COLLEGE PLACE
STONE CREEK & DOWNTOWN
Tax Increment Financing (TIF)
PROJECT ANALYSIS

DRAFT

January 25, 2023

ACKNOWLEDGEMENTS

This Project Analysis was prepared for the City of College Place by Stowe Development & Strategies, LLC in association with ECONorthwest (SDS/ECO team).

The Project Analysis represents a thorough and comprehensive evaluation of a future Tax Increment Financing program and establishment of a Tax Increment Area for a significant and development opportunity in the Stone Creek and Downtown areas. The production of this report would not have been possible without the participation, collaboration, and guidance of the following individuals and groups.

College Place Mayor & City Council

- Mayor Norma Hernandez
- Councilmember Paul Jessup
- Councilmember Michael Cleveland
- Councilmember Tito Espinoza
- Councilmember Loren Peterson
- Councilmember Melodie Williams
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About College Place:

The City of College Place is located in the Walla Walla Valley of Southeastern Washington State adjacent to the City of Walla Walla. The City was incorporated on January 19, 1946 and has a Strong Mayor form of government. College Place is a full service municipality providing police, fire, community development, public works, and a host of other services with 55 staff.

The City has 9,902 residents and is anchored by Walla Walla University (a Seventh-Day Adventist Higher Education Institution). The City also features a public K-12 and Seventh-Day Adventist K-12 School System. The City has a Downtown Business District focused around College Avenue as well as big box commercial districts focused around Myra Rd as well as State Route 125 & Meadowbrook.

Figure1: College Ave./Walla Walla University

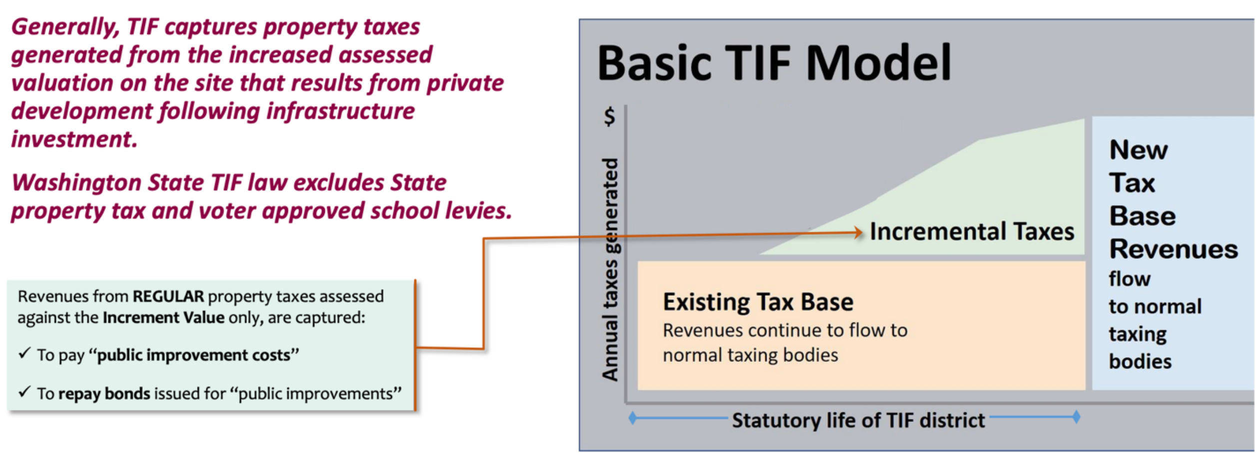
Source: City of College Place, 2023

Introduction/Summary

Tax Increment Financing (TIF) is a powerful economic development tool and was adopted into law in Washington State in 2021. The Washington State Legislature created the TIF authority through House Bill 1189 (now codified as RCW 39.114) for a city, county, or port to create a tax increment area (TIA). TIFs are used throughout the United States to promote economic development.

In general, our State's TIF is a financing option that allows a public agency (city, county, or port) to fund publicly-owned infrastructure determined necessary to encourage the envisioned private development within a TIA designated by the public agency. As private development occurs (as a result of the public agencies' investment in the identified public improvements), property values rise, and the public agency uses the property tax generated by that development in the TIA to pay for the public improvement projects. After the project costs are paid, the public agency retires the TIA.

Figure 2: TIF Model



Source: Stowe Development & Strategies, 2023

There are several key limitations to TIF in this State whi3ch include the following:

- No more than two active increment areas per sponsoring jurisdiction and they may not overlap.
- Increment areas may not total more than $200 million in assessed valuation, or more than 20% of the total assessed valuation of the sponsoring jurisdiction, whichever is less.
- Cannot add additional public improvements or change the boundary of the increment area once adopted.
- Must include a deadline of 5 years following the TIF adoption ordinance by when construction of public improvements will begin (ability to extend for good cause).
- The local government may only receive TIF revenues for the period of time necessary to pay the costs of the public improvements.
- If the local government finances the public improvements, the increment area must be retired no more than 25 years after the adoption of the ordinance designating the increment area.

A key element and consideration when forming a TIA are to evaluate the risks associated with such an action along with the development of a mitigation plan. Using local property tax revenues to finance certain public improvements can encourage and generate the desired or envisioned private development; however, using TIF has risks. The largest risks are that: 1) the expected private development does not occur; occurs slower than expected; and/or, the type of development and its magnitude is less than expected, and, 2) the cost projected for the infrastructure improvements is higher than projected. These risks impact the expected revenues to be generated within the TIA or the costs for the identified public infrastructure improvements. If risks are not mitigated, a local government must then use other sources of revenue to pay for the public improvements. Other related risks include over-investment of infrastructure funding by TIF which can waste limited tax dollars for other uses. Local governments can guard against and potentially avoid over-investing and under-investing by carefully evaluating the local market conditions and performing the analysis associated with the But-For-Requirement identified in this memorandum. When TIF is used correctly, the growth and development pay for the infrastructure investments that encouraged it.

A risk and mitigation plan is included in this Project Analysis. This Project Analysis also examines other anticipated revenues from the projected private development (e.g., sales tax on construction, on-going sales tax, etc.) and the potential to sequence the appropriate infrastructure improvements with multiple bond issues over time (e.g., 5-year period) as well as structuring the debt service to align with projected property tax revenues generated within the TIA to better manage potential development and revenue risks. Following the adoption of a TIA, the City has multiple levers in which to direct a successful project utilizing property tax revenues generated by the TIA and/or safeguard its other resources. These levers or options include how much debt should be issued and when to issue the debt based the expected private development scope (product type and scale), as well as more refined infrastructure cost estimates. By law, construction of the TIF infrastructure must commence within five years after the adoption of the ordinance forming the TIA, subject to extensions for good cause. Depending on the development interest in the TIA, and the anticipated interest rates, the City could select the debt amount and proceed on the schedule identified in the Project Analysis or modify based on the known conditions at that time. Alternatively, the City could choose not to issue any debt, especially if development interest substantially changes to a very low level or the cost of debt it too high. In this situation, the City could use a pay-as-you-go strategy for the infrastructure. This, however, will likely significantly change the timing and scale of the private development. Finally, the City could also rescind or retire the TIA by ordinance prior to the issuance of any debt.

The City of College Place has been planning for the Stone Creek and Downtown area's for many years. Planning for the Stone Creek area dates back to the early 2000's when the land was brought into the College Place Urban Growth area and then annexed into the City in 2018. The land has been slated for a mix of residential and commercial development as was expounded upon in the 2018 Comprehensive Plan: Likewise, the vision for College Avenue as a mixed-use Downtown corridor can also be traced in the City's 2018 Comprehensive Plan as well as the College Avenue Design Standards.

Figure 3: Comprehensive Plan Meeting

The projects to support the development of the Stone Creek area (SW Mojonnier Road, East-West Road, and intersection of College Avenue & East-West Road) have existed in the City's Comprehensive Plan and Capital Facilities Plan for several years.

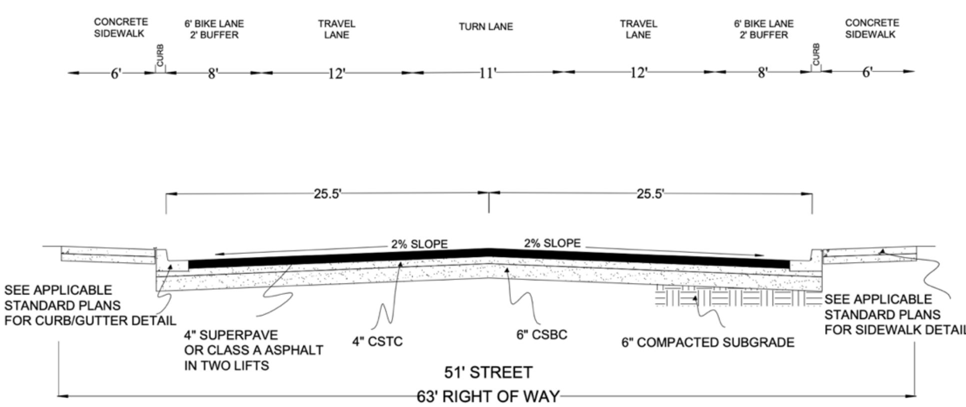
Infrastructure Needs

To support the envisioned private development within the Stone Creek and Downtown will require a public infrastructure investment of **$8,186,000 from TIF.** The proposed public infrastructure improvements will correct inadequate infrastructure that currently exists, provide regional transportation benefits, and will support the proposed residential and commercial development. The four projects below were identified as candidates to be supported by TIF on the basis that they were unlikely to be built by any single development and may take over a decade to complete, and proactively building them now will provide the necessary support for the City's redevelopment vision.

Mojonnier Road **Cost: $9.3 million**

TIF is proposed to fund **$4, 300,000** with the balance coming from Federal earmark funds (already received, and expected State grant and State earmark funds. The current condition of this critical road is inadequate to support current development and traffic to and from College Place Highschool/Sager Middle School campuses (CPHS/Sager campuses) and the proposed future development of the Stone Creek area.

Figure 4:



East-West Road **Cost: $7.1 million**

TIF is proposed to fund **$1,936,000 (for improvements across the McKiernan Property planned for commercial development)** with the balance coming from the Stone Creek developer, College Place School District, and the City of College Place. The specific funding contributions will be determined at a later date. This new road is needed to allow circulation into the development and to connect the CPHS/Sager campuses with the eventual new intermediate school at the far west end of the East-West Road.

Signalization at College Avenue and East/West Road **Cost: $1.1 million**

TIF is proposed to fund **$550,000** with the balance coming from the Stone Creek developer, College Place School District, and the City of College Place. The specific funding contributions will be determined at a later date. The improvements will make getting into/out of CPHS/Sager campuses safer since the parking lot entrance will line up with the new east-west road via a controlled intersection and support the increased traffic from the envisioned private development.

Downtown Parking Lots **Cost: $1.4 million**

TIF is proposed to fund the full cost of $1,400,000. City officials have cited a lack of parking in the Downtown area along College Avenue as deterring business and private investment in the Downtown. TIF funds would be used to acquire land and build 3-4 surface parking lots in the Downtown corridor likely providing up to 183 parking spaces that could be accessed by the land uses Downtown. Simultaneously, City administration plans to advance legislation for the City Council to consider reducing and/or eliminating parking requirements in the Downtown to further encourage private investment in concert with the proposed TIF improvements.

Private Development

The proposed TIA includes two development areas of Stone Creek and Downtown. The Stone Creek area is owned by two property owners. The largest area of 131 acres is owned by Lakeside Capital. McKiernan Commercial owns the other parcel of land comprising 47.5 acres. The remaining properties are owned by multiple parties in Downtown along College Avenue. Within the Stone Creek area, it is envisioned that a mixed-use development will be built that contains 829 residential units (including senior housing), a 200-room hotel, and both small and large commercial retail stores totaling 280,000 square feet. Based on discussions with the Stone Creek property owners and review of the Draft Conceptual Site Plan (see next page) created by the Stone Creek property owner/developers, SDS has developed a preliminary Base Development Scenario below for purposes of evaluating potential TIF revenues. The Baseline Development Scenario represents over $414 million of private market value in the TIA.

Figure 5: Baseline Development Scenario

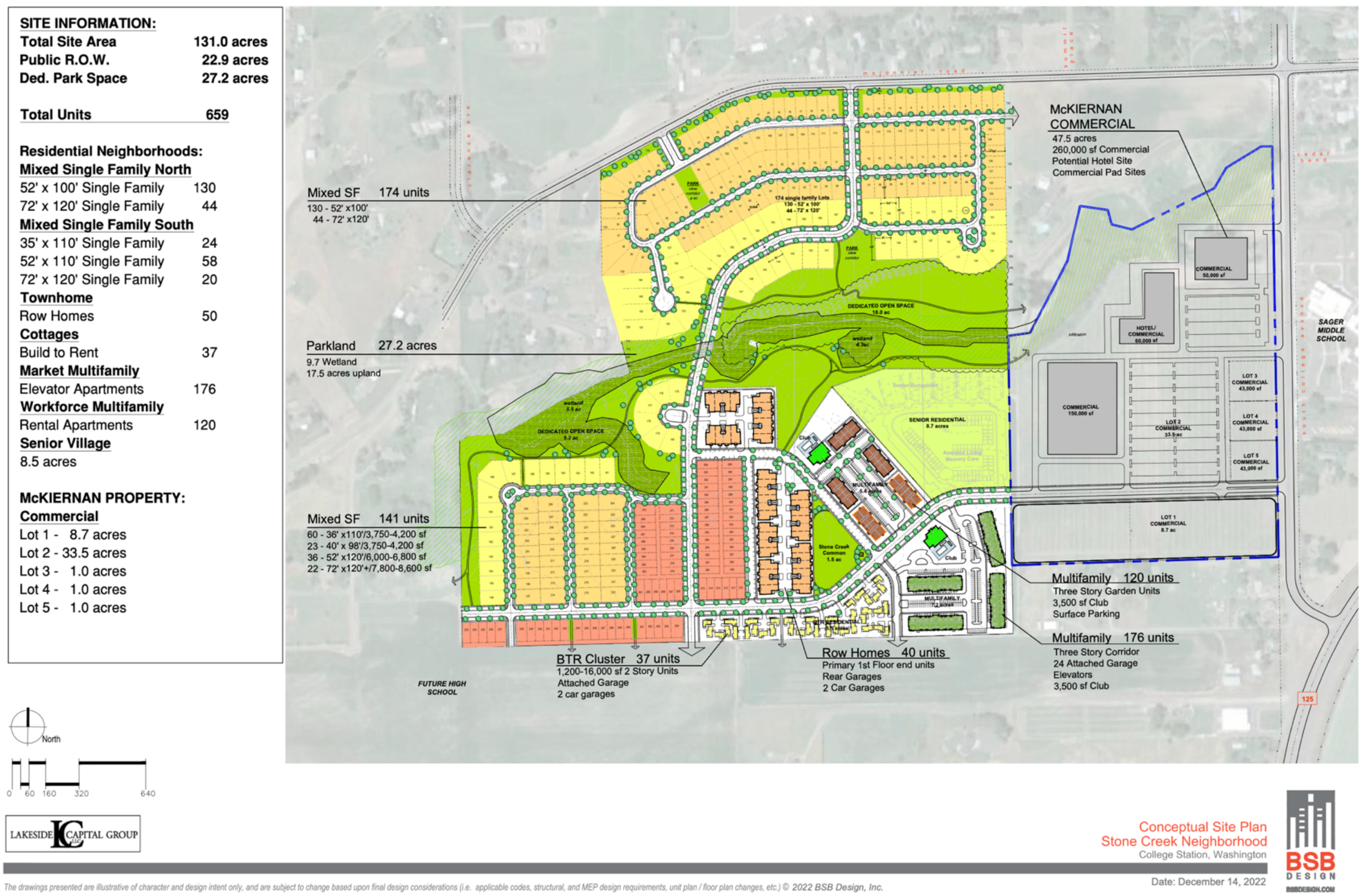
Phase 1 - North	Value Per Unit	Number of Units	Start Year	Build-Out/Years	**Total Value**
SF Homes - 5,200 Lot	$676,554	130	2024	4 years	$87,952,020
SF Homes - 7,800 Lot	$817,148	44	2026	2 years	$35,954,512
Sub-Total					**$123,906,532**
Phase 2 - South					
Row Homes	$448,880	50	2030	2 years	$22,444,000
Cottage BTR	$448,880	37	2032	2 years	$16,608,560
SF Homes- 3850 Lot	$524,635	24	2029	3 years	$12,591,240
SF Homes - 5720 Lot	$676,554	58	2030	2 years	$39,240,132
SF Homes - 8640 Lot	$817,148	20	2031	2 years	$16,342,960
Sub-Total					**$107,226,892**
Phase 3					
Apartments (Market)	$225,000	176	2034	2 years	$39,600,000
Apartments (Workforce)	$175,000	120	2036	2 years	$21,000,000
Sub-Total					**$60,600,000**
Phase 4					
Senior Housing	$200,000	170	2038	2 years	$34,000,000
Sub-Total					**$34,000,000**
McKiernan					
Hotel (Rooms)	$150,000	200	2026	2 years	$30,000,000
Retail - Large Format (SF)	$150	200,000	2030	4 years	$30,000,000
Retail/Restaurant (SF)	$325	80,000	2026	10 years	$26,000,000
Sub-Total					**$86,000,000**
Downtown					
Retail/Restaurant (SF)	$325	10,000	2024	5 years	$3,250,000
Sub-Total					**$3,250,000**
TOTAL					**$414,983,424**

Source: Stowe Development & Strategies; Values Per Unit for Phase 1 and 2 provided by Lakeside Capital Group/John Burns Real Estate Consulting

The Base Development Scenario has been developed to help assess potential opportunities and risks within the TIA. The Baseline Development Scenario represents the most aggressive development program. Two additional development scenarios (Alternative 1 and Alternative 2) have also been developed as part of a sensitivity analysis to further help assess the risks and provide greater certainty that the City will have sufficient resources to pay for the proposed infrastructure improvements before the issuance of any bonds. Understanding and accepting a certain level of risk is important as the City will be obligated for the repayment of any bond debt that is issued for the infrastructure improvements, regardless if the projected private development and property tax materialize.

DRAFT CONCEPTUAL SITE PLAN: SUBJECT TO CHANGE

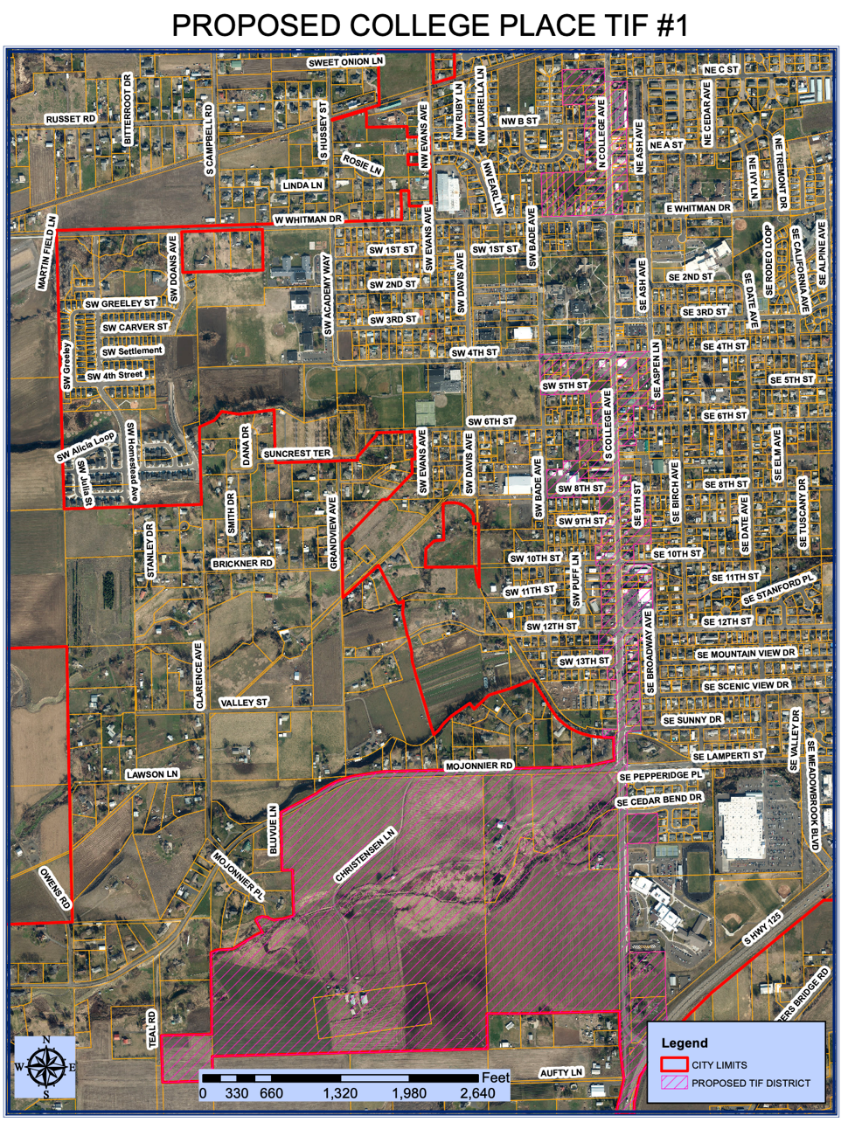
Figure 6:Draft Conceptual Pan



Tax Increment Area

The TIA includes the Stone Creek and Downtown areas shown below which represents approximately 258.9 acres. The assessed valuation of the TIA in 2022 for 2023 taxes is approximately $42,835,090, well below either the $200 million assessed valuation threshold or the 20 percent of the City of College Place's total assessed valuation of $907,140,360 at $181,428,072.[1] The TIA is 4.7% of the total City valuation. The TIA boundary was selected in part because it represents key areas that are expected to redevelop over time as the result of the infrastructure improvements funded by TIF and also reserves some capacity to form another TIA in the future provided that the assessed value of a second TIA is less than $138,592,982.

Figure 7: Map of TIA



Source: City of College Place, 2023

[1] The Walla Walla County Assessor has not published 2023 valuations for 2024 taxes at the time of this analysis.

The following table in the figure summarizes the parcel identification numbers and assessed values of properties in the TIF area.

Figure 8: Summary TIF Parcels

Parcel ID	Appraised Land Value	Appraised Improvement Value	Total Appraised Value	Parcel ID	Appraised Land Value	Appraised Improvement Value	Total Appraised Value	Parcel ID	Appraised Land Value	Appraised Improvement Value	Total Appraised Value
350601230047	$94,410	$155,110	$249,520	350726523811	$0	$0	$0	350736600514	$39,900	$132,300	$172,200
350735602419	$60,010	$286,820	$346,830	350735602514	$65,780	$0	$65,780	350726523928	$0	$0	$0
350726523978	$49,140	$271,070	$320,210	350736600404	$67,900	$0	$67,900	350735601747	$105,500	$0	$105,500
350726523936	$60,900	$25,100	$86,000	350736600446	$61,670	$291,640	$353,310	350601230032	$103,600	$240,480	$344,080
350726523821	$61,040	$109,780	$170,820	350735602413	$35,400	$0	$35,400	350736600445	$77,380	$111,810	$189,190
350736601209	$61,300	$201,810	$263,110	350735602805	$61,080	$240,470	$301,550	350726523932	$0	$0	$0
350602110002	$0	$0	$0	350736600417	$61,710	$298,230	$359,940	350735601722	$62,070	$298,380	$360,450
350736601211	$38,480	$221,610	$260,090	350736601213	$32,060	$133,840	$165,900	350736601215	$45,400	$13,800	$59,200
350725570412	$28,400	$130,600	$159,000	350735602530	$56,700	$41,810	$98,510	350725620001	$28,500	$103,500	$132,000
350726523983	$81,310	$170,110	$251,420	350735602528	$0	$0	$0	350735602427	$72,890	$0	$72,890
350735601746	$211,700	$517,800	$729,500	350726523828	$62,510	$263,060	$325,570	350735602803	$61,080	$247,150	$308,230
350736600416	$213,300	$1,003,400	$1,216,700	350726523935	$0	$247,010	$247,010	350736601334	$397,900	$1,586,100	$1,984,000
350736601321	$59,230	$0	$59,230	350736600429	$23,970	$0	$23,970	350735601723	$41,300	$312,300	$353,600
350736580118	$61,100	$101,500	$162,600	350735602420	$47,250	$265,310	$312,560	350726523920	$63,820	$213,650	$277,470
350736600418	$47,960	$201,650	$249,610	350735602424	$67,910	$294,970	$362,880	350735602808	$61,140	$275,910	$337,050
350735601737	$61,570	$273,110	$334,680	350736601201	$68,310	$154,330	$222,640	350736600515	$37,130	$288,520	$325,650
350726523919	$63,820	$333,100	$396,920	350725330018	$204,400	$0	$204,400	350735602521	$46,300	$231,200	$277,500
350735440053	$63,010	$261,770	$324,780	350725330014	$60,940	$217,130	$278,070	350736580111	$62,720	$143,110	$205,830
350735601708	$61,250	$232,110	$293,360	350726523971	$66,700	$307,150	$373,850	350736600507	$72,700	$154,800	$227,500
350736601234	$44,550	$168,500	$213,050	350726523918	$64,800	$290,840	$355,640	350735602804	$61,080	$253,940	$315,020
350735601703	$61,200	$274,620	$335,820	350726523933	$58,850	$284,960	$343,810	350736601237	$64,050	$142,550	$206,600
350736600421	$12,600	$43,100	$55,700	350736600401	$61,350	$97,500	$158,850	350726523822	$61,310	$202,490	$263,800
350735602525	$106,300	$174,500	$280,800	350735601724	$30,380	$155,540	$185,920	350726523970	$2,030	$0	$2,030
350735602523	$66,000	$0	$66,000	350602110005	$0	$0	$0	350736601328	$53,760	$197,560	$251,320
350736580115	$42,200	$3,000	$45,200	350725570414	$46,200	$175,800	$222,000	350736580101	$85,600	$1,418,000	$1,503,600
350736601239	$73,000	$390,080	$463,080	350735602802	$64,550	$262,480	$327,030	350726523979	$19,090	$31,810	$50,900
350735601744	$159,200	$698,200	$857,400	350726523823	$0	$0	$0	350735601725	$62,400	$0	$62,400
350726523931	$70,700	$234,600	$305,300	350736600443	$43,620	$0	$43,620	350736600506	$72,600	$331,900	$404,500
350602130001	$0	$159,200	$159,200	350601320073	$75,500	$0	$75,500	350602110003	$158,000	$123,350	$281,350
350725330061	$41,200	$0	$41,200	350735440128	$5,090	$0	$5,090	350736600523	$50,200	$10,700	$60,900
350726523915	$52,500	$0	$52,500	350735602545	$25,400	$110,100	$135,500	350735601706	$33,800	$131,600	$165,400
350735602807	$62,570	$248,120	$310,690	350725570105	$54,200	$258,700	$312,900	350735601728	$30,380	$137,180	$167,560
350735601727	$30,780	$248,370	$279,150	350725570107	$8,500	$0	$8,500	350736601329	$61,060	$303,670	$364,730
350736580116	$75,100	$215,100	$290,200	350726523934	$49,000	$237,200	$286,200	350726523810	$62,210	$10,200	$72,410
350602230040	$259,700	$0	$259,700	350735602544	$35,400	$199,090	$234,490	350736601333	$163,700	$121,000	$284,700
350726523843	$9,870	$0	$9,870	350736600513	$0	$0	$0	350725570413	$73,600	$639,000	$712,600
350726523927	$69,500	$397,890	$467,390	350736600406	$61,990	$229,560	$291,550	350726523926	$68,630	$118,210	$186,840
350736601203	$68,310	$152,680	$220,990	350725330063	$54,100	$1,143,250	$1,197,350	350726523925	$68,040	$159,700	$227,740
350725620002	$28,100	$98,700	$126,800	350735602809	$49,800	$434,130	$483,930	350726523972	$4,860	$0	$4,860
350725570109	$20,300	$93,400	$113,700	350725330062	$98,100	$64,000	$162,100	350736600403	$67,900	$456,500	$524,400
350735602411	$88,100	$762,300	$850,400	350736601208	$0	$0	$0	350735602412	$60,930	$113,350	$174,280
350736600408	$46,240	$252,560	$298,800	350735601704	$62,020	$269,000	$331,020	350736600407	$27,840	$174,020	$201,860
350736600444	$41,320	$269,450	$310,770	350735440061	$87,000	$573,090	$660,090	350735602417	$54,300	$593,800	$648,100
350736601210	$53,400	$64,100	$117,500	350725570111	$37,800	$121,500	$159,300	350726523969	$53,840	$262,020	$315,860
350602120006	$0	$0	$0	350735602541	$12,150	$0	$12,150	350726523901	$63,820	$302,180	$366,000
350736600437	$63,470	$247,980	$311,450	350602110004	$222,470	$470,610	$693,080	350735601701	$104,000	$284,800	$388,800
350735601748	$71,800	$271,760	$343,560	350726523842	$66,260	$257,800	$324,060	350735601726	$30,800	$157,550	$188,350
350736601212	$61,820	$334,890	$396,710	350735440027	$40,090	$216,550	$256,640	350735601729	$112,500	$391,400	$503,900
350736601322	$61,210	$0	$61,210	350735602519	$48,600	$189,590	$238,190	350726523817	$61,860	$112,740	$174,600
350735602410	$175,600	$1,707,000	$1,882,600	350736580109	$62,810	$250,600	$313,410	350735602426	$20,760	$54,630	$75,390
350736580106	$66,500	$0	$66,500	350736580113	$62,700	$19,100	$81,800	350735601741	$18,590	$0	$18,590
350735602414	$66,700	$605,220	$671,920	350726523982	$0	$0	$0	350601220067	$94,860	$0	$94,860
								Total Assessed Value			$22,446,010

Source: ECONorthwest, 2023

Tax Increment Revenue Projections

Overview of TIF Allocation Revenues

Following guidance issued by the Washington State Department of Revenue (June 29, 2022), the analysis estimates the apportionment of taxes to the TIA. These revenues are available to the sponsoring local jurisdiction for funding the identified public infrastructure projects (that are named in the ordinance). Under the TIF legislation, only certain regular levies are available to the TIA. Using 2022 levy rates in the preliminary TIA, only $4.17 of the $11.68 total levy, approximately 35.7%, would be available.[2]

Since these are regular levies, the taxes must conform with the constitutional 1% limit as well as the $5.90 aggregate limits. Both parts of the State School levy, local school district excess levies, and voted bond levies are excluded. In addition, any taxes levied by port districts for the purpose of making payments on bonds would be excluded.

Broadly, TIF in Washington allocates a portion of incremental property taxes to the TIA based on the amount of assessed value added to the TIA. This means that each taxing district in the TIA will receive that portion of its regular property taxes produced by the rate of tax levied by the taxing district based on the assessed value of real property located in the area for taxes imposed in the year that the TIA was created. This amount will flow to the member districts for the period that the TIA is in place. The local government that created the TIA will receive a portion of the regular property taxes levied by each taxing district based on the increment value within the increment area. For the local government that created the TIA, this includes their portion of their regular levy. Property taxes from the TIA begin on the calendar year following the passage of the ordinance. The County Treasurer will distribute these funds to the agency that created the TIA. The table on the following page shows the Levy Rate Composition for 2023 Taxes.

Figure 9: Levy Rate Composition for 2023 Taxes

Levy Code Area 74	2022 Taxes Rates	Exempt: State Schools	Exempt: Excess and Other Levies	Available for TIF allocation
Total	$11.6779	$2.8308	$4.6769	$4.1703
State				
Part 1	$1.83965	$1.8397		$0.0000
Part 2	$0.99115	$0.9911		$0.0000
County				
Regular_Current Expense	$1.20642			$1.2064
Regular_Veterans Aid	$0.01560			$0.0156
Regular_Mental Health	$0.02500			$0.0250
Port				
General Fund	$0.29279			$0.2928
Bond Fund			$0.00000	$0.0000
City of College Place				
Regular Levy	$1.75704			$1.7570
City Bond	$0.54596		$0.54596	$0.0000
EMS				
Regular Levy	$0.44688			$0.4469
School				
#250 Enrichment	$1.85621		$1.85621	$0.0000
#250 Bond	$1.85621		$1.85621	$0.0000
#250 Capital	$0.41849		$0.41849	$0.0000
Library District				
Regular Levy	$0.42655			$0.4265
Bond Levy			$0.00000	$0.0000

Source: ECONorthwest, 2023

[2] The Walla Walla County Assessor has not published 2024 levy rates.

TIA Allocation Revenue Modeling

New incremental development in the TIA will drive future growth in incremental assessed value. These values will then be multiplied by the levy rate in the respective years to estimate the amount of TIA allocation revenues. To accomplish this, four separate analyses must be completed.

- **Forecast incremental TIA assessed value**. Based on the development program, the future assessed value is estimated by assigning market-based improvement prices based on the land use and size of the proposed development.
- **Forecast jurisdiction assessed value**. Outside of growth in the incremental assessed value in the TIA, it is necessary to forecast growth in the City's overall assessed value (not counting the incremental growth in the TIA.
- **Forecast the highest lawful levy.** For each taxing jurisdiction in the TIA, future levies must be estimated. To do so, the amount of new construction, other add-on value, 101% limit factor, total levy limit, and the maximum allowable levy must be taken into consideration. From that interplay, it is possible to estimate what the given levy will be for any respective jurisdiction in the future.
- **Forecast levy rates.** Once the levy and assessed value are known in future years, it is possible to calculate the levy rate (divide levy by thousands of assessed value). TIA allocations are made by multiplying the levy rate by the incremental TIF assessed value.

To model TIA allocation property tax revenues, a 25-year cash flow model was created to reflect development over time and applied the appropriate property tax base productivity and property tax rates to estimate the stream of future property tax revenues. Additional assumptions in the forecast modelling include:

- Inflation (impacting the cost of construction) is assumed to be 3%.
- The City's assessed valuation growth is assumed to grow at a rate of 2.8% a year. This is the average real growth in assessed value growth.
- Once new built structures are placed on the tax assessments, these properties are also assumed to grow at a real rate of 2.8% a year after their initial assessment.
- Outside of new construction growth within the tax increment area, new construction within the City is assumed to be no more than 2.9% of the City's assessed value base (based on a historical average of the relationship).

TIA Allocation Results

Assumptions on Incremental Assessed Value Growth

Using the assumptions identified in the Baseline Development Scenario, plus two additional scenario alternatives), future assessed values of those improvements are estimated and serve as a foundation for the expected TIA allocation revenues.

TIA Allocation Revenues

The following tables summarize the discounted value of 25 years of TIA allocation revenues that would flow to the preliminary TIA created by the City of College Place (first year of revenues is 2024) based on a Base Development Scenario. The revenues are discounted at a rate of 4.5% to approximate the City's cost of capital (debt and issuance costs) and a slightly higher rate of 5.0% to address rate uncertainty. The Base Development scenario supported by TIF could generate between $15.9 and $17.0 million in TIF allocation revenues (25-year PV at 4.5 and 5.0 percent). As stated previously, the Base Development scenario is the most aggressive development program.

Two other scenarios have also prepared. Alternative 1 doubles the build-out/years for completion of all development identified in the Baseline Scenario and reduces the single-family home value by 20 percent. Alternative 2 also doubles the build-out/years for completion of all development identified in the Baseline Scenario; reduces the single-family home value by 30 percent; reduces the number of senior housing units by fifty percent and only includes the hotel development for modeling purposes. These alternatives generate between $9.2 and $13.8 million depending on the alternative and discount rate. The following tables summarize the discounted values of TIA allocation revenues for each of the development scenario alternatives.

Baseline

- Represents Full Development

Alternative 1

- **Extends the Build-Out/Year for All Development by 2X; and,**
- **Reduce Single-Family Home valuation developed by 20 percent.**

Alternative 2

- Extend Build-Out/Year for All Development by 2X;
- Reduce Single-Family Home Value by **30 percent;**
- **Reduce Senior Housing by 50 percent; and,**
- **Hotel Development Only on McKiernan Parcel.**

Figure 10: Summary of TIF Allocation Revenues

4.50%	Discount Rate		
	Baseline	Alternative 1	Alternative 2
College Place	$7,130,000	$5,800,000	$4,150,000
Walla Walla County	$5,150,000	$4,190,000	$3,000,000
Port of Walla Walla	$1,190,000	$970,000	$690,000
EMS	$1,820,000	$1,480,000	$1,060,000
Library	$1,730,000	$1,410,000	$1,010,000
Total	$17,020,000	$13,850,000	$9,910,000

5.00%	Discount Rate	Discount Rate	Discount Rate
	Baseline	Alternative 1	Alternative 2
College Place	$6,640,000	$5,380,000	$3,850,000
Walla Walla County	$4,800,000	$3,890,000	$2,780,000
Port of Walla Walla	$1,110,000	$900,000	$640,000
EMS	$1,690,000	$1,370,000	$980,000
Library	$1,610,000	$1,310,000	$930,000
Total	$15,850,000	$12,850,000	$9,180,000

Source: ECONorthwest, 2023

The table in the figure below summarizes the 1) the property taxes that will remain in the affected taxing districts and 2) identifies the property tax allocation values that will flow to the TIA. They are shown for:

- The City of College Place
- Walla Walla County
- The Port of Walla Walla
- Emergency Medical District (EMS)
- Library

Figure 11: TIF Allocation Revenues to City and Other Taxing Jurisdictions – Baseline Scenario

City of College Place

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Base Value	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
Increment Value	$0	$0	$26,000,000	$53,490,000	$114,270,000	$178,490,000	$184,170,000	$195,460,000	$254,180,000	$325,540,000	$365,750,000	$397,370,000	$433,770,000
Levy Rate	$1.67	$1.64	$1.62	$1.59	$1.56	$1.54	$1.51	$1.49	$1.46	$1.44	$1.41	$1.39	$1.37
Total Property Tax	$40,000	$40,000	$80,000	$120,000	$210,000	$310,000	$310,000	$320,000	$400,000	$500,000	$550,000	$580,000	$620,000
Tax Allocated to TIF	$0	$0	$40,000	$90,000	$180,000	$270,000	$280,000	$290,000	$370,000	$470,000	$520,000	$550,000	$590,000
Tax Allocated to City	$40,000	$40,000	$40,000	$40,000	$40,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
$471,940,000	$503,340,000	$536,160,000	$602,660,000	$672,550,000	$691,040,000	$710,050,000	$729,570,000	$749,640,000	$770,250,000	$791,430,000	$813,200,000	$835,560,000	$858,540,000
$1.35	$1.32	$1.30	$1.28	$1.26	$1.24	$1.22	$1.20	$1.18	$1.16	$1.14	$1.12	$1.10	$1.08
$670,000	$700,000	$730,000	$800,000	$870,000	$880,000	$890,000	$900,000	$910,000	$920,000	$930,000	$940,000	$940,000	$950,000
$630,000	$670,000	$700,000	$770,000	$850,000	$860,000	$860,000	$870,000	$880,000	$890,000	$900,000	$910,000	$920,000	$930,000
$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$20,000	$20,000

Walla Walla County

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Base Value	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
Increment Value	$0	$0	$26,000,000	$53,490,000	$114,270,000	$178,490,000	$184,170,000	$195,460,000	$254,180,000	$325,540,000	$365,750,000	$397,370,000	$433,770,000
Levy Rate	$1.25	$1.19	$1.17	$1.15	$1.13	$1.11	$1.09	$1.07	$1.06	$1.04	$1.02	$1.00	$0.99
Total Property Tax	$30,000	$30,000	$60,000	$90,000	$150,000	$220,000	$230,000	$230,000	$290,000	$360,000	$400,000	$420,000	$450,000
Tax Allocated to TIF	$0	$0	$30,000	$60,000	$130,000	$200,000	$200,000	$210,000	$270,000	$340,000	$370,000	$400,000	$430,000
Tax Allocated to County	$30,000	$30,000	$30,000	$30,000	$30,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
$471,940,000	$503,340,000	$536,160,000	$602,660,000	$672,550,000	$691,040,000	$710,050,000	$729,570,000	$749,640,000	$770,250,000	$791,430,000	$813,200,000	$835,560,000	$858,540,000
$0.97	$0.96	$0.94	$0.92	$0.91	$0.89	$0.88	$0.86	$0.85	$0.84	$0.82	$0.81	$0.80	$0.78
$480,000	$500,000	$530,000	$580,000	$630,000	$640,000	$640,000	$650,000	$660,000	$660,000	$670,000	$680,000	$680,000	$690,000
$460,000	$480,000	$500,000	$560,000	$610,000	$620,000	$620,000	$630,000	$640,000	$640,000	$650,000	$660,000	$660,000	$670,000
$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000

Port of Walla Walla

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Base Value	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
Increment Value	$0	$0	$26,000,000	$53,490,000	$114,270,000	$178,490,000	$184,170,000	$195,460,000	$254,180,000	$325,540,000	$365,750,000	$397,370,000	$433,770,000
Levy Rate	$0.28	$0.27	$0.27	$0.27	$0.26	$0.26	$0.25	$0.25	$0.24	$0.24	$0.24	$0.23	$0.23
Total Property Tax	$10,000	$10,000	$10,000	$20,000	$40,000	$50,000	$50,000	$50,000	$70,000	$80,000	$90,000	$100,000	$100,000
Tax Allocated to TIF	$0	$0	$10,000	$10,000	$30,000	$50,000	$50,000	$50,000	$60,000	$80,000	$90,000	$90,000	$100,000
Tax Allocated to Port	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
$471,940,000	$503,340,000	$536,160,000	$602,660,000	$672,550,000	$691,040,000	$710,050,000	$729,570,000	$749,640,000	$770,250,000	$791,430,000	$813,200,000	$835,560,000	$858,540,000
$0.22	$0.22	$0.22	$0.21	$0.21	$0.21	$0.20	$0.20	$0.20	$0.19	$0.19	$0.19	$0.18	$0.18
$110,000	$120,000	$120,000	$130,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$160,000	$160,000	$160,000
$110,000	$110,000	$120,000	$130,000	$140,000	$140,000	$140,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$160,000
$10,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Figure 11: TIF Allocation Revenues to City and Other Taxing Jurisdictions – Baseline Scenario Continued

EMS													
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Base Value	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
Increment Value	$0	$0	$26,000,000	$53,490,000	$114,270,000	$178,490,000	$184,170,000	$195,460,000	$254,180,000	$325,540,000	$365,750,000	$397,370,000	$433,770,000
Levy Rate	$0.43	$0.42	$0.41	$0.40	$0.40	$0.39	$0.39	$0.38	$0.37	$0.37	$0.36	$0.35	$0.35
Total Property Tax	$10,000	$10,000	$20,000	$30,000	$50,000	$80,000	$80,000	$80,000	$100,000	$130,000	$140,000	$150,000	$160,000
Tax Allocated to TIF	$0	$0	$10,000	$20,000	$50,000	$70,000	$70,000	$70,000	$90,000	$120,000	$130,000	$140,000	$150,000
Tax Allocated to EMS	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
$471,940,000	$503,340,000	$536,160,000	$602,660,000	$672,550,000	$691,040,000	$710,050,000	$729,570,000	$749,640,000	$770,250,000	$791,430,000	$813,200,000	$835,560,000	$858,540,000
$0.34	$0.34	$0.33	$0.33	$0.32	$0.32	$0.31	$0.30	$0.30	$0.29	$0.29	$0.29	$0.28	$0.28
$170,000	$180,000	$190,000	$200,000	$220,000	$220,000	$230,000	$230,000	$230,000	$230,000	$240,000	$240,000	$240,000	$240,000
$160,000	$170,000	$180,000	$200,000	$220,000	$220,000	$220,000	$220,000	$220,000	$230,000	$230,000	$230,000	$230,000	$240,000
$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000

Library													
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Base Value	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
Increment Value	$0	$0	$26,000,000	$53,490,000	$114,270,000	$178,490,000	$184,170,000	$195,460,000	$254,180,000	$325,540,000	$365,750,000	$397,370,000	$433,770,000
Levy Rate	$0.41	$0.40	$0.39	$0.39	$0.38	$0.37	$0.37	$0.36	$0.36	$0.35	$0.34	$0.34	$0.33
Total Property Tax	$10,000	$10,000	$20,000	$30,000	$50,000	$80,000	$80,000	$80,000	$100,000	$120,000	$130,000	$140,000	$150,000
Tax Allocated to TIF	$0	$0	$10,000	$20,000	$40,000	$70,000	$70,000	$70,000	$90,000	$110,000	$130,000	$130,000	$140,000
Tax Allocated to Library	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000

2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000	$22,450,000
$471,940,000	$503,340,000	$536,160,000	$602,660,000	$672,550,000	$691,040,000	$710,050,000	$729,570,000	$749,640,000	$770,250,000	$791,430,000	$813,200,000	$835,560,000	$858,540,000
$0.33	$0.32	$0.32	$0.31	$0.31	$0.30	$0.30	$0.29	$0.29	$0.28	$0.28	$0.27	$0.27	$0.26
$160,000	$170,000	$180,000	$190,000	$210,000	$210,000	$220,000	$220,000	$220,000	$220,000	$230,000	$230,000	$230,000	$230,000
$150,000	$160,000	$170,000	$190,000	$210,000	$210,000	$210,000	$210,000	$210,000	$220,000	$220,000	$220,000	$220,000	$230,000
$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000

Financing Plan/Duration of TIA

The City anticipates issuing Limited Term General Obligation (LTGO no-voted debt) tax-exempt bonds to pay for the TIF infrastructure projects in the amount not to exceed \$8.186 million. The City anticipates issuing the debt in mid 2023 or early 2024 to coincide with the public infrastructure and private development timelines.

The City plans the LTGO bonds to be structured with a 25-year amortization and a 10-year par call. Additionally, the City is not currently expecting to capitalize interest during the first three years of the financing when TIF revenues alone are not expected to be sufficient to cover debt service. Instead, the City plans to pay any difference between debt service and TIF revenues from non-TIF revenues. The City will reimburse itself for any feasibility studies, including engineering design work to accurately project costs that occurred prior to the expected adoption of the Ordinance designating a TIA in May 2023. The City also plans to reimburse itself for any non-TIF revenue sources that are needed to meet the City's debt service payments associated with the TIF Infrastructure.

Debt Capacity

The maximum limit for LTGO non-voted debt cannot exceed 1.5 percent of the value of taxable property within the City. Based on an assessed value of \$907,140,360 in 2022, the City has \$13,607,105 million in total non-voted debt capacity and will have \$16,050,895 in 2023. As shown below, the City has sufficient capacity for the issuance of the proposed \$8.186 million LTGO bonds related to the TIF public improvements and is expected to have approximately \$3.988 million, in debt capacity available after the proposed issuance.

Figure 12: Debt Capacity Table

	2022	**2023**
Assessed Valuation for 2022/2023 Collections	\$907,140,360	\$1,070,059,643
Non-Voted Debt Capacity (1.5% of AV)	\$13,607,105	\$16,050,895
Less: Outstanding Non-Voted Debt	\$4,138,800	\$3,877,052
New Non-Voted Debt	\$9,468,305	\$12,173,843
Less: Financing Proposed		\$8,186,000
Projected Remaining Non-Voted Capacity		**\$3,987,843**

Source: Stowe Development & Strategies & City of College Place, 2023

Debt Service Payments and Coverage

Assuming the City issues $8,186,000 of debt in mid 2023 or early 2024 to fund the proposed infrastructure project, it will need to service that debt with available resources regardless of whether the anticipated private development occurs and regardless of whether assessed values increase within the TIA. The debt service in Figure 13 assumes an interest rate of 4.5% and the schedule is illustrative of the range of debt but does not have the precision of working with bond professionals in the issuance of debt.

However, given the nature of TIF, incremental revenues early in the TIF period may not be sufficient to service the debt as private development construction will be in progress, and it will take time to build incremental assessed values contributions that ultimately determine the TIF allocation revenues estimated in this report.

Figure 14 summarizes potential debt service payments (assuming equal debt service) relative to the different TIF tax allocation revenue scenarios that would flow to the City. Until private development (and more specifically increases in assessed valuation in the TIA) catches up and matches the City's debt service payment, the City will need to cover these early deficits by using revenues identified in this Project Analysis (see Additional Incremental Tax and Impact Assessment and Mitigation Sections below) or structure their debt payments in line with their revenue stream (such as interest only).

Figure 13: Illustrative Debt Service Schedule – Level Payments

Year	Debt Payment	Year	Debt Payment
2023		2036	$629,308
2024	$629,308	2037	$629,308
2025	$629,308	2038	$629,308
2026	$629,308	2039	$629,308
2027	$629,308	2040	$629,308
2028	$629,308	2041	$629,308
2029	$629,308	2042	$629,308
2030	$629,308	2043	$629,308
2031	$629,308	2044	
2032	$629,308	2045	
2033	$629,308	2046	
2034	$629,308	2047	
2035	$629,308		

Source: ECONorthwest calculations

Figure 14: Summary Equal Debt Payments and TIF Revenue Allocations

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Baseline													
TIF Revenues	$0	$0	$100,000	$200,000	$430,000	$660,000	$660,000	$690,000	$890,000	$1,120,000	$1,230,000	$1,320,000	$1,420,000
TIF Debt Service	$0	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000
Annual Surplus/Deficit	$0	($630,000)	($530,000)	($430,000)	($200,000)	$30,000	$30,000	$60,000	$260,000	$490,000	$600,000	$690,000	$790,000
Cumalative Surplus/Deficit	$0	($630,000)	($1,160,000)	($1,590,000)	($1,790,000)	($1,760,000)	($1,730,000)	($1,670,000)	($1,410,000)	($920,000)	($320,000)	$370,000	$1,160,000

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$1,520,000	$1,590,000	$1,670,000	$1,840,000	$2,020,000	$2,040,000	$2,060,000	$2,080,000	$2,110,000	$2,130,000	$2,150,000	$2,170,000	$2,200,000
TIF Debt Service	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$0	$0	$0	$0	$0
Annual Surplus/Deficit	$890,000	$960,000	$1,040,000	$1,210,000	$1,390,000	$1,410,000	$1,430,000	$1,450,000	$2,110,000	$2,130,000	$2,150,000	$2,170,000	$2,200,000
Cumalative Surplus/Deficit	$2,050,000	$3,010,000	$4,050,000	$5,260,000	$6,650,000	$8,060,000	$9,490,000	$10,940,000	$13,050,000	$15,180,000	$17,330,000	$19,500,000	$21,700,000

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alternative 1													
TIF Revenues	$0	$0	$110,000	$120,000	$230,000	$260,000	$430,000	$540,000	$760,000	$800,000	$880,000	$1,050,000	$1,150,000
TIF Debt Service	$0	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000
Annual Surplus/Deficit	$0	($630,000)	($520,000)	($510,000)	($400,000)	($370,000)	($200,000)	($90,000)	$130,000	$170,000	$250,000	$420,000	$520,000
Cumalative Surplus/Deficit	$0	($630,000)	($1,150,000)	($1,660,000)	($2,060,000)	($2,430,000)	($2,630,000)	($2,720,000)	($2,590,000)	($2,420,000)	($2,170,000)	($1,750,000)	($1,230,000)

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$1,220,000	$1,290,000	$1,370,000	$1,490,000	$1,620,000	$1,750,000	$1,880,000	$1,900,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
TIF Debt Service	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$0	$0	$0	$0	$0
Annual Surplus/Deficit	$590,000	$660,000	$740,000	$860,000	$990,000	$1,120,000	$1,250,000	$1,270,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
Cumalative Surplus/Deficit	($640,000)	$20,000	$760,000	$1,620,000	$2,610,000	$3,730,000	$4,980,000	$6,250,000	$8,170,000	$10,110,000	$12,070,000	$14,050,000	$16,050,000

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alternative 2													
TIF Revenues	$0	$0	$50,000	$100,000	$140,000	$180,000	$240,000	$330,000	$460,000	$560,000	$600,000	$700,000	$830,000
TIF Debt Service	$0	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000
Annual Surplus/Deficit	$0	($630,000)	($580,000)	($530,000)	($490,000)	($450,000)	($390,000)	($300,000)	($170,000)	($70,000)	($30,000)	$70,000	$200,000
Cumalative Surplus/Deficit	$0	($630,000)	($1,210,000)	($1,740,000)	($2,230,000)	($2,680,000)	($3,070,000)	($3,370,000)	($3,540,000)	($3,610,000)	($3,640,000)	($3,570,000)	($3,370,000)

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$890,000	$940,000	$1,000,000	$1,100,000	$1,200,000	$1,300,000	$1,400,000	$1,420,000	$1,430,000	$1,450,000	$1,460,000	$1,480,000	$1,490,000
TIF Debt Service	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$0	$0	$0	$0	$0
Annual Surplus/Deficit	$260,000	$310,000	$370,000	$470,000	$570,000	$670,000	$770,000	$790,000	$1,430,000	$1,450,000	$1,460,000	$1,480,000	$1,490,000
Cumalative Surplus/Deficit	($3,110,000)	($2,800,000)	($2,430,000)	($1,960,000)	($1,390,000)	($720,000)	$50,000	$840,000	$2,270,000	$3,720,000	$5,180,000	$6,660,000	$8,150,000

Jobs Analysis

The job analysis considers two sources of employment tied to the TIA. First, the construction of the development program will create jobs in the construction industry. These jobs will occur during the construction and are therefore "one-time" events. In contrast, once the buildings are constructed, commercial-oriented buildings will be occupied by firms and workers engaged in different sectors of the economy. These jobs are "on-going", meaning they are permanent on the condition of occupation within the TIA. The following sections summarize these job estimates, and the methods used to derive them.

Construction Employment

Construction of the development over the anticipated build-out period would create temporary construction jobs within the region and state. The jobs estimated in Figure 15 are derived by using the 2023 value of construction investment for the Development Program Scenarios (Baseline, Alternative 1, and Alternative 2) and interpolating them into the Washington State Office of Financial Management's Input/Output model.

The model relates spending in an industry sector to the number of jobs that would be directly supported by that same investment. While the model estimates the number of jobs generated in the state of Washington, it is likely that most of these workers would come from the immediate region. The region is rapidly growing in population, meaning many of these jobs would be additive to existing jobs within the region. Ultimately, the income earned by workers would bring additional spending to the City that would not have otherwise occurred.

ECONorthwest estimates the total number of construction jobs based on the spending by scenario. The number of jobs at any given time would vary depending on how development buildings are phased and developed. As expected, the scale of the investment in the Baseline scenario produces the largest amount of construction jobs, in this case, 1,130 construction jobs.

Figure 15: Construction Jobs

	Baseline	Alt 1	Alt 2
Construction Jobs	1,130	1,030	770
Investment (millions)	$311	$282	$211

Source: ECONorthwest calculations and Office of Financial Management Input/Output Model, 2022.

On-going Employment

Based on the types of uses and square feet of building area, ECONorthwest estimated the potential number of jobs the development would support when built. These numbers are derived from ratio estimates building area to number of employees. The U.S. Energy Information Administration releases data from the 2018 Commercial Buildings Energy Consumption Survey (CBECS) that provides building characteristics information for commercial buildings in 2018 in the U.S. (the latest year of data). The data contain the average building square foot per worker by building use. Using the amount of planned development square footage by building use at full buildout of the scenarios, these ratios can be applied (less a vacancy rate of 5 percent) to estimate the number of on-going jobs. The Baseline scenario, by measure of having more commercial space than either of the other scenarios has the largest number of on-going jobs at 270.

Figure 16: On-going Jobs

Employment Uses	Jobs: Baseline	Jobs: Alt 1	Jobs: Alt 2	Mean SqFt/Work
Retail and Food & Beverage	230	230	0	750-1,500
Hotel	40	40	40	2,200
Total Jobs	270	270	40	

Source: 2018 CBECS, Table B1. Summary table: total and means of floorspace, number of workers, and hours of operation, 2018 (Release date: September 2021)

Impact Assessment and Mitigation

Affordable Housing:

No residential housing will be displaced from the development. It is expected that as additional housing is built, demand is lowered and housing costs are reduced over the long-term and become more affordable. The increased number of units stemming from this development will help house the growing population base, meeting the demand with supply. Without additional housing in College Place and Walla Walla County, affordability will only become increasingly challenging. Additionally, the City supports and is implementing (subject to available resources) a Regional Housing Assistance Plan prepared on behalf of a coalition of cities in Walla Walla County.

Local Business Community: In addition to the new residents, between 40 and 270 on-going jobs will be introduced depending on which Development scenario occurs. Likewise, between 770 and 1,130 construction jobs will be introduced based on private investment for the vertical development that would be between $211 million to $311 million based on the specific Development Program growth scenario. These new jobs supported by significant private investment will benefit other businesses in the City of College Place as well as the Walla Walla County area.

Local School District: The College Place School District's property tax levies (enrichment, capital, and bond) are excluded from the TIF under the law. The increased assessed values generated in the TIA will operate to lower the rate per thousand of assessed value of levies imposed by the district. School district Enrichment and Capital Levies are excess levies, and the districts periodically ask voters to maintain existing levels of purchasing power via voted ballots. Bond levies ask voters to approve bonds to expand or improve their facilities and to approve excess property tax levies as necessary to pay debt service on the bonds. The effect of growth in the tax base coming from TIF will have two implications. First, it increases the tax base of the district, meaning that lower overall tax rates (per thousand of AV) are needed to fund a similar level of service. Second, it increases the proportion of the tax base that is commercial which leverages the relative voting power of residential households to support school expenditures backed by these excess levies (voter approved or otherwise).

Local Fire Service: State law requires a mitigation plan if the TIA will impact at least 20 percent of the assessed value of an impacted fire district. Local fire service is provided by the City of College Place and therefore there is no impact to another taxing district. Increased revenues from the TIA are expected to be sufficient, to provide at a minimum, the City's existing levels of services to the area.

Early Outreach to Impacted Taxing Districts

While Washington State law requires formal notice to be provided to each impacted taxing districts upon approval of the Tax Increment Area (TIA), the City of College Place has engaged the Walla Walla County Commissioners, Treasurer and Assessor earlier in the process. This early outreach has allowed the City to collect feedback focused on the logistics of implementing TIF.

The taxing districts whose property tax levy would be directly impacted by TIF include:

- The City of College Place
- Walla Walla County
- The Port of Walla Walla
- Emergency Medical District (EMS)
- Library

The levy rate from each of these jurisdictions will be applied to the increased assessed valuation within the TIA and remitted to the City to pay the bonds associated with constructing the public infrastructure to support the anticipated private development. Alternatively, if TIF revenues exceed the amount necessary to pay the bonds then excess revenues will be distributed to these taxing districts.

The City intends to provide the formal notice once the City Council approves the ordinance establishing the TIA.

But-For-Requirement

Washington State's TIF law requires its local government sponsor to make the following findings:

(i) The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the increment area and to increase the assessed value of real property within the increment area;

(ii) Private development that is anticipated to occur within the increment area as a result of the proposed public improvements will be permitted consistent with the permitting jurisdiction's applicable zoning and development standards;

(iii) The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and,

(iv) The increased assessed value within the increment area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed development with the proposed public improvements.

These findings (specifically sections i, ii, and iv) are commonly referred to as the "But-For-Requirement". The name comes from the assertion that private development would not occur but-for the use of TIF. This requirement is a foundational element of TIF which directs public tax dollars generated by the development to only those public improvement projects necessary to support the proposed development. Although TIF is new to Washington State governments, the But-For-Requirement and associated analysis is not. Many local governments that have invested in infrastructure as part of economic development projects have examined the public agency's return on its infrastructure investment from the generation of on-going tax revenues associated with new development. Additionally, for most local governments, infrastructure demand exceeds revenue capacity, forcing local governments to make priority decisions regarding infrastructure projects that get funded with tax dollars and determining which projects can be paid for by developers. The But-For-Requirement for TIF formalizes the analysis and requires the local government sponsoring TIF to provide convincing evidence showing that tax dollars from the TIA are necessary to make the development possible.

If the proposed development would occur without TIF, public tax dollars should not be used because it will cost taxpayers more than it should for the resulting development or growth. However, if TIF is used to encourage a development that would not otherwise happen, the tax base can be increased. A larger tax base helps pay for needed services and can control the growth of new taxes. The But- For-Requirement is critical as a means to determining the proper use of public tax dollars.

This area of College Place has not seen new levels of development in the recent past. The city and its development partners have zeroed in on the cost inadequate infrastructure in the area necessary to support community expectations for land development. If the cost of the proposed TIF infrastructure below (estimated at $8.186 million) were required to be funded by private developers it would likely mean that only the most profitable single-family market rate housing could be built and the project may not be able to deliver on the same amount of public benefits such as proposed with the Stone Creek development. The levels of TIF infrastructure allow for development to reach greater levels of intensity and economies of scale. The road projects improve the transportation access to public schools. Without the TIF investments in the transportation environment, it may be financially difficult to achieve the same level of investment by the private development and/or place an additional burden on the School District to accommodate access to students in the area. Finally, without the investment in parking, insufficient downtown parking would continue to be a be a drag on existing commercial performance and stunt the investment in new downtown commercial properties due to the lack of proximate on-street parking.

Expected Development Without TIF Improvements

The City of College studied the expected development within the TIA. Without the proposed TIF funding, the area is expected to accommodate less development and take a longer time to develop. This includes about 75% fewer housing units and no commercial components. The figure below compares the amount of assessed valuation growth anticipated in the area with TIF and without TIF for each development scenario.

The figure below compares the amount of assessed valuation growth in both conditions.

Figure 17: Comparison of Assessed Value Growth Between TIF Scenarios and No TIF

Assessment Year	2023	2028	2033	2038	2043	2048
Baseline	$0	$184,174,000	$397,375,000	$602,661,000	$749,635,000	$858,537,000
Alternative 1	$0	$118,557,000	$316,867,000	$488,655,000	$682,738,000	$781,922,000
Alternative 2	$0	$66,052,000	$210,713,000	$358,625,000	$509,824,000	$583,887,000
No TiF	$0	$37,345,000	$79,037,000	$121,391,000	$146,974,000	$168,325,000

Source: ECONorthwest calculations, 2023

Summary of "But-For-Requirement"

Based on the above analysis the proposed private development could not occur without the identified TIF infrastructure improvements. Additionally, the assessed values from projected private development within the TIA would be less than the increase in assessed values from private development with the TIF improvements.

Additional Incremental Taxes

The City's LTGO bonds will be backed the City's full faith and credit, meaning bond holders can make a legal claim against the general revenue of the City if a default occurs. However, the City can use any unrestricted revenue sources it has available to satisfy its debt obligations. Washington state tax policy has conditions that allow governments that grow their tax bases to collect additional revenues. This relationship creates a mutually reinforcing benefit of housing and commercial development with additional tax revenues. New land development represents a direct financial investment in land preparation and building structures. Those structures are then occupied by residential neighborhoods and businesses that increase the lands' productive economic capacity. That economic value generates taxable bases at the land, business operation, and transaction levels, represented in land value, retail sales, business income, etc. State tax policy allows government jurisdictions to tax these bases (subject to rate, annual increase and other limitations) to fund needed public services and infrastructure.

Outside of the TIF allocations and the base value of property tax that would flow to TIF jurisdictions, the development and occupation of buildings in the TIA will generate other incremental taxes to those jurisdictions. Tax revenues can be differentiated into three categories:

- **One-time Revenues**. These revenues are tied to construction. Specifically, they include the retail sales tax on construction (materials and labor), which is taxable under Washington state law.
- **Recurring Revenues.** These revenues are derived from the occupation of structures by residents and businesses. Specific revenues include retail sales tax, and utility taxes.
- **Capital Restricted Revenues**. These revenues are restricted to capital and include real estate excise taxes.

City of College Place

The City of College Place is the local service provider for police, fire, public works, community development, parks, and other local services. To support these services, the City collects a range of general and restricted taxes, these include the following.

Sales & Use Taxes

Sales Tax. Of the 8.7% sales tax currently collected in the City on general retail purchases, a 1% "local" share of the tax accrues to local jurisdictions. The City receives 85% of the 1% local tax and King County gets 15%. This tax is levied on businesses in the area, and also on construction activity and some transactions related to housing and business, such as certain online purchases and the delivery of personal and commercial goods. The current rate accruing to the City for the local option is 0.85%. The County levies a 0.3% Public Safety sales tax. The revenue collected by the county is shared back to the cities in the county. The incremental growth of this revenue is based on pro-rata population growth in the TIF development. The City also receives a population pro rata share of 90% of the city allocation of Walla Walla County's 0.1% criminal justice sales tax. Increase in the criminal justice tax is modeled on net increases in population due to development.

The sales tax relies on estimates of new construction value and consumer taxable retail sales spending. These assumptions are driven by valuation and use assumptions in the development program detailed below.

Utility Taxes

The City imposes utility taxes on gross purchases of electricity, water, wastewater, solid waste, telephones, cable, and natural gas. Current tax rates are used for this analysis. A generalized utility expenditure productivity factor (on a per person and employee basis) was used to generate estimates of utility purchases with the follow utility tax rates.

- Water: 10%
- Wastewater: 10%
- Electric: 6%
- Natural Gas: 6%
- Solid Waste: 10%
- Cable/Internet: 10%
- Telephone/Mobile: 6%

State Shared Motor Vehicle Fuel Tax & Liquor Board/Taxes

Local governments receive a gas tax distribution that is unrestricted for street purposes from the State. The distribution is determined using a formula that is heavily weighted towards population. ECONorthwest used a proxy of this formula to derive these revenues to the City. Cities also receive pro rata payments from Liquor Excise Tax & Liquor Board Profits.

Real Estate Excise Tax (REET)

Real estate transactions are subject to a 0.5 percent tax on the value of the transaction. REET revenues are placed in the capital restricted funds to finance capital projects. REET revenues are uncertain given volatility in the real estate market. Since REET is based on the total value of real estate transactions in a given year, the amount of REET revenues the City receives can vary substantially from year to year based on the normal fluctuations in the real estate market. During years when the real estate market is active, revenues are higher, and during softer real estate markets, revenues are lower. For the purposes of this analysis, it is assumed that all new completed projects would be sold and then 0.4 percent of all property value would turn over (re-sold) in any given year (this ratio in the historical average of REET sales to total assessed value in the city in 2021).

Tax Base Productivity Assumptions

It is assumed that each housing unit will house on average 2.4 persons and that the development will be 90 percent occupied (to account for times when homes sit vacant). Construction costs represent the average per square foot cost for different building types based on recent construction comparable projects (note: these costs are different from what a project is assessed at for property tax purposes.

These below costs are subject to retail sales taxes on construction activity:

- Large Format: $115 per square foot
- Retail: $245 per square foot
- Hotel: $225 per square foot
- Multi-family Unit: $150,000 per unit
- Single Family and Townhouses: $330,000 to 400,000 per unit

On-ongoing taxable retail sales are based on assumed comparable businesses:

- Large Format: $400 per square foot
- Retail: $325 per square foot
- Hotel: $50 per square foot
- Multi-family Unit: $2,500 per unit
- Single Family and Townhouses: $3,500 to $5,000 per unit

Summary of Additional Tax Results

Based on the approximate timing of the new development the Baseline Scenario is estimated to generate approximately $21.7 million in additional tax revenues generated from the private development for the City (Figure 18). The Alternative 1 Scenario generates respectively less at $19.3 million and Alternative 3 at $6.9 million. These figures represent a 25-year cash flow (2023-2047) of tax revenues to the to the City in 2023 dollars (e.g., all future tax revenues have been discounted at 4.5% back to 2023 values).

Figure 18: Summary of additional tax benefits (present value, 2023$)

	Baseline	Alternative 1	Alternative 2
Sales Tax	$14,840,000	$13,170,000	$2,020,000
B&O Tax	$580,000	$550,000	$150,000
Utility Tax	$1,590,000	$1,430,000	$1,140,000
Criminal Justice and Public Safety	$1,210,000	$1,100,000	$1,010,000
State Shared	$1,400,000	$1,260,000	$1,160,000
REET	$1,480,000	$1,260,000	$920,000
Hotel Motel	$580,000	$500,000	$500,000
Total	$21,680,000	$19,270,000	$6,900,000

Source: ECONorthwest calculations, 2023

Risk Assessment and Mitigation Plan

TIF is a powerful tool available to local governments for encouraging development. Using local property tax revenues to finance certain public improvements can encourage and generate the desired or envisioned private development; however, using TIF has risks. The largest risks are that: 1) the expected private development does not occur; occurs slower than expected; and/or, the type of private vertical (office, retail, housing) development and its magnitude is less than expected; and, 2) the cost projected for the infrastructure improvements is higher than projected. These risks impact the expected revenues to be generated within the TIA or the costs for the identified public infrastructure improvements. If risks are not mitigated, a local government must then use other sources of revenue to pay for the public improvements. The City will be obligated to pay for the TIF infrastructure even if little or no private development materializes. As stated previously in this report, the City anticipates issuing LTGO bonds which will be backed by the City's full faith and credit, meaning bond holders can make a legal claim against the general revenue of the City if a default occurs.

Other related risks include over-investment of infrastructure funding by TIF which can waste limited tax dollars for other uses. Local governments can guard against and potentially avoid the over-investing and under-investing by carefully evaluating the local market conditions and performing the analysis associated with the But-For-Requirement identified in this report. When TIF is used correctly, the growth and development pay for the infrastructure investments that encouraged it.

For purposes of this Project Analysis, the City has identified the Alternative 1 as the likely development scenario that will occur. Based on this scenario the TIA is projected to generate approximately $13,850,00 (present value) in additional property tax revenues over a 25-year TIF period (2024-2048). This value exceeds the projected infrastructure cost of $8,186,000.

The City will need to fill the financial gap (e.g., the difference between TIF allocation revenues and debt payments) that is projected to occur in the first 7 years for a total gap of $2.7 million in the Alternative 1 Scenario with other sources of revenue that are identified below. This amount can then be repaid back from increased TIF revenues after the proposed private development stabilizes in later years or from additional local taxes coming from the development. Notwithstanding these projections, the City has prepared the mitigation plan below to respond to possible development and financial risks.

Figure 19: Summary of Alternative 1 TIF Allocations and Level Debt Payments

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alternative 1													
TIF Revenues	$0	$0	$110,000	$120,000	$230,000	$260,000	$430,000	$540,000	$760,000	$800,000	$880,000	$1,050,000	$1,150,000
TIF Debt Service	$0	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000
Annual Surplus/Deficit	$0	($630,000)	($520,000)	($510,000)	($400,000)	($370,000)	($200,000)	($90,000)	$130,000	$170,000	$250,000	$420,000	$520,000
Cumalative Surplus/Deficit	$0	($630,000)	($1,150,000)	($1,660,000)	($2,060,000)	($2,430,000)	($2,630,000)	($2,720,000)	($2,590,000)	($2,420,000)	($2,170,000)	($1,750,000)	($1,230,000)

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$1,220,000	$1,290,000	$1,370,000	$1,490,000	$1,620,000	$1,750,000	$1,880,000	$1,900,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
TIF Debt Service	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$0	$0	$0	$0	$0
Annual Surplus/Deficit	$590,000	$660,000	$740,000	$860,000	$990,000	$1,120,000	$1,250,000	$1,270,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
Cumalative Surplus/Deficit	($640,000)	$20,000	$760,000	$1,620,000	$2,610,000	$3,730,000	$4,980,000	$6,250,000	$8,170,000	$10,110,000	$12,070,000	$14,050,000	$16,050,000

Source: ECONorthwest, 2023

Development Mitigation

Development Program Sensitivity Analysis: Three different private development program scenarios (Baseline, Alternative 1 and Alternative 2) have been developed and evaluated to identify potential TIF revenues and sufficient mitigation measures should development not occur (worst case) or occur at a different speed and magnitude.

Development Agreement: The City of College Place will seek development agreements with developers of key development sites in order to provide predictable timeframes and possible assurances that private development will occur based on the Alternative 1 Development Scenario being relied upon by the City.

Financial Mitigation

The following mitigation plan is proposed to provide multiple levels of financial protection to fill any financial gaps that occur in the early years of the TIA until private development and TIF revenues stabilize or should the expected private development occur slower than planned.

Level 1:

Debt Issuance Timing & Structure. The City may reduce its financial exposure related to the timing and scope of private development by strategically timing the issuance of LTGO bond debt to coincide with the public infrastructure and private development timelines. The City may issue $4,300,000 in debt (funding the Mojonnier Road improvements) in 2023/2024 and the remaining $3,886,000 (funding the remaining TIF improvements) no later than 2028, subject to private development advancement providing for greater development and TIA revenue certainty.

The City may also make additional adjustments in the timing of the initial debt issuance based on development activity, the nexus between the identified infrastructure improvements and the proposed private development providing for greater development and tax revenue certainty to help pay the debt service associated with TIF infrastructure improvements. The Figure 20 below shows the City will need to fill the financial gap (e.g., the difference between TIF allocation revenues and debt payments) that is projected to remain the same at 7 years but the annual deficits are reduced from $2.7 million to $1.5 over that time.

Figure 20: Net Surplus Deficit with Split Debt Issue

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
TIF Revenues	$0	$0	$110,000	$120,000	$230,000	$260,000	$430,000	$540,000	$760,000	$800,000	$880,000	$1,050,000	$1,150,000
TIF Debt Service	$0	$330,000	$330,000	$330,000	$330,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000
Annual Surplus/Deficit	$0	($330,000)	($220,000)	($210,000)	($100,000)	($370,000)	($200,000)	($90,000)	$130,000	$170,000	$250,000	$420,000	$520,000
Cumalative Surplus/Deficit	$0	($330,000)	($550,000)	($760,000)	($860,000)	($1,230,000)	($1,430,000)	($1,520,000)	($1,390,000)	($1,220,000)	($970,000)	($550,000)	($30,000)

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$1,220,000	$1,290,000	$1,370,000	$1,490,000	$1,620,000	$1,750,000	$1,880,000	$1,900,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
TIF Debt Service	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$630,000	$300,000	$300,000	$300,000	$300,000	$0
Annual Surplus/Deficit	$590,000	$660,000	$740,000	$860,000	$990,000	$1,120,000	$1,250,000	$1,270,000	$1,620,000	$1,640,000	$1,660,000	$1,680,000	$2,000,000
Cumalative Surplus/Deficit	$560,000	$1,220,000	$1,960,000	$2,820,000	$3,810,000	$4,930,000	$6,180,000	$7,450,000	$9,070,000	$10,710,000	$12,370,000	$14,050,000	$16,050,000

Source: ECONorthwest, 2023

Figure 21 below is a modified debt service structure (interest only for first 5 years) designed to limit the City's need to borrow from other sources to pay the projected debt service under the Alternative 1 Development Scenario. In this situation, the interest only shows the City will need to fill the financial gap (e.g., the difference between TIF allocation revenues and debt payments) that is projected to remain the same at 7 years but the annual deficits are reduced from $2.7 million to $1.7 over that time.

Figure 21: Net Surplus Deficit with Interest Only Debt Service (first five years)

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
TIF Revenues	$0	$0	$110,000	$120,000	$230,000	$260,000	$430,000	$540,000	$760,000	$800,000	$880,000	$1,050,000	$1,150,000
TIF Debt Service	$0	$370,000	$370,000	$370,000	$370,000	$370,000	$760,000	$760,000	$760,000	$760,000	$760,000	$760,000	$760,000
Annual Surplus/Deficit	$0	($370,000)	($260,000)	($250,000)	($140,000)	($110,000)	($330,000)	($220,000)	$0	$40,000	$120,000	$290,000	$390,000
Cumalative Surplus/Deficit	$0	($370,000)	($630,000)	($880,000)	($1,020,000)	($1,130,000)	($1,460,000)	($1,680,000)	($1,680,000)	($1,640,000)	($1,520,000)	($1,230,000)	($840,000)

TIF Allocation Revenues	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Revenues	$1,220,000	$1,290,000	$1,370,000	$1,490,000	$1,620,000	$1,750,000	$1,880,000	$1,900,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
TIF Debt Service	$760,000	$760,000	$760,000	$760,000	$760,000	$760,000	$760,000	$730,000	$0	$0	$0	$0	$0
Annual Surplus/Deficit	$460,000	$530,000	$610,000	$730,000	$860,000	$990,000	$1,120,000	$1,170,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
Cumalative Surplus/Deficit	($380,000)	$150,000	$760,000	$1,490,000	$2,350,000	$3,340,000	$4,460,000	$5,630,000	$7,550,000	$9,490,000	$11,450,000	$13,430,000	$15,430,000

Source: ECONorthwest, 2023

Alternatively, debt could be structured to proportionally match the expected tax allocation revenues with a longer interest only payment or more backloaded payments by capitalizing the interest. The tradeoff with both of these measures is more interest paid on the bond proceeds.

Level 2:

Additional Taxes from Alternative Development Scenario:

Based on the Alternative 1, it is projected the City will receive a present value of $19.3 million in additional tax revenues generated by the proposed development. A portion of these incremental additional taxes can be used to support any infrastructure debt service gap in TIF revenues. Netting out tax revenues that must be restricted to specific uses (and not available to service debt such as criminal justice sales taxes and hotel-motel taxes) and holding 30% to cover potential increases in public service operating costs, there are additional revenues that can be dedicated to service debt shown below. Applying these additional tax revenues (assumed to be 70% of the total) and interest only for the first 5-years to this Alternative 1 Scenario, the number of years of deficit drops from 7 to 4 years and the amount of deficit decreases from $1.7 million to $1.5 million (as compared to the interest only example).

Figure 22: Comparison of Debt Payment Surplus/Deficits; Other Additional Taxes; Interest Only Example

TIF Allocation Revenues	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Alternative 1													
TIF Surplus/Deficit	$0	($630,000)	($520,000)	($510,000)	($400,000)	($370,000)	($200,000)	($90,000)	$130,000	$170,000	$250,000	$420,000	$520,000
Additional Taxes	$0	$130,000	$110,000	$150,000	$210,000	$370,000	$490,000	$650,000	$610,000	$610,000	$870,000	$970,000	$990,000
Surplus/Deficit	$0	($500,000)	($410,000)	($360,000)	($190,000)	$0	$290,000	$560,000	$740,000	$780,000	$1,120,000	$1,390,000	$1,510,000

Assessment Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
TIF Surplus/Deficit	$590,000	$660,000	$740,000	$860,000	$990,000	$1,120,000	$1,250,000	$1,270,000	$1,920,000	$1,940,000	$1,960,000	$1,980,000	$2,000,000
Additional Taxes	$1,090,000	$1,220,000	$1,440,000	$1,550,000	$1,630,000	$1,710,000	$1,580,000	$1,550,000	$1,590,000	$1,630,000	$1,670,000	$1,720,000	$1,770,000
Surplus/Deficit	$1,680,000	$1,880,000	$2,180,000	$2,410,000	$2,620,000	$2,830,000	$2,830,000	$2,820,000	$3,510,000	$3,570,000	$3,630,000	$3,700,000	$3,770,000

Source: ECONorthwest Calculations, 2023

Level 3:

General Fund Reserves & Re-Prioritization of Existing Capital Projects. Over the last 6 years (2018 to 2023) the City has averaged approximately $9 million in available General Fund reserves that are not allocated to any specific operating or capital expense that can be used for payment of debt service for its infrastructure obligations for the Stone Creek and Downtown Area if property tax revenue from the TIA is insufficient. Additionally, the City may reprioritize some capital project expenditures to respond to any gaps between TIF revenues and debt payments.

Financial Mitigation Summary:

Depending on the actual revenue-debt gap, the City will likely be required to use multiple levels of mitigation identified above to satisfy its debt obligations if development does not occur as expected in accordance with the Alternative 1 scenario.

Additional Mitigation Measures

Public Infrastructure Cost Containment. Municipal agencies have vast experience with building horizontal infrastructure (streets, water, sewer, etc.). The City of College Place is no exception and takes pride in its ability to provide conservative construction estimates, create clear construction bid documents, and effectively manage the construction delivery process. The cost estimates for the TIF public infrastructure improvements are currently planning level estimates and include a 30 percent contingency at this time to buffer any volatility in the construction industry. Construction costs will be further refined prior to the issuance of any debt.

There are other risks that a municipal government faces regularly such as: construction delays which increase costs for public infrastructure improvements; economic slowdown or recession; higher borrowing costs then even accounted for in the Project Analysis; and lower levy rates within the TIA than anticipated. The City of College Place has been successful in addressing these secondary type risks by using conservative estimates and adherence to prudent fiscal and construction management policies. The City will continue these same practices as it implements the proposed TIA and the associated infrastructure improvements.

College Place TIF Team

City of College Place

- Mike Rizzitiello, City Administrator
- Brian Carleton, Finance Director
- Jon Rickard, Community Development Director
- Robert McAndrews, Public Works Director

Tax Increment Financing Consultants

- Bob Stowe, Stowe Development & Strategies (TIF Project Manager)
- Morgan Shook, ECONorthwest

Legal & Financial Advisors
Bond Counsel?
Financial Advisors?

Future TIF Actions

There are a number of actions that will occur before the College Place City Council formally considers the formation of a TIA for Stone Creek and Downtown Area. First, is to receive and review feedback offered by the Office of the State Treasurer related to this Project Analysis. Second, based on any feedback, the TIF team will evaluate and make appropriate adjustments to its proposed TIF program. Third, it will conduct two separate public briefings on the proposed TIA for the Stone Creek and Downtown Area and provide formal notice in the local newspaper. The City will continue to engage its local partners and taxing districts as discussions continue. There are also a number of planning, engineering, finance, and legal activities that will occur to advance the proposed public infrastructure and private development for the Stone Creek and Downtown Area. Below is an expected schedule for the future TIF actions.

Timeline

College Place Key TIF Elements: 2023

Jan.- April — Project Analysis

- *Draft Submitted to OST*
- *OST Reviews & Provides Comments*
- *Final Project Analysis Submitted to OST*

Feb -Mar — Early Outreach & Council Preparation

- *Contact & Meet with Impacted Taxing Districts*
- *Meet with City Council to discuss TIA, Risks and Benefits, Draft TIA Ordinance*

Apr - May — TIA Adoption

- *Conduct Public Briefings*
- *Council Consideration/*
- *Adoption of TIA Ordinance*

Jun - TBD — Implementation

- *Execute Development Agreement(s)*
- *Evaluate Development Readiness/ Market*
- *Issue Debt (2024)*
- *Monitor Development Activity*

Findings |Bottom Line

The envisioned Stone Creek and Downtown Development would not be viable without the City's intervention to provide the identified infrastructure via the establishment of a TIA. The City has demonstrated a strong nexus between the proposed development and the proposed infrastructure. The City is conservatively estimating the potential revenues that will be generated by the formation of a TIA and has available resources to pay for infrastructure debt service should the expected TIA revenues not materialize.

There are no negative impacts to affordable housing, the local business community, the local school district, and there are no local fire districts. The Stone Creek and Downtown Development will provide for jobs and investment into the local and regional economy.

Based on all of the above findings and information contained in this Project Analysis, the Stone Creek and Downtown Development and its proposed TIA meets both the spirit and the letter of Washington's State's new law.

APPENDICES

- State Audit Report Summary
- Consultant Team Bios

State Audit Report Summary

City of College Place - Debt Service Balances

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023
Beginning Cash Available for Debt Service	9,719,694	14,120,270	13,210,627	14,396,114	17,519,503	18,493,082
Operating Revenue Available for Debt Service						
Operating Revenue	21,684,262	24,737,700	24,840,150	35,873,201	31,017,700	61,658,208
Operating Expenditures	17,283,685	25,647,342	23,654,663	32,749,812	29,955,735	62,739,740
Operating Income (Loss)	4,400,577	(909,642)	1,185,487	3,123,389	1,061,965	(1,081,532)
Total Revenue Available for Debt Service	14,120,271	13,210,628	14,396,114	17,519,503	18,581,468	17,411,550
Debt Service (General Obligation)	630,234	729,062	953,566	676,235	677,235	537,451
Debt Service - Other	1,490,077	1,163,926	1,198,625	1,169,505	1,049,974	1,638,218
TIF GO Debt Obligation						
Total Debt Service	2,120,311	1,892,988	2,152,191	1,845,740	1,727,209	2,175,669
Reserve Restictions	3,224,994	4,685,106	4,383,286	4,776,701	4,896,509	5,553,475
Ending Cash Availble for Debt Service	8,774,966	6,632,534	7,860,637	10,897,062	11,957,750	9,682,406

Consultant Team Bios

STOWE
DEVELOPMENT & STRATEGIES
A Real Estate and Community Development Strategy and Execution Company

Bob Stowe - Principal

Bob Stowe is the principal and founder of Stowe Development & Strategies — a company he formed in 2016 to help public sector clients succeed with their economic and community development interests. With 34 years of experience in progressive community transformations, Bob is one of the Northwest's most innovative and entrepreneurial real estate and community developers. He uses sound long- range fiscal planning skills and has achieved enviable results in leading redevelopment efforts from the dream stage to construction. This is true for projects large and small, straightforward and complex.

Bob's understanding and experience with tax increment financing, master plan development, transit oriented development, placemaking, negotiation of purchase and sale agreements, development agreements, public benefit agreements, and his ability to create public private partnerships make him an ideal public sector development partner.

Bob has been responsible for leading, managing, coordinating, and implementing a wide variety of complex and multi-faceted projects including, downtown revitalization plans, civic center plans and development, master plans, public-private partnerships, and transit-oriented developments to name a few.

Bob was the City Manager for the City of Bothell, Washington from 2005 to 2016 where he was the architect and leader of Washington's largest and most successful publicly-led downtown revitalization. Under Bob's leadership, this project utilized a Local Infrastructure Financing Tool award (AKA TIF light) as part of the funding package that stimulated private investment of over $300 million; a very big step in achieving the City's 25-year goal of $650 million. The fact that nearly half that goal was reached in just a few years, during the Great Recession, and with leverage from public/private collaboration, made it all the more remarkable.

Bob guided the development of approximately $150 million in public sector improvements (relocation of a state highway, creation of new streets, storm water system, parks, environmental clean-up, etc.) identified as necessary to achieve the revitalization vision. The massive public development plan and schedule also needed to align with private sector purchase of surplus land from the City, environmental remediation, public streets to be developed by the private sector, and on-site mixed-use development. Precise scheduling, communication and the ability to respond to changing conditions were skills that Bob successfully delivered on this project.

Before arriving in Bothell, Bob was the City Manager for the City of Mill Creek for nine years and helped lead development of the award-winning Mill Creek Town Center in the early 2000s. His first downtown transformation project began with the revitalization of Downtown Dayton, Washington in the late 1980s.

The hallmark of Bob's effort is his commitment to create well designed and environmentally sustainable places where people want to live, work, and come together to celebrate. Bob has tackled the most difficult and complex projects, achieving the redevelopment and economic dreams of several communities with his failure is not an option approach.

EDUCATION

- MBA, Albers School of Business & Economics, Seattle University (with honors).
- BA, Urban and Regional Planning, Eastern Washington University.

Morgan Shook - Director/Partner

Morgan Shook is a Senior Policy and Economic Analyst working in real estate, land use, and transportation economics, and finance. He has deep expertise in economic, market and financial analytics that he brought to bear in business, enterprise, and policy settings.

Morgan has worked for a range of government, business, and non-profit clients to advance their missions that in diverse set areas and topics.

Morgan has worked on every form of tax increment financing in Washington including Community Revitalization Financing, Local Infrastructure Financing Tool, Local Revitalization Financing LRF, Landscape Conservation and Local Infrastructure Program, as well as the recently passed Tax Increment Financing bill in the 2021 legislative session.

Before joining ECONorthwest, Morgan worked in biotechnology development at the Institute for Systems Biology, and health disparities research at the University of Chicago. Morgan recently served on the Seattle Planning Commission.

EDUCATION

- M.U.R.P., Portland State University
- B.S. Molecular Biology, University of Puget Sound
- Certificate in Commercial Real Estate Development, University of Washington Extension

Areas of Expertise

- Economic Development
- Affordable Housing
- Land Use Planning
- Market & Feasibility Analysis
- Infrastructure & Finance Funding
- Transit-Oriented Development

Prepared by:

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