

I-5/NE 179th Street Transportation Area
Council Work Session
March 13, 2019



CLARK COUNTY
WASHINGTON



Council Action Items

1. Decision on financial options (committee recommendations):
 - General fund, banked capacity 2.176% to offset the Sheriff's Office road fund diversion; or
 - Road fund, banked capacity 4.23%; or
 - Road fund, banked capacity 3%
 - Other Levy Options
2. Debt service repayment options: Development surcharge within Urban Holding area or Traffic Impact Fee (TIF) Overlay

GOAL:

- Bring the 179th Street Area into compliance with concurrency.
- Retain developer proportionate share of \$6.8M.
- Reasonably fund projects in the 6-year Transportation Program.
- Lift Urban Holding in the 179th Street Area.

Agenda

- I-5/179th Street Committee: members
- Committee mission
- 179th Street projects
- Economic development metrics
- Recap of committee meetings
- Road fund cash balance – 5 years
- Projected revenue sources
- Levy options reviewed
- TIF overlay
- Development surcharge
- Developer agreements (proportionate share)
- Action requested from Council

I-5/NE 179th Street Transportation Area Committee Members

CLARK COUNTY

Eileen Quiring, Chair
Julie Olson, Councilor
Shawn Hennessee, County Manager
Ahmad Qayoumi, Public Works Director
Mitch Nickolds, Community Development Director
Oliver Orjiako, Community Planning Director
Chris Cook, Deputy Prosecuting Attorney, Sr.
Bill Richardson, Deputy Prosecuting Attorney
Lori Pearce, Finance/Admin. Division Manager
Susan Wilson, Programming Section Supervisor
Tom Grange, Engineering Division Manager
Jeff Mize, Public Information Officer
Matt Hermen, Planner
Laurie Lebowsky, Planner
Sara Lowe, Deputy Treasurer
Adriana Prata, Admin. Services Manager
Duncan Brown, Public Financial Management

STAKEHOLDERS

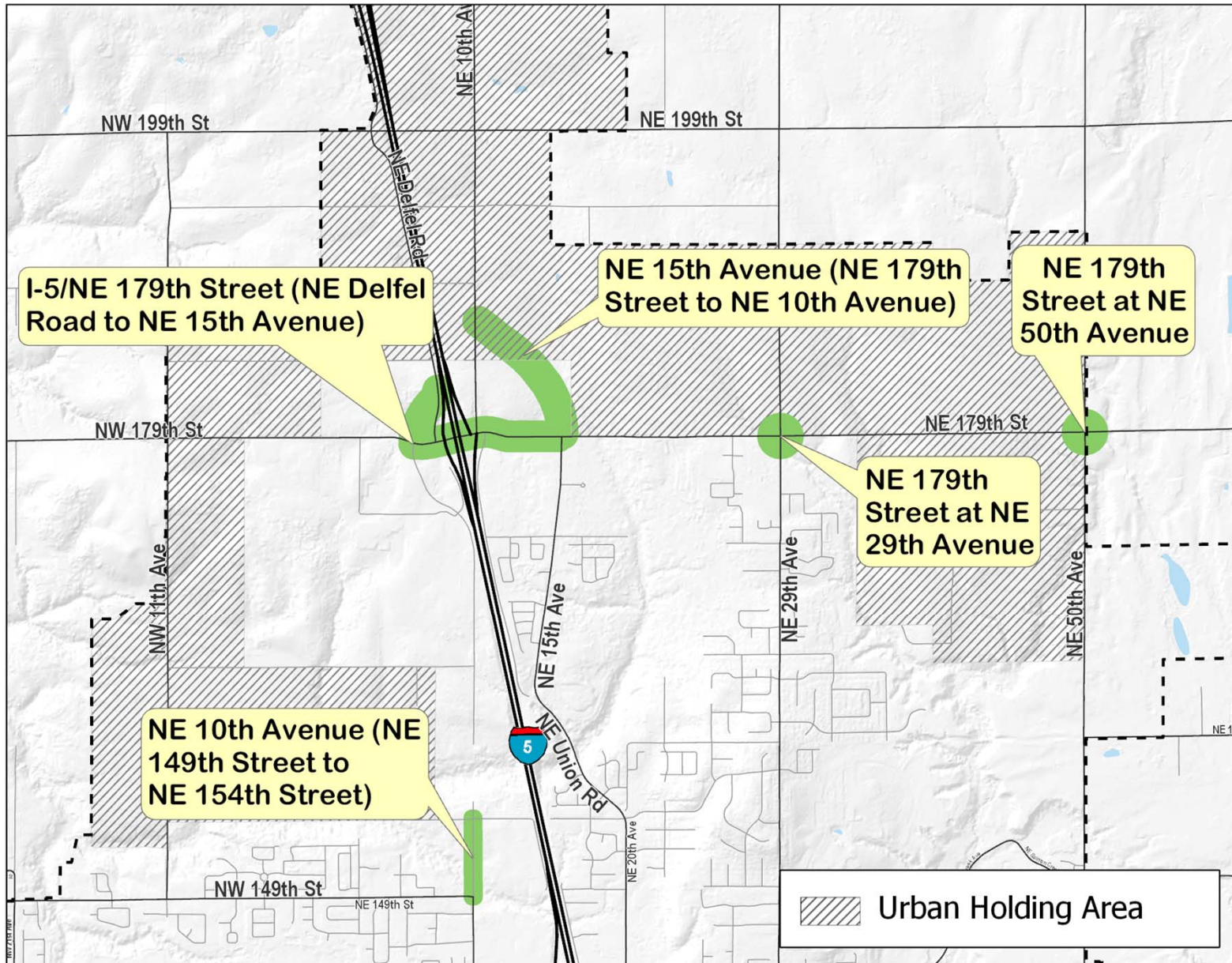
Lance Killian, Killian Pacific
Greg Kubicek, Holt Group, Inc.
Dave Cady, Holt Group, Inc.
Rian Tuttle, Holt Group, Inc.
Mark Hinton, Hinton Development
Terry Wollam, Wollam & Associates
Jamie Howsley, Jordan Ramis, PC
Steve Horenstein, Horenstein Law Group, PLLC
Maren Calvert, Horenstein Law Group, PLLC
Randy Printz, Landerholm, PS
Carley Francis, WSDOT
Scott Langer, WSDOT
Frank Green, WSDOT
Erin Erdman, Acting City Manager, City of Battle Ground
Steve Stuart, City Manager, Ridgefield
Eric Holmes, City Manager, Vancouver

Committee Mission

- ▶ Provide the County Council with a recommendation that removes Urban Holding in the 179th Street Transportation Area which identifies a funding strategy.
- ▶ Create public/private partnerships to address the funding gap and provide opportunities to fund projects in order to meet concurrency requirements.



179th Street Area Projects



Economic Development Metrics (to Build-Out)

	UH – Urban Holding	Full Study Area (Discovery Corridor)
Land	<ul style="list-style-type: none"> • 2,100 acres total • 833 acres VBLM • 231 acres C/I zoned 	<ul style="list-style-type: none"> • 5,300 acres total • 1,114 acres VBLM • 408 acres C/I zoned
Added Jobs @ Build-Out	<ul style="list-style-type: none"> • 2,850 direct • 4,000 w/multiplier 	<ul style="list-style-type: none"> • 5,550 direct • 7,670 w/multiplier
More Housing	<ul style="list-style-type: none"> • 4,815 housing units 	<ul style="list-style-type: none"> • 5,650 housing units
Tax Revenues (local & state)	<ul style="list-style-type: none"> • \$188m construction • \$23m / yr on-going 	<ul style="list-style-type: none"> • \$239m construction • \$34m / yr on-going

C = Commercial, I = Industrial

Observations: UH has the bulk of buildable land and housing potential, rest of study area pivotal for jobs

Source: Hovee Report, 2018

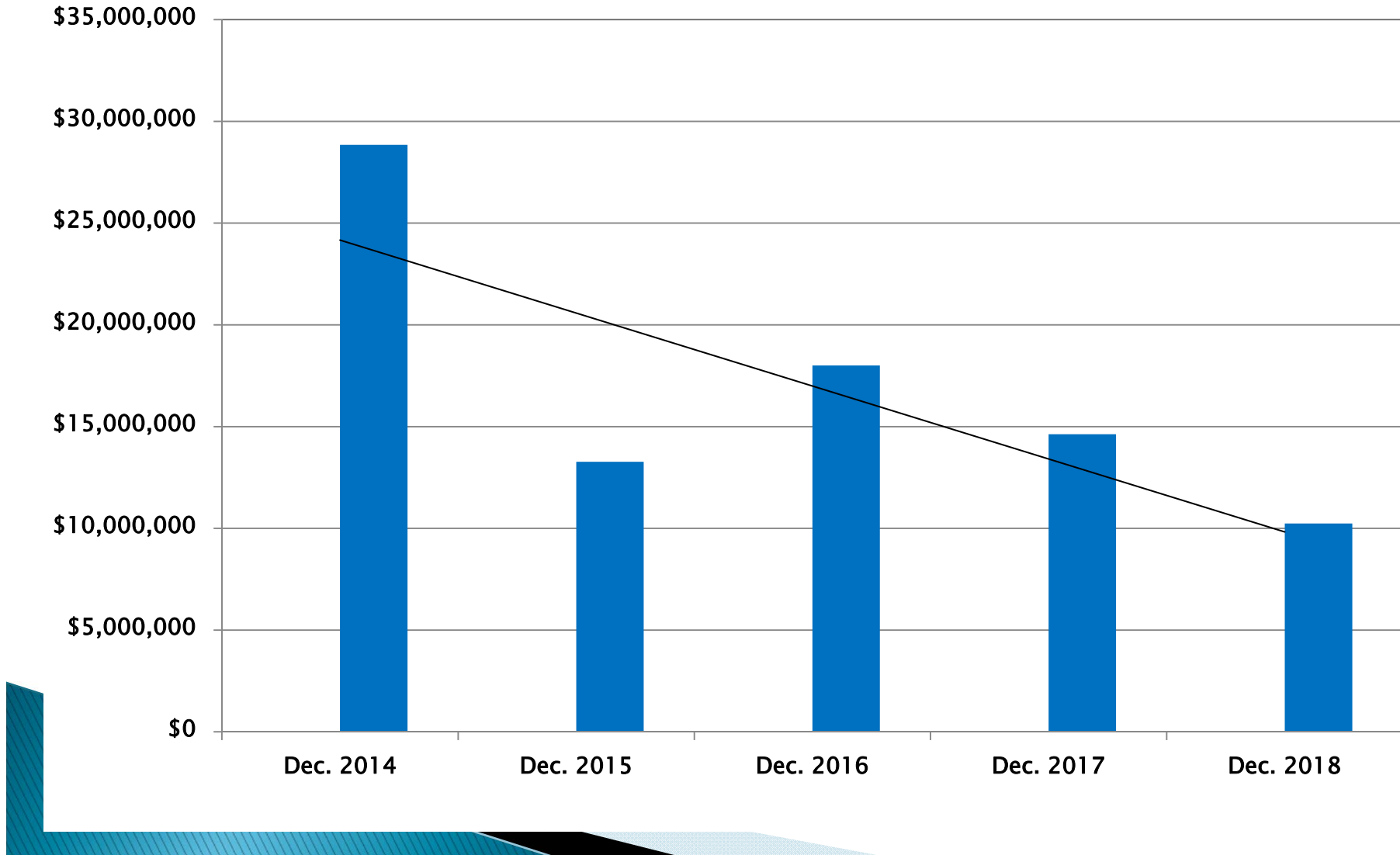
Recap of Past Committee Meetings:

- ▶ January 23, 2019 Council Work Session on 179th Urban Holding Update – Council authorized committee formation
- ▶ February 4, 11, 25, 2019, 179th St. Committee analyzed the following:
 - Develop strategies for lifting Urban Holding
 - Analyze all revenue sources to provide the majority of funding without jeopardizing the other TIP projects
 - Review financing scenarios
 - Ensure development projects comply with transportation concurrency
 - Review of various Road Fund levy scenarios
 - Developer surcharge
 - Bonding scenarios

GOAL:

- Bring the 179th Street Area into compliance with concurrency.
- Retain developer proportionate share of \$6.8M.
- Reasonably fund projects in the 6-year Transportation Program
- Lift Urban Holding in the 179th Street Area

Road Fund Balance – 5 years (2014 - 2018)



Projected Revenue Sources:

- ▶ Road Fund
- ▶ Road Fund – 1% passed in 2018, starts in 2019
- ▶ Traffic Impact Fees
- ▶ Grants
- ▶ \$2 million – preservation from 2019 (one time only)
- ▶ Real Estate Excise Tax 2 (REET 2)



Road Fund

- ▶ This fund is a restricted fund by RCW 36.82.070.
- ▶ There is \$8.8M of Road Fund allocated in the current TIP (2019–2024) for projects in the 179th Street Transportation Area.
- ▶ \$4.5M is diverted to the Sheriff's Office.

Traffic Impact Fees (TIF)

- ▶ The financial model is using an estimated \$7.5M in impact fees to be collected over a 6-year period.
- ▶ These funds can be used on projects in the 179th Street Transportation Area, as they are collected in the TIF districts for this area.

Real Estate Excise Tax (REET 2)

- ▶ REET 2 –\$3.4M is programmed in TIP for 179th Street Transportation Area projects, approved by Council on December 4, 2018 budget hearing for 2019. (RCW 82.46.035)
- ▶ REET 2 projections for 2020–2024
 - Financial model projects a maximum of \$12M for 179th Street Transportation Area projects.



Projected Grants

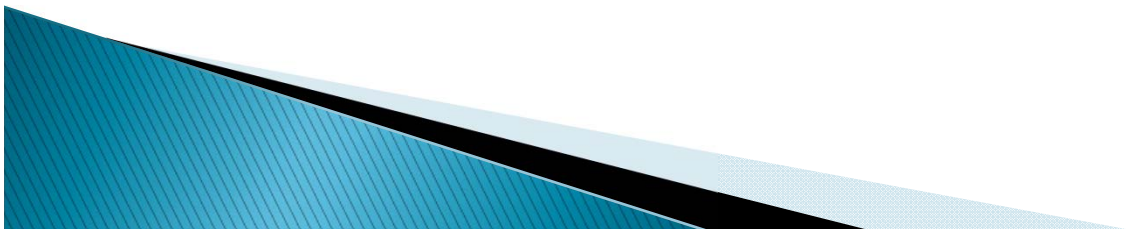
- ▶ Financial model projects a maximum of \$11M in grant revenue for 2019–2024 with a high local share to increase the probability of obtaining grants. The County will continue to lobby agencies for these projects.

\$11M in grants (Assuming 80% probability)

- Transportation Improvement Board (TIB)
- Surface Transportation Block Grant Program (STBG)

Other Potential Funding Sources not in financial model:

- Public Works Trust Fund loan (PWTF)
- Community Economic Development Board grants and loans (CERB)
- These sources are highly dependent on resolving the GMA non-compliance issues.



Levy Options Reviewed

- ▶ Road Fund – Banked Capacity (4.23%)
- ▶ Road Fund – Banked Capacity (3.00%)
- ▶ Road Fund – Banked Capacity (2.00%)
- ▶ Road Fund – 1% each year
- ▶ General Fund – Banked Capacity (2.176%)
- ▶ General Fund – 1% to be approved in 2019 for 2020

General Fund option would be used to offset the Road Fund diversion – allowing for Road Fund money to be dedicated for 179th Street Transportation Area.

General Fund

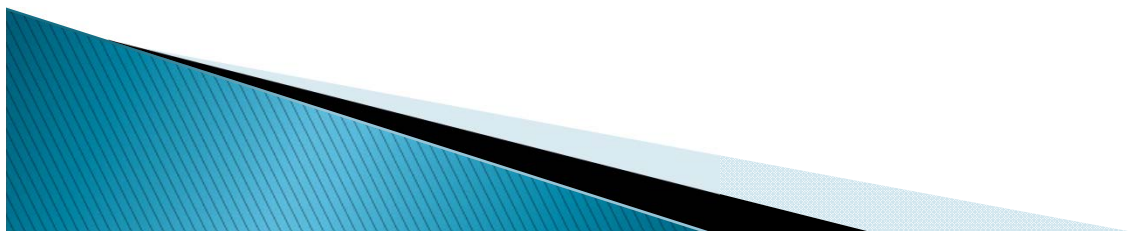
- ▶ **At Council time on 2/11/19, Possible Option:**
 - What is the amount of the General Fund banked capacity levy?
 - Next slide shows the results of utilizing the banked capacity and also a 1% levy option for the General Fund.
 - The time frame is for 5 years, from 2020 to 2024.
 - This money would be used to reduce the current Road Fund diversion amount, which is currently at \$4.5M per year.
 - The additional money in Road Fund would be earmarked for the NE 179th Street Transportation Area projects.

General Fund Banked Capacity maximum 2.176% (Levy of 1% - one time approval in 2019 for 2020)

General Fund levy options	2020	2021	2022	2023	2024	Five-Year Total	Increase Per Median Household
Banked Capacity 2.176%	\$1,435,000	\$1,435,000	\$1,435,000	\$1,435,000	\$1,435,000	\$7,175,000	\$7.19
1%	\$660,000	\$660,000	\$660,000	\$660,000	\$660,000	\$3,300,000	\$3.30

Council passed the 1% for the General Fund on 12/4/18, for 2019 property taxes, in the amount of \$634,644.

High Level Strategic Estimate, Subject to Change



Debt Service – Repayment Options

1. Surcharge within Urban Holding overlay area

NOTE: Surcharge must be approved and included within development agreements.

2. TIF overlay within Mt. Vista TIF district

NOTE: In order to justify the TIF overlay, additional projects within the Mt. Vista TIF district need to be added to the Capital Facilities Plan.



Financial Options

High Level Strategic Estimates, Subject to Change
County Assessor provided levy estimates.

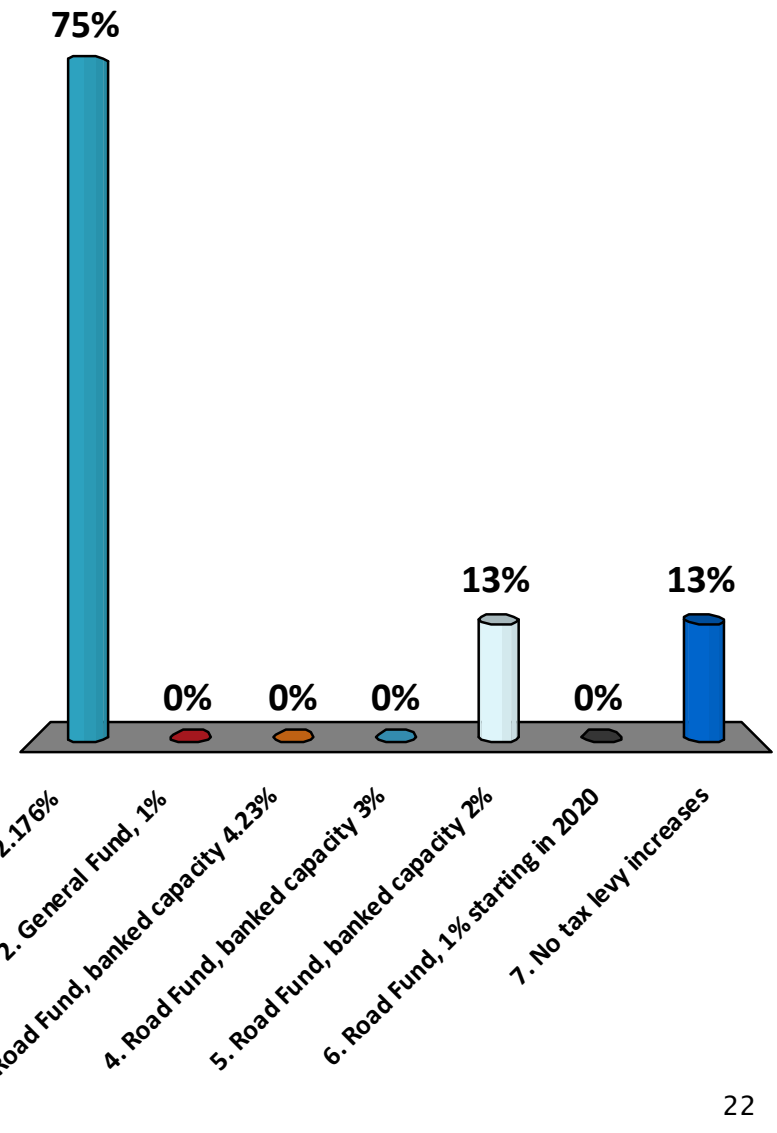
	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
Funding sources not secured	General Fund Banked Capacity 2.176% Starting in 2020-2024 Median HH=\$7.19	General Fund 1% Starting in 2020-2024 Median HH=\$3.30	Road Fund Banked Capacity 4.23% Starting in 2020-2024 Median HH=\$21.15	Road Fund Banked Capacity 3% Starting in 2020-2024 Median HH=\$14.68	Road Fund Banked Capacity 2.0% Starting in 2020-2024 Median HH=\$9.78	Road Fund 1% Starting in 2020-2024 Median HH=\$4.61	No tax levy increases 0.0% Starting in 2020-2024
Total funding needed	\$19,100,000	\$19,100,000	\$19,100,000	\$19,100,000	\$19,100,000	\$19,100,000	\$19,100,000
Property taxes	\$1,435,000 for five years = \$7,175,000	\$660,000 for five years = \$3,300,000	\$1,260,000 for five years = \$6,300,000	\$700,000 for five years = \$3,500,000	\$300,000 for five years = \$1,500,000	\$484,000 for five years = \$2,420,000	\$0.00
Developer contributions	\$6,800,000	\$6,800,000	\$6,800,000	\$6,800,000	\$6,800,000	\$6,800,000	\$6,800,000
Bonding	\$5,125,000	\$9,000,000	\$6,000,000	\$8,800,000	\$10,800,000	\$9,880,000	\$12,300,000
Annual debt service pmt.	\$394,000	\$692,000	\$461,000	\$676,000	\$830,000	\$759,000	\$946,000
Developer surcharge– Urban Holding; or	\$66	\$117	\$80	\$115	\$147	\$129	\$167
TIF Overlay– Mt. Vista	\$31	\$55	\$36	\$53	\$66	\$60	\$75

179th St. Committee Recommendation Process on February 25, 2019

- ▶ Public Works, Community Planning, Community Development, Treasurer's Office, and Prosecuting Attorney's Office staff did not vote
- ▶ One vote per entity present at the meeting:
 - Killian Pacific
 - Holt Group, Inc.
 - Wollam & Associates
 - Hinton Development
 - WSDOT
 - Eileen Quiring, Chair
 - Julie Olson, Councilor
 - Shawn Hennessee, County Manager
- ▶ Top three financial packages were recommended for the unsecured funding: property tax levies, developer agreements and bonding.
- ▶ Another vote was conducted about financing the debt service payments through a development surcharge or TIF overlay.

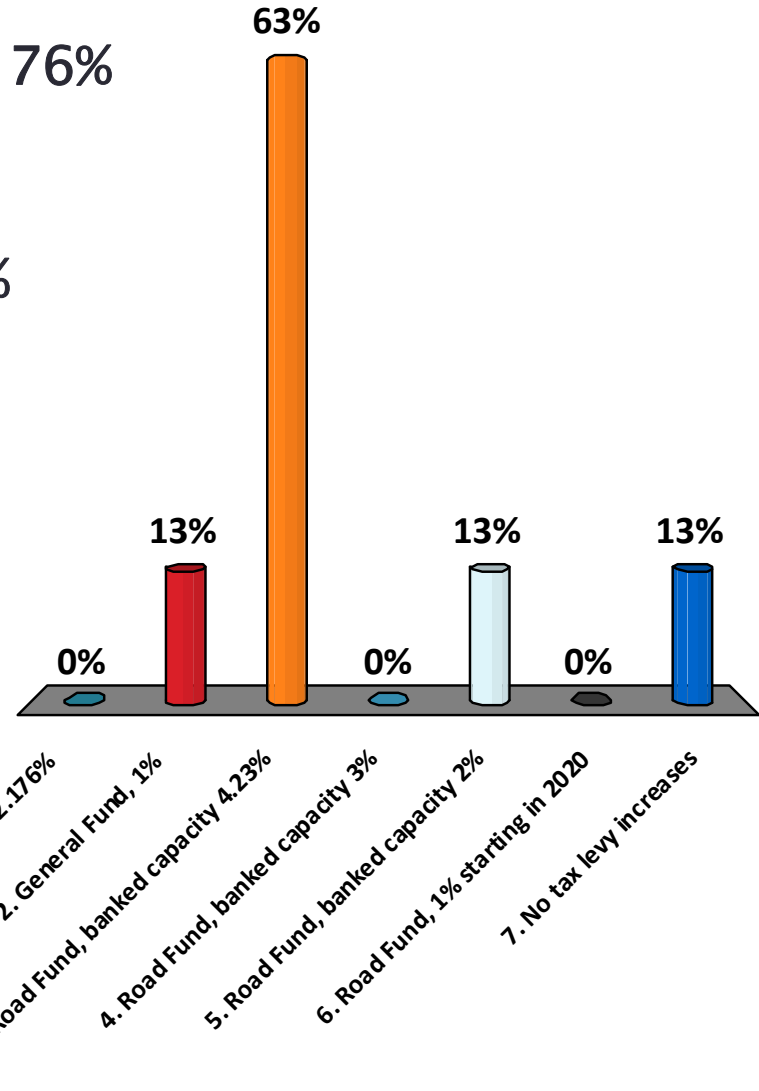
Committee's Vote #1 Preferred Option

1. General Fund, banked capacity
2.176%
2. **General Fund, 1%**
3. Road Fund, banked capacity 4.23%
4. **Road Fund, banked capacity 3%**
5. Road Fund, banked capacity 2%
6. **Road Fund, 1% starting in 2020**
7. No tax levy increases



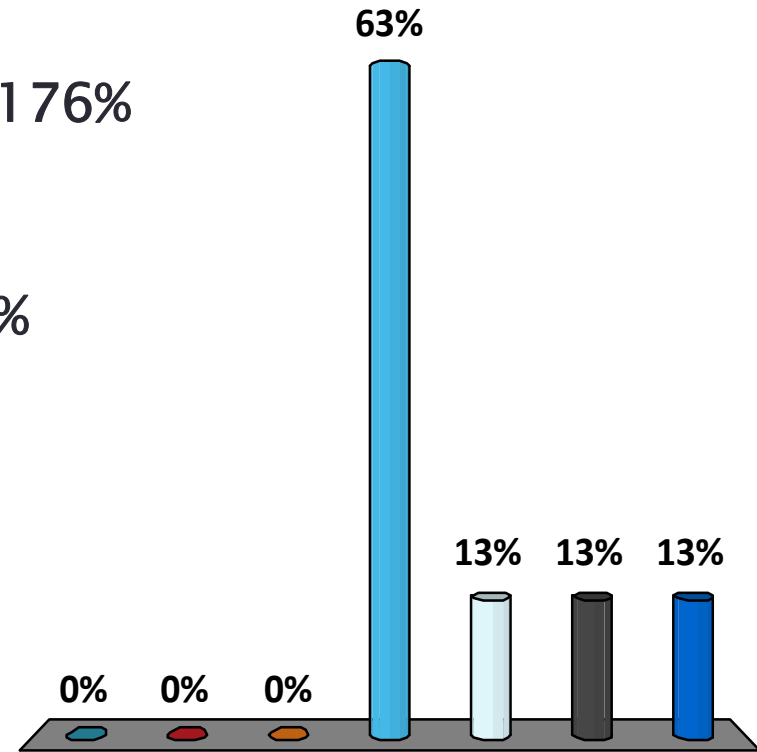
Committee's Vote #2 Preferred Option

1. General Fund, banked capacity 2.176%
2. **General Fund, 1%**
3. Road Fund, banked capacity 4.23%
4. **Road Fund, banked capacity 3%**
5. Road Fund, banked capacity 2%
6. **Road Fund, 1% starting in 2020**
7. No tax levy increases



Committee's Vote on #3 Preferred Option

1. General Fund, banked capacity 2.176%
2. **General Fund, 1%**
3. Road Fund, banked capacity 4.23%
4. **Road Fund, banked capacity 3%**
5. Road Fund, banked capacity 2%
6. **Road Fund, 1% starting in 2020**
7. No tax levy increases

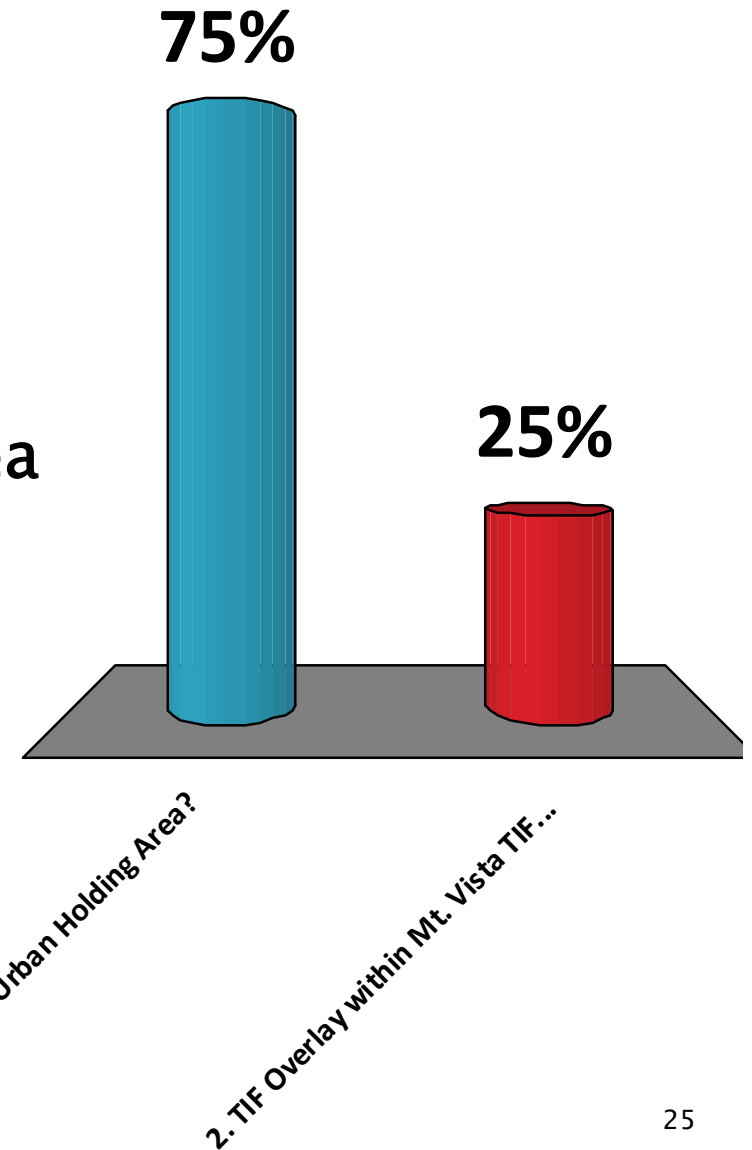


1. General Fund, banked capacity 2.176%
 2. General Fund, 1%
 3. Road Fund, banked capacity 4.23%
 4. Road Fund, banked capacity 3%
 5. Road Fund, banked capacity 2%
 6. Road Fund, 1% starting in 2020
 7. No tax levy increases

Committee's Vote: Debt Service

Chose one option as the best way to support the debt service payment:

1. Surcharge in Urban Holding Area
2. TIF Overlay within Mt. Vista TIF District



179th Street Committee Recommendations

- ▶ Funding strategies:
 - General Fund – banked capacity (2.176%)
 - Road Fund – banked capacity (4.23%)
 - Road Fund banked capacity (3.00%)

- ▶ Debt repayment option: Development Surcharge in Urban Holding Area



Planning Commission Recommendation

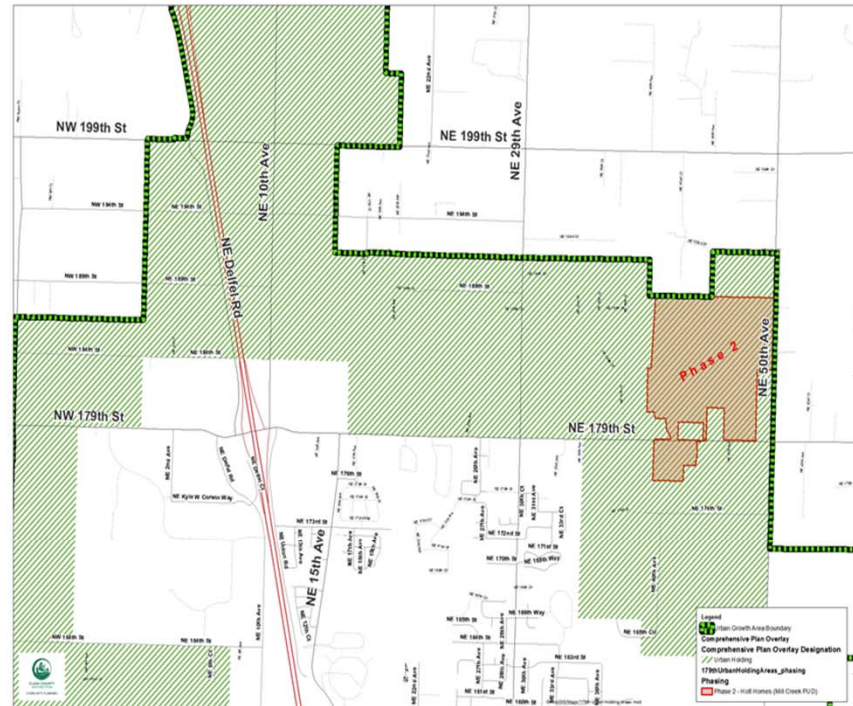
Planning Commission Hearing on Feb. 21st

Holt Homes Proposal

- 143 Acres
- 606 Single Family Detached Units
- 99 Townhomes
 - Total Trip Generation on a weekday during PM Peak Hour: 657

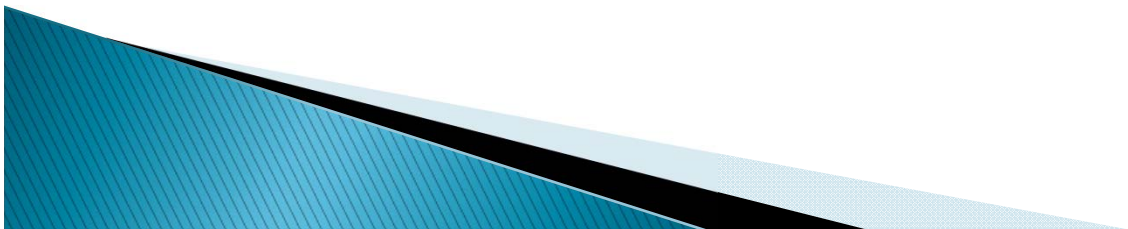
Conditional Approval, subject to:

- County Councilors adoption of a formal finding that the critical links and intersection improvements needed to create transportation capacity sufficient to accommodate the trips generated by the proposal are reasonably funded; and
- County Councilor approval of the associated Development Agreement



Developer Contributions

- ▶ \$6.8M for developer contributions, a preliminary proportionate share distribution, not TIF creditable (advance payments of TIFs).
 - Holt \$2.9M
 - Killian \$1.9M
 - Hinton \$0.6M
 - Wollam \$1.4M
- Developer agreements will need to be finalized to assure reasonable funding of localized critical links and intersection improvements.



Action Requested From Council

- ▶ Funding strategies:
 - General Fund – banked capacity (2.176%)
 - Road Fund – banked capacity (4.23%)
 - Road Fund banked capacity (3.00%)
 - Other Levy options

- Bonding would not be needed until 2023

- ▶ Debt Service repayment:
 - Development surcharge within Urban Holding area or
 - TIF Overlay