Funding, Financing, and Partnership Options for the Southern Parkway

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Presentation Overview

- Study Objective
- County-wide Revenue Sources
- Value Capture Revenues Sources
- Partnering Strategies
- Financing Options
- Conclusions

Southern Parkway Financial Analysis
12-17-2008
Project Objectives

- Create a Common Financial Roadmap
- Identify Approaches to Pay for the Southern Parkway
  - Corridor Preservation
  - Construction

Local Option Revenue Sources

- Local Option Programs
  - Special Sales Tax
  - Vehicle Registration Fee
- County-wide Focus
- Pay for Corridor Preservation and/or Construction
Financial Capacity

<table>
<thead>
<tr>
<th>Local Option Sales Tax (1/4 Cent)</th>
<th>Revenue (2010-2034)</th>
<th>15 Year Financing</th>
<th>25 Year Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Washington County Collections</td>
<td>$315.3</td>
<td>$42.4</td>
<td>$66.0</td>
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<tr>
<td>Urban Area Allocation (69%)</td>
<td>$280.6</td>
<td>$37.7</td>
<td>$58.0</td>
</tr>
<tr>
<td>Corridor Allocation (38%)</td>
<td>$119.8</td>
<td>$16.1</td>
<td>$22.3</td>
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</table>

<table>
<thead>
<tr>
<th>Vehicle Registration Fees</th>
<th>Revenue (2010-2034)</th>
<th>15 Year Financing</th>
<th>25 Year Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Washington County Collections</td>
<td>$61.7</td>
<td>$11.5</td>
<td>$17.5</td>
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<tr>
<td>Urban Area Allocation (69%)</td>
<td>$54.9</td>
<td>$10.2</td>
<td>$15.6</td>
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<tr>
<td>Corridor Allocation (38%)</td>
<td>$23.4</td>
<td>$4.4</td>
<td>$5.9</td>
</tr>
</tbody>
</table>

- Debt Service Coverage:
  - Local ¼ Cent Sales Tax: 2X
  - Vehicle Registration Fee: 1.5X
- Assumes Issuance Costs and Reserves of 15% of Bond Proceeds

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Corridor ROW Costs

- ROW Cost Estimates Total $33.1 million
  - Phase III: $7.8 million
  - Phase IV: $10.8 million
  - Phase V: $14.5 million

- Corridor Allocations Total $28.2 million
  - ¼ Cent Sales Tax: $22.3 million (2/3 of total)
  - Vehicle Registration Fees: $5.9 million

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Value Capture Revenue Sources

- Value Capture
  - Tax Increment Finance
  - Special Tax Assessment
  - Development Impact Fee

- Small Area Focus
- Pay for Roadway or Interchange Costs

Corridor Development Zones
### Development in Parkway Corridor Zones (2010 to 2045)

<table>
<thead>
<tr>
<th>Development Zone</th>
<th>Retail Employees</th>
<th>Non-Retail Employees</th>
<th>Service Employees</th>
<th>Total Employees</th>
<th>Dwelling Units</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>4,020</td>
<td>15,390</td>
<td>1,710</td>
<td>21,110</td>
<td>15,230</td>
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<tr>
<td>B</td>
<td>1,280</td>
<td>-</td>
<td>1,430</td>
<td>2,710</td>
<td>3,860</td>
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<tr>
<td>C</td>
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<td>3,160</td>
<td>6,220</td>
<td>10,840</td>
<td>380</td>
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<tr>
<td>D</td>
<td>1,650</td>
<td>-</td>
<td>390</td>
<td>2,030</td>
<td>2,200</td>
</tr>
<tr>
<td>E</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>750</td>
</tr>
<tr>
<td>F</td>
<td>440</td>
<td>190</td>
<td>220</td>
<td>840</td>
<td>2,350</td>
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<tr>
<td>G</td>
<td>90</td>
<td>1,140</td>
<td>20</td>
<td>1,250</td>
<td>310</td>
</tr>
<tr>
<td>H</td>
<td>110</td>
<td>30</td>
<td>130</td>
<td>270</td>
<td>3,090</td>
</tr>
<tr>
<td>I</td>
<td>50</td>
<td>140</td>
<td>290</td>
<td>480</td>
<td>1,390</td>
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<tr>
<td>J</td>
<td>550</td>
<td>590</td>
<td>620</td>
<td>1,760</td>
<td>3,200</td>
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<tr>
<td>K</td>
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<td>3,360</td>
<td>2,150</td>
<td>10,630</td>
<td>9,770</td>
</tr>
<tr>
<td>L</td>
<td>1,700</td>
<td>270</td>
<td>60</td>
<td>2,030</td>
<td>6,000</td>
</tr>
<tr>
<td>M</td>
<td>3,000</td>
<td>2,800</td>
<td>7,600</td>
<td>12,800</td>
<td>12,000</td>
</tr>
<tr>
<td>Corridor Total</td>
<td>19,480</td>
<td>28,980</td>
<td>20,230</td>
<td>66,650</td>
<td>60,530</td>
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</table>

**Southern Parkway Financial Analysis**

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### Conceptual Corridor Development Timeframe

**Southern Parkway Financial Analysis**

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Value Capture Assumptions

- Development Impact Fees
  - 1% of Residential Unit Value ($1,700 to $2,750 for multi and single family)
  - 2% of Commercial Unit (SF) Value ($2.50)
- Special Assessment
  - 10% Increase in City & County Rate (not based on school district or other rates)
- Tax Increment
  - 10% of Increment Reallocated

Corridor Revenue Streams

Collection (thousands)

- Development Impact Fees
- Special Taxing Districts
- Tax Increment Finance

Southern Parkway Financial Analysis
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### Value Capture Revenue (2010-2034, millions $)

<table>
<thead>
<tr>
<th>Revenue By Zone (2010 to 2034)</th>
<th>Impact Fee (DIF)</th>
<th>Special Assessment</th>
<th>Tax Increment (TIF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone A</td>
<td>$63.5</td>
<td>$14.7</td>
<td>$22.4</td>
</tr>
<tr>
<td>Zone B</td>
<td>$13.1</td>
<td>$3.9</td>
<td>$6.0</td>
</tr>
<tr>
<td>Zone C</td>
<td>$9.2</td>
<td>$2.5</td>
<td>$2.5</td>
</tr>
<tr>
<td>Zone D</td>
<td>$8.2</td>
<td>$2.0</td>
<td>$3.1</td>
</tr>
<tr>
<td>Zone E</td>
<td>$2.3</td>
<td>$0.5</td>
<td>$0.8</td>
</tr>
<tr>
<td>Zone F</td>
<td>$6.7</td>
<td>$2.1</td>
<td>$3.2</td>
</tr>
<tr>
<td>Zone G</td>
<td>$2.0</td>
<td>$0.4</td>
<td>$0.5</td>
</tr>
<tr>
<td>Zone H</td>
<td>$6.6</td>
<td>$1.8</td>
<td>$2.7</td>
</tr>
<tr>
<td>Zone I</td>
<td>$3.7</td>
<td>$1.1</td>
<td>$1.6</td>
</tr>
<tr>
<td>Zone J</td>
<td>$10.5</td>
<td>$4.1</td>
<td>$6.4</td>
</tr>
<tr>
<td>Zone K</td>
<td>$36.5</td>
<td>$12.1</td>
<td>$17.6</td>
</tr>
<tr>
<td>Zone L</td>
<td>$16.0</td>
<td>$6.9</td>
<td>$8.9</td>
</tr>
<tr>
<td>Zone M</td>
<td>$48.7</td>
<td>$7.3</td>
<td>$11.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$227.0</strong></td>
<td><strong>$59.3</strong></td>
<td><strong>$86.9</strong></td>
</tr>
</tbody>
</table>

### Southern Parkway Financial Analysis
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### Financial Capacity (millions $)

<table>
<thead>
<tr>
<th>Corridor-Wide Financing Approach</th>
<th>Revenue (2010-2034)</th>
<th>15 Year Financing</th>
<th>25 Year Financing</th>
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<tbody>
<tr>
<td>Base Assumptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Impact Fees (1% / 2%)</td>
<td>$227.0</td>
<td>$50.3</td>
<td>$62.7</td>
</tr>
<tr>
<td>Special Assessment (10%)</td>
<td>$59.3</td>
<td>$5.9</td>
<td>$12.3</td>
</tr>
<tr>
<td>Tax Increment (10%)</td>
<td>$86.9</td>
<td>$7.6</td>
<td>$17.3</td>
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<thead>
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<tbody>
<tr>
<td>Revenue Enhancement Assumptions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Impact Fees (2% / 3%)</td>
<td>$428.1</td>
<td>$94.6</td>
<td>$118.2</td>
</tr>
<tr>
<td>Special Assessment (25%)</td>
<td>$148.3</td>
<td>$14.8</td>
<td>$30.6</td>
</tr>
<tr>
<td>Tax Increment (25%)</td>
<td>$217.3</td>
<td>$19.2</td>
<td>$43.5</td>
</tr>
</tbody>
</table>

- Similar Financial Assumptions
- Financing for the Whole Corridor Does Not Match Specific Zone Development Timing

### Southern Parkway Financial Analysis
12-17-2008
The Financing Entity (1 of 2)

- Entities Acting Separately
  - Coordination issues
  - Additional costs
  - Difficulties in working with four to eight parties

- Special Districts
  - Special Service District
  - Basic District

The Financing Entity (2 of 2)

- Interlocal Cooperative
  - No ability to tax
  - Sharing revenues and taxes
  - Organizational advantages

- Community Development Agency / Agencies
  - Capture of tax increment
  - Additional source of funding
  - Coordination issues
Financing Options (1 of 2)
(to be used separately or in conjunction with each other)

- General Obligation Bonds
  - Election requirement
  - Least expensive financing option
- Assessment Bonds
  - Benefited properties pay for all or a portion of improvements
  - Land is security for payment
  - Can be done in phases

Financing Options (1 of 2)
(to be used separately or in conjunction with each other)

- Annual Appropriations
  - Moral obligation of governmental entities
  - Can be used to credit enhance other forms of debt
- Tax Increment bonds or agreements
  - Capture tax increment for past, present, or future development
  - Can be captured in phases
Revenue Pledges (1 of 2)

- Auto Licensing Fees
  - County source
  - Must be used for corridor preservation

- Sales Taxes
  - Available to cities and counties
  - Existing debt issues

Revenue Pledges (1 of 2)

- One Quarter Cent Sales Tax
  - County source
  - Available for regionally significant transportation facilities

- Impact Fees
  - Available for Cities and Counties
  - Capital facilities plan required
Conclusions

- There are tools to foster partnering for corridor preservation and construction funding
- County-wide option taxes could cover over half the ROW costs
- Value capture could cover a substantial portion of unfunded interchange costs