

**COST-BENEFIT ANALYSIS OF PROPOSED
SUTTON COUNTY PROPERTY TRANSFERS
AND RELATED OPPORTUNITIES**



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SECTION 1: DISCLAIMER

This analysis and the data contained within are for general informational purposes only. The intention of this analysis is to provide a useful benchmark from which to evaluate, compare, and aid in the decision-making process. This analysis was conducted in a manner that is non-biased and not shaped by personal experience, views, beliefs, opinion, or knowledge. No claims are made regarding the accuracy or completeness of this analysis, or to its suitability for a particular use. This analysis is provided in good faith, however, in no event shall the creator(s) be liable for any incorrect results, any lost profits and special, indirect or consequential damages to any party, arising out of or in connection with the use or the inability to use the data contained within this analysis.

This analysis is written in a manner that *assumes* the Ross Family will end up with “Tract D” given that they are the adjacent landowner and would likely be the only party interested and able to make reasonable use out of the property. However, it is understood that that other parties may be interested in the property and it is recommended that Sutton County conduct the disposition of this property in a manner that is consistent with local, state, and federal procedures and requirements relating to disposition of property such as public auction.

SECTION 2: INTRODUCTION AND BACKGROUND

Sutton County, nestled in the heart of Texas, is a vibrant community known for its natural beauty, rich history, and strong sense of community spirit. As the county continues to grow and evolve, local leaders are constantly seeking opportunities to enhance the quality of life for residents and visitors alike. One such opportunity has arisen with the potential acquisition of land from the Ross Family for the future development of the Sutton County Recreational Park.

The Ross Family have graciously offered a parcel of land that holds great promise for the creation of a recreational haven for Sutton County residents. Recognizing the significance of this offer, Sutton County officials have initiated a thorough evaluation process to determine the feasibility and potential benefits of acquiring this property.

At the heart of this evaluation is a comprehensive cost-benefit analysis, requested by Sutton County, aimed at providing a clear and objective assessment of the proposed land purchase. This analysis aims to weigh the pros and cons of acquiring the Ross Family land for the Sutton County Recreational Park, ultimately empowering the citizens of Sutton County to make informed decisions about the future of their community.

The Sutton County Recreational Park holds the potential to serve as a centerpiece of community life, offering a wide range of recreational opportunities for residents of all ages. From sprawling green spaces for picnics and outdoor gatherings to trails for hiking and biking, to sports facilities and playgrounds, the possibilities for the park are as diverse as the interests of Sutton County residents themselves.

However, alongside the promise of enhanced recreational opportunities, the acquisition of the Ross Family land also poses challenges and considerations that must be carefully evaluated. These may include financial implications, environmental considerations, infrastructure requirements, and long-term maintenance costs, among others.

In light of these considerations, Sutton County has conducted a thorough cost-benefit analysis to assess the potential impacts of the proposed land acquisition. By examining both the tangible

and intangible benefits and costs associated with the project, this analysis aims to provide a comprehensive understanding of the potential outcomes, allowing for informed decision-making by Sutton County officials and citizens alike.

As Sutton County continues to chart its course toward a vibrant and prosperous future, the evaluation of the Ross Family land acquisition represents a pivotal opportunity to enhance the community's recreational offerings and enrich the lives of its residents for generations to come. Through careful analysis and thoughtful deliberation, Sutton County aims to ensure that any decision regarding the Sutton County Recreational Park reflects the values, aspirations, and best interests of the entire community.

SECTION 3: FRAMEWORK FOR ANALYSIS

The proposed land transactions involve the purchase of approximately 13.8 acres of land from the Ross Family, the dedication of 0.556 acres of land from the Ross Family to Sutton County, and the sale of 1.16 acres of land from Sutton County to the Ross Family.

- TRACT A: Purchase 3.62-acre tract from Ross Family. Transfer ownership from Ross Family to Sutton County.
- TRACT B: Ross Family dedicates/conveys 0.556-acre tract to Sutton County at no additional cost to County. Transfer ownership from Ross Family to Sutton County.
- TRACT C: Purchase 10.179-acre tract from Ross Family. Transfer ownership from Ross Family to Sutton County.
- TRACT D: Sell 1.16 acre-tract to Ross Family. Transfer ownership from Sutton County to Ross Family.

EXHIBIT A: MAP OF EXISTING PROPERTY LINES

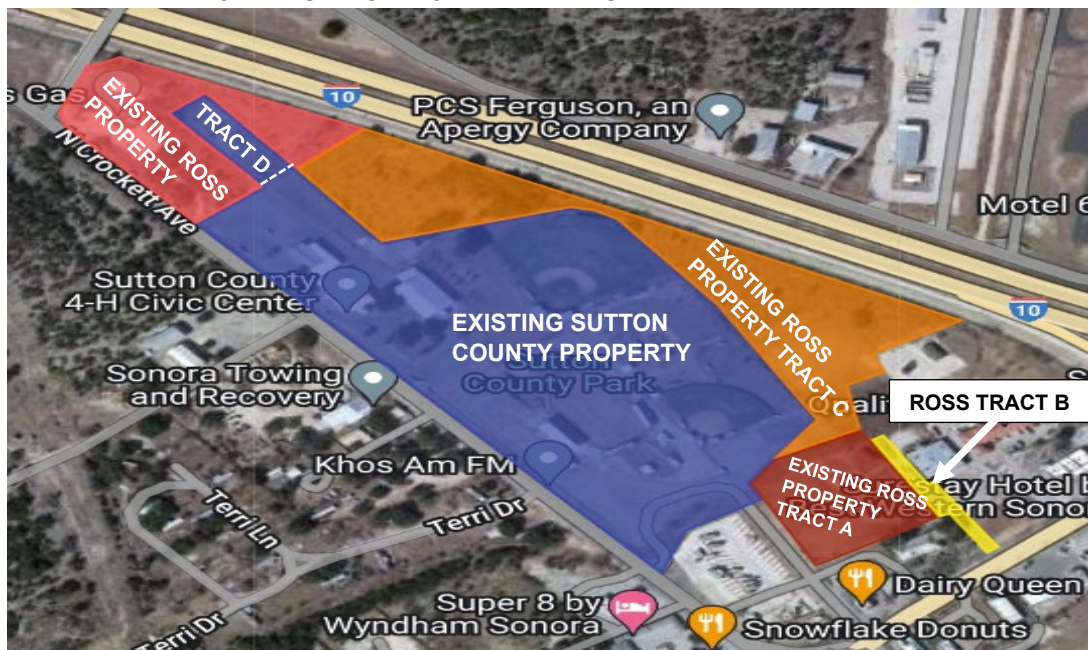


EXHIBIT B: PROPOSED PROPERTY LINES



SECTION 4: DETERMINATION OF COSTS

1. **Identification of Cost # 1:** Purchase of 3.62-acre tract identified as “Tract A”. Transfer of ownership from Ross Family to Sutton County.
2. **Identification of Cost # 2:** Purchase of 10.179-acre tract identified as “Tract C”. Transfer of ownership from Ross Family to Sutton County.
3. **Identification of Cost # 3:** Consideration of incurred costs of land exchange, including escrow fees, recording fees, survey costs, closing costs, and legal fees.

SECTION 5: DETERMINATION OF POTENTIAL BENEFITS

1. **Benefit Consideration #1:** Sale and Disposition of “Tract D”
 - a. **Disposition of stagnant land:**
 - i. Land (Tract D) currently being used for no substantial purpose. Tract D is landlocked and does not have public access. Therefore, the only likely purchaser of the land would be the adjacent landowner. The land has development potential that is currently not being utilized, selling to someone with a vision or ability for future development can lead to positive community impact and economic growth. Sale of this property appears to be beneficial to both the adjacent landowner and Sutton County.

- ii. Selling Tract D would alleviate Sutton County's holding costs burden by eliminating ongoing maintenance and minimizing potential liabilities associated with owning the property. This strategic move could allow the county to streamline operations, optimize resources, and focus on initiatives with the greatest community benefit.

b. Future economic development opportunity:

Selling Tract D provides the Ross family with a prime opportunity to explore future economic development ventures, such as constructing a hotel or motel. With ownership of the land transferred to the Ross family, they gain the flexibility and autonomy to pursue projects that align with their vision and business goals. The strategic location of Tract D, coupled with its potential for development, makes it an attractive prospect for hospitality ventures, offering the possibility of attracting tourists, business travelers, and other visitors to the area. By leveraging their resources and expertise, the Ross family can unlock the economic potential of Tract D, stimulating local commerce, creating job opportunities, and contributing to the overall prosperity of the community. This forward-thinking approach to land utilization not only benefits the Ross family but also fosters growth and vitality within Sutton County, positioning it as a destination of choice for travelers and investors alike.

c. Potential for increased tax revenue:

It is assumed that the release of Tract D will result in future development on the new west end tract of land identified in Exhibit B as "Proposed Ross Property." While there are many things that could be done with the property there has been discussion about a possible motel or hotel added to this property in the future. Hotels and motels generate tax revenue through various channels, including occupancy taxes, sales taxes, and property taxes, which can contribute to local government funds for infrastructure, services, and community development. The tax revenue generated by a hotel or motel in Sonora would depend on various factors such as the size of the hotel, its occupancy rate, room rates, and local tax policies.

2. **Benefit Consideration #2:** Donation of 0.556-acre tract identified as "Tract B" from Ross Family to Sutton County.

a. Value of donated property:

The donation of Tract B increases the county's land holdings, adding an additional \$55,000 in appraised value, at no cost to the county.

b. Expected use of property:

This property is relatively small and really could only serve as a vehicle access point/entryway into the proposed future property where Tract A is currently situated. Outside of the increase in land holdings, the value that this property could bring is insignificant and did not serve as a focus point for this analysis.

3. **Benefit Consideration #3:** Acquisition of Tract A

a. Future Development Opportunity for Sutton County:

The empty lot (Tract A) presents a blank canvas for potential economic development opportunities. Firstly, conducting a thorough feasibility study to assess the lot's location, market demand, and zoning regulations is crucial. Depending on its context, the lot could be transformed into various ventures, such as commercial spaces, residential complexes, or mixed-use developments. Initiating partnerships with local stakeholders, investors, and government bodies can streamline the process and garner support. Implementing sustainable practices, such as green building initiatives or incorporating renewable energy sources, not only aligns with modern trends but also attracts environmentally-conscious consumers and investors. Furthermore, integrating smart technologies and infrastructure, like efficient transportation systems or high-speed internet connectivity, can enhance the lot's appeal and competitiveness. Leveraging incentives, tax breaks, or grants from government agencies can also alleviate financial burdens and incentivize investment. Moreover, engaging with the community through outreach programs, public forums, and feedback mechanisms ensures that proposed developments meet local needs and aspirations, fostering social cohesion and buy-in. Ultimately, by leveraging strategic planning, collaboration, innovation, and community engagement, an empty lot can be transformed into a thriving hub of economic activity, driving growth, prosperity, and sustainability for the future.

b. Further Expansion for Spectator Parking:

An additional opportunity would be to transform Tract A into additional parking for sports events. This opportunity could hold significant potential benefits for the public. Firstly, it addresses a common pain point by alleviating parking shortages and congestion during peak event times, enhancing the overall attendee experience. This leads to improved traffic flow and reduced frustration for spectators, as they can easily find parking closer to the venue. Moreover, expanding parking options can encourage more people to attend sporting events, thereby boosting attendance and revenue for local teams and organizations. Additionally, it enhances safety by reducing the need for illegal or unsafe parking practices, such as parking on sidewalks or in restricted areas. Furthermore, the utilization of previously vacant land for parking reduces environmental impact by minimizing the need for additional development on green spaces or residential areas. It also stimulates economic activity by potentially attracting businesses or vendors to the vicinity, creating job opportunities and fostering local commerce. Overall, transforming an empty lot into additional parking for sports events not only addresses logistical challenges but also enhances accessibility, safety, and economic vitality for the community at large.

c. Potential for Future Sale:

While there are a large number of things that this Tract A could turn into, should it be determined that this land is not fit for any particular use by Sutton County, investing in this land now has the potential to yield future equity. Land is a finite resource, and its value typically appreciates over time, especially in desirable locations or areas experiencing growth and development. By purchasing the land now, the County secures ownership of this asset that has the potential to

increase in value over the years. Factors such as population growth, urbanization, infrastructure development, and changes in zoning regulations can all contribute to the appreciation of land value. Additionally, making improvements to the land, such as developing it for residential, commercial, or agricultural purposes, can further enhance its value. Whether held for resale or developed for use, investing in land provides a tangible asset that can serve as a valuable long-term investment, potentially generating substantial equity when it comes time to sell.

4. **Benefit Consideration #4:** Acquisition of Tract C

a. Future Development and Expansion Opportunity for Sutton County:

The acquisition of Tract C provides future opportunity to expand a sports complex which offers numerous benefits to the Sutton County community. Firstly, it provides additional space for recreational activities, accommodating the growing demand for sports facilities and promoting a healthier lifestyle among residents. Secondly, an expanded sports complex can attract regional tournaments and events, boosting tourism and stimulating the local economy through increased spending on lodging, dining, and entertainment. Thirdly, it fosters community cohesion by offering a venue for social interaction and fostering a sense of belonging among residents. Moreover, investing in sports infrastructure can enhance the overall quality of life in the community, attracting new residents and businesses while retaining existing ones. Overall, expanding a sports complex through land acquisition serves as a catalyst for community growth, vitality, and well-being.

5. **Benefit Consideration #5:** Overall Benefit of Land Acquisition and Transfer

a. Acquisitions and transfers would result in two marketable tracts of land:

The sale of Tract D and the purchase of Tract C would eliminate the landlocked parcels and create two marketable tracts of land which can offer several significant benefits. Firstly, it resolves the issue of landlocked property, unlocking the potential for development or sale of the previously inaccessible parcel. This increases the marketability and value of both properties, as they become more easily accessible and attractive to potential buyers or developers. Secondly, the transaction allows for more efficient land use and planning, enabling each tract to be utilized to its fullest potential without constraints imposed by the landlocked status. Additionally, it can streamline administrative processes and reduce legal complications associated with owning landlocked property, simplifying property management and ownership responsibilities. Overall, by strategically reconfiguring land holdings to create two marketable tracts, property owners stand to maximize their investment potential and enhance the overall value and usability of their real estate assets.

b. Future economic development and expansion opportunities for all parties:

To recap, investing in this land for further economic development or expanding complexes holds potential benefits for the people of Sutton County. Firstly, these land acquisitions and transfers could create opportunities for job growth and economic prosperity by attracting businesses, industries, and commercial

ventures to the area, thereby increasing employment opportunities and stimulating local commerce. Secondly, it could enhance the infrastructure and amenities available to the community, including recreational facilities, and public spaces, which contribute to a higher quality of life for residents. Additionally, expanding the sports complex can cater to the evolving needs and preferences of the community, providing additional services, entertainment options, and recreational activities. Furthermore, such investments can generate revenue for Sutton County through property taxes, licensing fees, and other forms of taxation, which can be reinvested into public services and infrastructure improvements. Overall, purchasing land for economic development or complex expansions benefits the public by fostering economic growth, enhancing community well-being, and enriching the overall fabric of the locality.

SECTION 6: VALUATION OF COSTS

1. ACQUISITION OF TRACT A:

Estimated Cost to Sutton County: ≈ \$250,000.00

2. ACQUISITION OF TRACT C:

Estimated Cost to Sutton County: ≈ \$50,000.00

3. TOTAL ESTIMATED COST TO SUTTON COUNTY FOR PROPOSED PROPERTY TRANSFERS: ≈ \$300,000.00

SECTION 7: VALUATION OF BENEFITS

Disclaimer: These statements of valuation are subject to change, and are dependent of many factors. Our valuation of these properties is solely based on appraisals and price points provided to us. These assertions are in no way meant to describe the intrinsic value of the properties, but only the financial impact of these transactions. These calculations do NOT take into account the potential for value added to the properties with development.

1. SALE OF TRACT D:

Estimated Immediate Benefit to Sutton County: ≈ \$60,000.00

(Considers only the immediate sale of Tract D at the price listed above.)

2. RECEIPT OF DONATED TRACT B:

Appraised Market Value (2023): ≈ \$55,000.00

Estimated Immediate Benefit to Sutton County: ≈ \$55,000.00

Estimated 5-Year Property Value: ≈ \$62,227.45

(Calculated based solely on the potential increase in property value over a five (5) year period using a conservative 2.5% annual appreciation rate.)

Estimated 5-Year Benefit to Sutton County: ≈ \$7,227.45

(Est. 5-Year Property Value \$62,227.45 – Appraised Market Value (2023) \$55,000.00 = \$7,227.45.)

Estimated 10-Year Property Value: ≈ \$70,404.65

(Calculated based solely on the potential increase in property value over a ten (10) year period using a conservative 2.5% annual appreciation rate.)

Estimated 10-Year Benefit to Sutton County: ≈ \$15,404.65

(Est. 10-Year Property Value \$70,404.65 – Appraised Market Value (2023) \$55,000.00 = \$15,404.65.)

3. **ACQUISITION OF TRACT A:**

Appraised Market Value (2023): ≈ \$370,000.00

Estimated Immediate Benefit to Sutton County: ≈ \$120,000.00

(Appraised Value \$370,000 – Purchase Price \$250,000.00 = \$120,000.00)

Estimated 5-Year Property Value: ≈ \$418,621.04

(Calculated based solely on the potential increase in property value over a five (5) year period using a conservative 2.5% annual appreciation rate.)

Estimated 5-Year Benefit to Sutton County: ≈ \$168,621.04

(Est. 5-Year Property Value \$418,621.04 – Purchase Price \$250,000.00 = \$168,621.04.)

Estimated 10-Year Property Value: ≈ \$473,631.28

(Calculated based solely on the potential increase in property value over a ten (10) year period using a conservative 2.5% annual appreciation rate.)

Estimated 10-Year Benefit to Sutton County: ≈ \$223,631.28

(Est. 10-Year Property Value \$473,631.28 – Purchase Price \$250,000.00 = \$223,631.28.)

4. **ACQUISITION OF TRACT C:**

Appraised Market Value (2023): ≈ \$50,000.00

Estimated 5-Year Property Value: ≈ \$56,570.41

(Calculated based solely on the potential increase in property value over a five (5) year period using a conservative 2.5% annual appreciation rate.)

Estimated 5-Year Benefit to Sutton County: ≈ \$6,570.41

(Est. 5-Year Property Value \$56,570.41 – Purchase Price \$50,000.00 = \$6,570.41.)

Estimated 10-Year Property Value: ≈ \$64,004.23

(Calculated based solely on the potential increase in property value over a ten (10) year period using a conservative 2.5% annual appreciation rate.)

Estimated 10-Year Benefit to Sutton County: ≈ \$14,004.23

(Est. 10-Year Property Value \$64,004.23 – Purchase Price \$50,000.00 = \$14,004.23.)

5. **TOTAL ESTIMATED BENEFIT ANALYSIS TO SUTTON COUNTY FOR PROPOSED PROPERTY TRANSFERS:**

Estimated Immediate Benefit to Sutton County: ≈ \$247,000.00

(Sale of Tract D: \$60,000.00 + Donated Tract B: \$55,000.00 + Tract A Equity: \$120,000.00 = \$247,000.00)

Estimated 5-Year Benefit to Sutton County: ≈ \$297,418.90

(Sale of Tract D: \$60,000.00 + Tract B Estimated 5-Year Property Value: \$62,227.45 + Tract A Estimated 5-Year Benefit to Sutton County: \$168,621.04 + Tract C Estimated 5-Year Benefit to Sutton County: \$6,570.41 = \$297,418.90)

Estimated 10-Year Benefit to Sutton County: ≈ \$368,040.16

(Sale of Tract D: \$60,000.00 + Tract B Estimated 10-Year Property Value: \$70,404.65 + Tract A Estimated 10-Year Benefit to Sutton County: \$223,631.28 + Tract C Estimated 10-Year Benefit to Sutton County: \$14,004.23 = \$368,040.16)

SECTION 8: COMPARISON OF COSTS AND BENEFITS

1. **Acquired Property Values**

- a. ESTD. Immediate Net Benefit to Sutton County: ≈ (-\$53,000.00)
- b. ESTD. 5-Year Net Benefit to Sutton County: ≈ (-\$2,581.10)
- c. ESTD. 10-Year Net Benefit to Sutton County: ≈ \$68,040.16

2. **Potential Increased Tax Revenue**

- a. Increased property tax income from land exchanged to the new owner.
- b. Increased local sales tax revenue from future development of sold land.

3. **Potential Increased Job Market**

- a. New job opportunities associated with the development of business in lieu of land exchange.
- b. Potential room for more jobs associated with the development and upkeep of Sutton County Park activities and future developments on the new land.

SECTION 9: CONCLUSION AND RECOMMENDATIONS

After conducting an analysis of the proposed land involving Tracts A, B, C, and D, along with considering the potential for future economic development, it is strongly recommended that Sutton County proceed with the acquisition of Tracts A and C from the Ross Family, as well as accept the donation of Tract B. Additionally, it is recommended that Sutton County carefully

consider the potential sale of Tract D to the Ross Family for future development, possibly a hotel or other opportunity.

The proposed land acquisition presents Sutton County with a unique opportunity to significantly enhance its recreational offerings and stimulate economic growth within the community. By acquiring Tracts A and C at discounted rates of \$250,000 and \$50,000 respectively, Sutton County stands to gain valuable land assets with appraised values totaling \$420,000. Furthermore, the donation of Tract B further increases the county's land holdings, adding an additional \$55,000 in appraised value, at no cost to the county.

In addition to the immediate benefits of increased land holdings, the development of the Sutton County Recreational Park on Tracts A and C has the potential to attract tourists, stimulate local businesses, and enhance the overall quality of life for residents. The park could offer a wide range of recreational amenities, including green spaces, trails, sports facilities, and playgrounds, catering to the diverse interests of Sutton County residents and visitors alike.

Furthermore, the potential sale of Tract D to the Ross Family for future development, possibly a hotel, offers Sutton County the opportunity to generate additional tax revenue and spur further economic growth. A well-planned hotel development could attract business travelers, provide lodging for tourists visiting the recreational park, and create jobs in the hospitality sector, contributing to the county's tax base and supporting local businesses.

In summary, proceeding with the proposed land purchase aligns with Sutton County's goals of enhancing recreational opportunities, stimulating economic development, and promoting the overall well-being of its residents. By acquiring Tracts A and C, accepting the donation of Tract B, and exploring the potential sale of Tract D for future development, Sutton County can position itself for sustainable growth and prosperity in the years to come. It is recommended that Sutton County move forward with these transactions, ensuring careful planning and consideration of long-term impacts and benefits for the community.