

ANTHEM GROWTH COMMITTEE
FINANCIAL IMPLICATIONS OF ANNEXING A NEW DEVELOPMENT

INTRODUCTION

An initial objective for the Growth Committee was to identify the financial implications for Anthem if we were to annex a new community. In other words, what would it cost to annex a new community into Anthem, and how would Anthem property owners and the developer pay for that? The implications would then form the basis of a Financial Plan.

The Committee identified several cost and revenue factors that would eventually be included in the Financial Plan. At this time, however, no details are available regarding those factors so a Financial Plan could not be prepared. However, the Committee created a Financial Planning Framework as a starting point for a Financial Plan when the necessary details become available. The remainder of this document describes the Framework.

TERMS USED IN THIS DOCUMENT

The following terms are used throughout this document:

- Riverside – A likely future development of land adjacent to and west of Anthem. Riverside was used as a conceptual basis for the Financial Planning Framework.
- Anthem1.0 – The current Anthem community as it exists today.
- Anthem2.0 – The community which would include both Anthem1.0 and Riverside.
- Anthem Community Center 1.0 (CC1.0) – The current Anthem Community Center including the Anthem Community Park.
- Community Center 2.0 (CC2.0) – A future recreational facility to serve Anthem2.0.

THE FINANCIAL PLANNING FRAMEWORK

Four important questions (among many others) must be answered before a complete Financial Plan can be prepared. Those questions include:

- What expenses would be incurred by the ACC Staff in completing all necessary efforts to formally annex Riverside?
- Would a new Community Center (CC2.0), shared by all residents in Anthem2.0, be included as part of the Riverside annexation project?
- Would any other Anthem1.0 amenities need to be expanded and/or upgraded?
- What additional on-going administrative and operating expenses would be incurred by Anthem2.0?

The Financial Planning Framework is an Excel workbook used to collect and organize the data gathered when answering the four key questions. A description of the Framework contents is attached. When completed the Framework provides the necessary data to prepare the Financial Plan.

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NEXT STEPS

The Committee recommends that the following steps must be completed to provide accurate input to the Framework model.

1. Find a trustworthy, reputable Developer as a partner
 - a. Understand each other's objectives for pursuing the annexation
 - b. Clarify the responsibilities of each party for the Financial Plan
 - c. Negotiate equitable cost sharing arrangement
2. Coordinate closely with the Facility Master Plan efforts to determine what new and upgraded amenities – IF ANY – will be part of Anthem2.0
 - a. Engage the Anthem1.0 community to determine resident support for annexation and new/upgraded shared amenities.
 - b. Amenities for the current Anthem1.0 community
 - c. Amenities for Riverside
3. Determine the impact of the annexed community on the on-going administrative and operating costs
4. Estimate the operating and maintenance costs of new and upgraded amenities
5. Identify potential sources of funding for new and upgraded amenities
 - a. Enhancement Fee for initial sales of homes in the annexed community
 - b. Debt
 - c. Grants
 - d. Monthly assessments
 - e. Other