\$33,229	\$32,161	\$31,599	\$31,019
Town of Florence	\$10,728	\$30,755	\$39,537	\$38,504	\$37,471	\$36,438	\$35,910	\$35,366	\$34,297	\$33,229	\$32,161	\$31,599	\$31,019
Florence Flood	\$20,100	\$57,624	\$74,079	\$72,143	\$70,207	\$68,271	\$67,283	\$66,262	\$64,261	\$62,260	\$60,258	\$59,205	\$58,119
State School Equalization	\$4,882	\$13,997	\$17,994	\$17,523	\$17,053	\$16,583	\$16,343	\$16,095	\$15,609	\$15,123	\$14,637	\$14,381	\$14,117
San Carlos Irrigation	\$16,036	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072
Other Total	\$41,019	\$103,692	\$124,144	\$121,738	\$119,332	\$116,926	\$115,698	\$114,429	\$111,942	\$109,454	\$106,967	\$105,658	\$104,308
Grand Total	\$172,845	\$481,611	\$609,981	\$594,878	\$579,776	\$564,674	\$556,966	\$549,003	\$533,390	\$517,778	\$502,166	\$493,948	\$485,475

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Source: Elliott D. Pollack & Company; IMPLAN; Arizona Department of Revenue; Arizona Tax Research Association; SunPower



Property Tax Impact of Bonnybrooke Solar Project Operations 2030-2041

(2015 dollars)

DISTRICT	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
County Primary Tax	\$101,663	\$97,914	\$95,885	\$93,797	\$89,930	\$86,063	\$82,196	\$80,049	\$77,842	\$73,856	\$69,871	\$65,886
Pinal County Jr. College	\$60,552	\$58,320	\$57,111	\$55,867	\$53,564	\$51,261	\$48,958	\$47,679	\$46,364	\$43,990	\$41,617	\$39,243
Pinal County Flood	\$4,548	\$4,380	\$4,290	\$4,196	\$4,023	\$3,850	\$3,677	\$3,581	\$3,482	\$3,304	\$3,126	\$2,948
CAWC	\$3,746	\$3,607	\$3,533	\$3,456	\$3,313	\$3,171	\$3,028	\$2,949	\$2,868	\$2,721	\$2,574	\$2,427
Fire District Assistance Tax	\$1,803	\$1,737	\$1,701	\$1,664	\$1,595	\$1,527	\$1,458	\$1,420	\$1,381	\$1,310	\$1,239	\$1,169
Pinal County Library	\$2,595	\$2,499	\$2,448	\$2,394	\$2,296	\$2,197	\$2,098	\$2,043	\$1,987	\$1,885	\$1,784	\$1,682
CAVIT	\$1,338	\$1,288	\$1,262	\$1,234	\$1,183	\$1,132	\$1,082	\$1,053	\$1,024	\$972	\$919	\$867
Pinal County Total	\$176,245	\$169,747	\$166,229	\$162,608	\$155,905	\$149,201	\$142,498	\$138,774	\$134,948	\$128,039	\$121,130	\$114,221
Florence USD #001 Primary	\$147,613	\$142,170	\$139,224	\$136,192	\$130,577	\$124,962	\$119,348	\$116,230	\$113,025	\$107,238	\$101,452	\$95,665
Florence USD #001 "B" Bonds	\$26,610	\$25,628	\$25,097	\$24,551	\$23,539	\$22,526	\$21,514	\$20,952	\$20,375	\$19,331	\$18,288	\$17,245
Florence USD #001 Override	\$17,147	\$16,514	\$16,172	\$15,820	\$15,168	\$14,516	\$13,863	\$13,501	\$13,129	\$12,457	\$11,785	\$11,112
School Districts	\$191,369	\$184,313	\$180,493	\$176,562	\$169,283	\$162,005	\$154,726	\$150,683	\$146,529	\$139,027	\$131,525	\$124,023
Town of Florence	\$29,916	\$28,813	\$28,216	\$27,602	\$26,464	\$25,326	\$24,188	\$23,556	\$22,907	\$21,734	\$20,561	\$19,388
Town of Florence	\$29,916	\$28,813	\$28,216	\$27,602	\$26,464	\$25,326	\$24,188	\$23,556	\$22,907	\$21,734	\$20,561	\$19,388
Florence Flood	\$56,052	\$53,986	\$52,867	\$51,715	\$49,583	\$47,452	\$45,320	\$44,135	\$42,919	\$40,721	\$38,524	\$36,327
State School Equalization	\$13,615	\$13,113	\$12,841	\$12,562	\$12,044	\$11,526	\$11,008	\$10,720	\$10,425	\$9,891	\$9,357	\$8,824
San Carlos Irrigation	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072
Other Total	\$101,739	\$99,171	\$97,780	\$96,349	\$93,699	\$91,049	\$88,399	\$86,928	\$85,415	\$82,684	\$79,953	\$77,222
Grand Total	\$469,353	\$453,230	\$444,502	\$435,519	\$418,887	\$402,255	\$385,623	\$376,385	\$366,892	\$349,750	\$332,608	\$315,466

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Source: Elliott D. Pollack & Company; IMPLAN; Arizona Department of Revenue; Arizona Tax Research Association; SunPower



Property Tax Impact of Bonnybrooke Solar Project 2042-2053 Operations and Cumulative Total

(2015 dollars)

DISTRICT	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	TOTAL
County Primary Tax	\$63,619	\$61,294	\$57,190	\$53,086	\$50,738	\$50,145	\$49,552	\$48,959	\$48,426	\$47,952	\$47,477	\$47,003	\$3,091,489
Pinal County Jr. College	\$37,893	\$36,508	\$34,064	\$31,619	\$30,220	\$29,867	\$29,514	\$29,161	\$28,843	\$28,561	\$28,279	\$27,996	\$1,841,356
Pinal County Flood	\$2,846	\$2,742	\$2,559	\$2,375	\$2,270	\$2,243	\$2,217	\$2,190	\$2,166	\$2,145	\$2,124	\$2,103	\$138,307
CAWC	\$2,344	\$2,258	\$2,107	\$1,956	\$1,869	\$1,847	\$1,826	\$1,804	\$1,784	\$1,767	\$1,749	\$1,732	\$113,900
Fire District Assistance Tax	\$1,128	\$1,087	\$1,014	\$942	\$900	\$889	\$879	\$868	\$859	\$851	\$842	\$834	\$54,835
Pinal County Library	\$1,624	\$1,565	\$1,460	\$1,355	\$1,295	\$1,280	\$1,265	\$1,250	\$1,236	\$1,224	\$1,212	\$1,200	\$78,916
CAVIT	\$837	\$807	\$753	\$699	\$668	\$660	\$652	\$644	\$637	\$631	\$625	\$618	\$40,679
Pinal County Total	\$110,292	\$106,261	\$99,146	\$92,031	\$87,960	\$86,933	\$85,905	\$84,877	\$83,952	\$83,130	\$82,308	\$81,486	\$5,359,482
Florence USD #001 Primary	\$92,375	\$88,998	\$83,039	\$77,080	\$73,671	\$72,810	\$71,949	\$71,088	\$70,314	\$69,625	\$68,937	\$68,248	\$4,488,798
Florence USD #001 "B" Bonds	\$16,652	\$16,043	\$14,969	\$13,895	\$13,280	\$13,125	\$12,970	\$12,815	\$12,675	\$12,551	\$12,427	\$12,303	\$809,178
Florence USD #001 Override	\$10,730	\$10,338	\$9,646	\$8,954	\$8,558	\$8,458	\$8,358	\$8,258	\$8,168	\$8,088	\$8,008	\$7,928	\$521,418
School Districts	\$119,757	\$115,379	\$107,654	\$99,929	\$95,508	\$94,393	\$93,277	\$92,161	\$91,157	\$90,264	\$89,371	\$88,479	\$5,819,393
Town of Florence	\$18,721	\$18,037	\$16,829	\$15,622	\$14,931	\$14,756	\$14,582	\$14,407	\$14,250	\$14,111	\$13,971	\$13,832	\$909,735
Town of Florence	\$18,721	\$18,037	\$16,829	\$15,622	\$14,931	\$14,756	\$14,582	\$14,407	\$14,250	\$14,111	\$13,971	\$13,832	\$909,735
Florence Flood	\$35,077	\$33,795	\$31,532	\$29,269	\$27,975	\$27,648	\$27,321	\$26,994	\$26,700	\$26,438	\$26,177	\$25,916	\$1,704,513
State School Equalization	\$8,520	\$8,209	\$7,659	\$7,110	\$6,795	\$6,716	\$6,636	\$6,557	\$6,485	\$6,422	\$6,358	\$6,295	\$414,026
San Carlos Irrigation	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$32,072	\$1,170,621
Other Total	\$75,669	\$74,075	\$71,263	\$68,451	\$66,841	\$66,435	\$66,029	\$65,623	\$65,257	\$64,932	\$64,607	\$64,282	\$3,289,161
Grand Total	\$305,718	\$295,715	\$278,063	\$260,411	\$250,310	\$247,760	\$245,211	\$242,661	\$240,366	\$238,326	\$236,287	\$234,247	\$14,468,036

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