

Clark County Real Estate Excise Tax REET 2 – Project Options

Work Session presented to the Clark County Council

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Work Session goal

- On November 29, 2017 the budget office provided an overview of REET 1 and REET 2 permissible uses, current uses, as well as historical and projected fund balances.
- Today's Work Session is a follow up intended for the council to give the county manager guidance about prioritizing the use of REET 2 funds for eligible projects.



Agenda

- Overview of REET 2 Clark County revenues
 - ✓ Legal statute: tax rates and permissible uses
 - ✓ History and updated forecast of revenues and fund balances
- Overview of transportation and parks priority projects eligible for REET 2 funding
- Discussion and feedback about policy priorities



REET 2

- In 1990, with passage of the Growth Management Act, cities and counties required or choosing to plan under the act were authorized to charge a second REET to pay for capital projects needed to accommodate population and economic growth and maintain required infrastructure concurrency.
- RCW 82.46.035 allows cities and counties planning under the Growth Management Act to levy a second 0.25 percent tax, or REET 2, on real estate sales.



Current REET 2 uses applicable to Clark County

Capital projects specified in capital facilities plan
element of comprehensive plan

Qualifying debt retirement

Up to \$1 million per year for

- 1) Maintenance* of REET 2 capital projects
- 2) OR capital projects that qualify for REET 1 only.
- 3) OR acquisition, construction, improvement or rehabilitation of housing for the homeless
valid only July 2017 through June 2019**

Projects to which revenue was committed prior to March 1, 1992*

**Maintenance means the use of funds for labor and materials that will preserve, prevent the decline of, or extend the useful life of a capital project. Maintenance does not include labor or material costs for routine operations of a capital project.*

*** Not currently used for these purposes in Clark County.*



Definition of capital projects for REET 2 purposes

Planning, acquisition, (re)construction, repair, replacement, rehabilitation or improvement of:

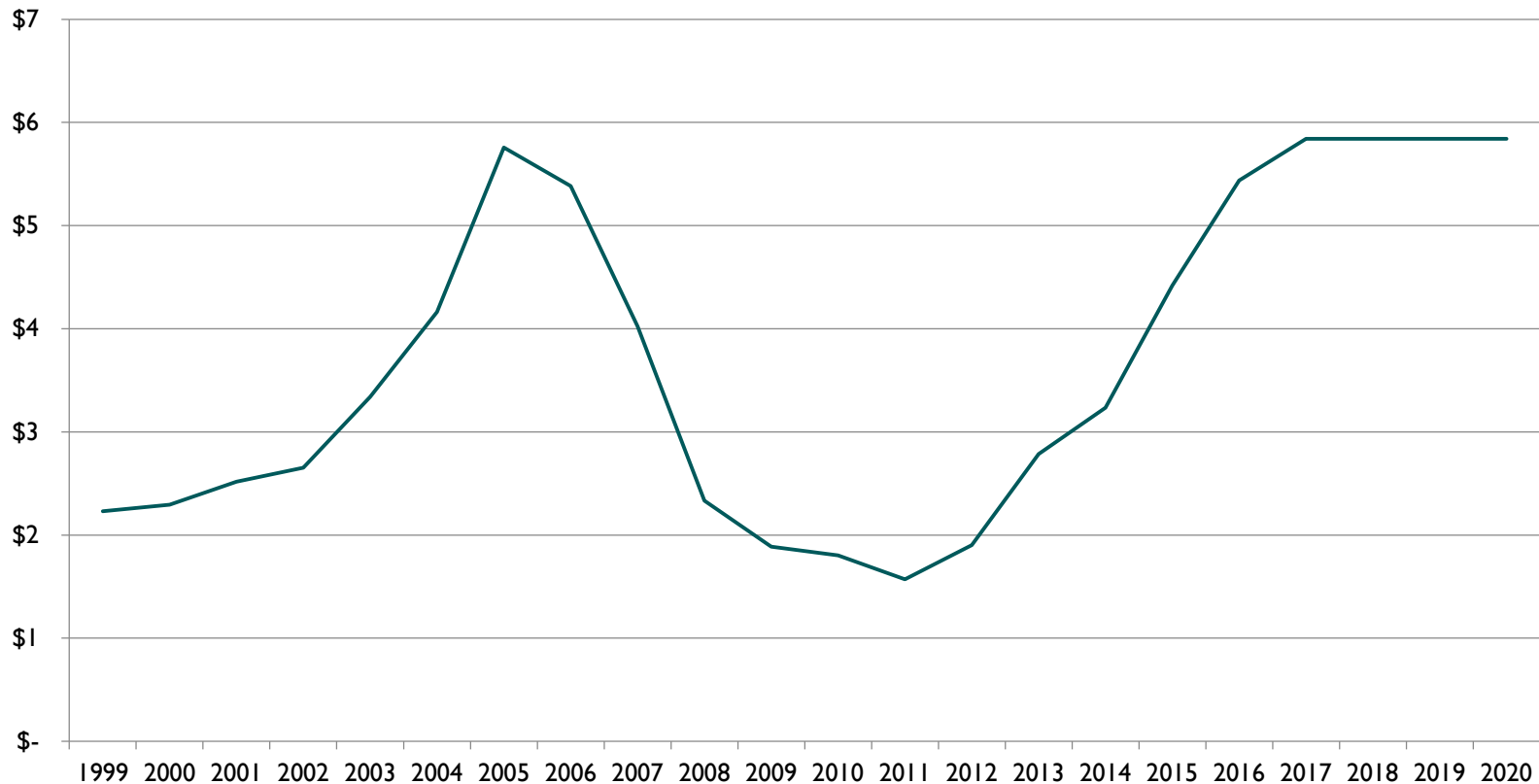
Streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems.

Parks, *excluding acquisition and replacement*



Annual REET 2 revenues (millions)

REET is sensitive to the economic/real estate market trends and thus volatile. In 2017, REET 2 revenues were \$5.8 million.



Current policies for capital project funding

Fiscal Policy #11:

Capital spending plans should comply with the Board of County Councilors priorities:

- 1) Honor existing obligations/debt service
- 2) Preserve existing assets
- 3) Acquire new assets based on greatest need and ability to maintain them



REET 2 expense budget

Expenditure type	Expenditure detail	2017-2018 budget	2019-2020 budget
Debt	Trimountain debt payments	\$989,650	\$997,298
Facilities maintenance	Facilities maintenance*	\$579,000	\$0
Capital projects	Transfer to REET 1 for capital projects*	\$1,421,000	\$2,000,000
Capital projects	Capital Repairs for General Fund Parks	\$289,500	\$0
Capital projects	Sidewalk Program funding	\$1,000,000	\$0
Capital projects	Funding to implement Camp Hope Park Master Plan	\$225,000	\$0
Capital projects	Storm Water Facility Renovations	\$223,300	\$0
Capital projects	Heritage Farm Irrigation System	\$325,000	\$0
Capital projects	Build parking lot at Grove Airfield for off-lease	\$60,000	\$0
Capital projects	Railroad bridges	\$1,400,000	\$0
Capital projects	Heritage Farm Cemetery project	\$9,052	\$0
Internal loan	Internal loan (pending, to be repaid over 5 years if executed)	\$5,250,000	\$0
		\$11,771,502	\$2,997,298

*\$1,000,000 per year allowed for maintenance of REET 2 capital projects OR capital projects that qualify for REET 1 only.



REET 2 Fund Balance forecast

Available fund balance (millions)	2017-2018	2019-2020
Beginning	5.5	5.9
Revenue	11.7	11.7
Expense (excludes internal loan)	(6.5)	(3.0)
Internal loan net impact (if executed)	(4.8)	2.2
Projected ending	5.9	16.8
<p>Pending fund balance policy recommends a minimum fund balance composed of 12 months worth of debt payments + one million for REET 1 eligible projects only. This would yield \$1.5 million.</p>		



Important future needs for REET 2

All of the current permissible uses (capital projects) fall under the Department of Public Works:

- Transportation
- Parks
- Railroad (bridges only)
- Stormwater (no projects listed)



General Criteria for Unfunded Needs Priorities

Transportation

- Adopted Transportation Improvement Program prioritized list
- Adopted Annual Construction Program
- Current funding partners (grants, loans)
- Safety & economic development

Parks & Trails

- Matching funds for state funding (Harmony Sports Complex)
- MPD Parks promised to voters & public share
- General Fund offset

Railroad

- Only bridges eligible
- Matching funds for other grants
- General Fund offset
- Safety



Transportation Projects

Capital Transportation Projects Priority List										
		Annual Distribution of REET Funds				All Funding Sources				
Rank	CAPITAL TRANSPORTATION PROJECTS	2019	2020	2021	2022	REET II	Road Fund	TIF	Grants & Loans	TOTAL EXPENSE
A	NE 10th Avenue (NE 149th Street to NE 154th Street) 2-lane collector with center turn lane, bike lanes, and sidewalks.	1,500,000	1,500,000		-	3,000,000	5,334,000	200,000	3,000,000	11,534,000
1	NE 99th Street (NE 94th Avenue to SR-503) 2-lane minor arterial (M-2cb) with a center turn lane/median, bike lanes and sidewalks.	600,000	700,000	2,700,000		4,000,000	1,974,000	4,000,000	6,000,000	15,974,000
3	I-5/NE 179th Street Area Improvements (NE Delfel Road to NE 15th Avenue) Improve roadway to a standard arterial (widening lanes and shoulders, installing bike lanes and sidewalks). Reconfigure the on-ramps/off-ramps. Realign NE Delfel Road.	1,000,000	2,000,000	2,000,000	10,000,000	15,000,000	1,000,000	5,000,000	7,000,000	28,000,000
6	NE 15th Avenue (NE 179th Street - NE 10th Avenue) New road alignment. 3-lane minor arterial including center turn lane/median, sidewalks and bicycle lanes.	500,000	1,400,000	2,000,000	4,100,000	8,000,000	2,500,000	500,000	4,000,000	15,000,000
Top 5	NE 68th Street Sidewalk (Highway 99 to COV limits) Construct 5-6 foot sidewalk on one side of the roadway.	200,000	200,000	800,000		1,200,000	140,000	489,000	700,000	2,529,000
	Highway 99 Sidewalk Scoping (Vicinity of NE 104th Street - NE 117th Street)	300,000	600,000	2,500,000	600,000	4,000,000			1,000,000	5,000,000
Urgent safety concern	Davis #232 Bridge Replacement (NE Davis Road - 0.6 mi E of NE Ward Road (Mile Post 0.64)) Replace deficient bridge with a new bridge structure.	1,000,000				1,000,000	347,000			1,347,000
Transportation Subtotal:		5,100,000	6,400,000	10,000,000	14,700,000	36,200,000	11,295,000	10,189,000	21,700,000	79,384,000



Transportation Notes

10th Avenue

- Pending \$10M Public Works Trust Fund Loan
- Delay likely without PWTF or use of REET 2
- Seeking \$3-4M in state grant funding

NE 99th Street

- Grants committed and #1 ranked priority
- REET 2 offsets road fund and projected TIF for use on other priorities

NE 179th Street

- Project still being defined
- Limited Road Fund Available
- Potential for “reasonably funded” project

NE 15th Avenue

- Limited Road Fund Available
- Potential for “reasonably funded” project

NE 68th Street & Highway 99 Sidewalks

- High priority locations
- Limited funding available.
- Challenging and expensive projects

Other

- 23 ranked priority road projects, currently.
- Use of REET allows road fund to further other priorities



Parks Capital Repairs Projects

Parks Capital Repairs Projects Priority List						
		Annual Distribution of REET Funds				
Rank	Capital Repair Projects	2019	2020	2021	2022	REET II
1	Total General Fund Priority 1 Projects	180,000	485,803	172,500	50,000	888,303
2	Total Metropolitan Park District Parks Priority 1	614,500	396,000	652,000	545,000	2,207,500
Parks Capital Repairs Total:		794,500	881,803	824,500	595,000	3,095,803

- Capital repairs represent preservation of existing assets.
- MPD capital repairs apply only to former general fund parks transferred to MPD during the recession in 2009. Original 35 MPD parks not included.
- Transferred general fund parks: Salmon Creek Regional Park & Greenway, Felida, HB Fuller, Orchards, Hazel Dell, Harmony Sports, Stockford Village, Cougar Creek, Jason Lee, Gaiser and Sherwood.



Urban Parks

Capital Parks Unincorporated Urban Parks Projects Priority List										
		Annual Distribution of REET Funds				All Funding Sources				
Rank	UNINCORPORATED URBAN PARKS	2019	2020	2021	2022	REET II	Conservation Futures	PIF	Grants & Timber	TOTAL EXPENSE
1	Harmony Sports Complex -Parking improvements. Supported with legislative fund match 2018	1,000,000	1,500,000			2,500,000			1,200,000	3,700,000
2	Curtin Creek Community Park Development-Supplement to PIF 6 & \$500,000 RCO Grant (32nd promised MPD park)		2,195,000			2,195,000		3,801,000	500,000	6,496,000
3	Kozy Kamp Neighborhood Park Development-Supplement to PIF 10 (33rd promised MPD park)		1,100,000			1,100,000		200,000		1,300,000
3	Salmon Creek Community Club NH Park -No PIF available (34th Promised MPD park)			250,000	1,000,000	1,250,000				1,250,000
5	Pleasant Valley Community Park- Supplement to PIF 8 (35th & final promised MPD park)			300,000	1,800,000	2,100,000		1,800,000	500,000	4,400,000
6	Cougar Creek Woods Community Park & Trail Development - Supplement to PIF 9 & RCO Grant	500,000		2,000,000	1,000,000	3,500,000		1,200,000	500,000	5,200,000
Urban Parks Subtotal:		1,500,000	4,795,000	2,550,000	3,800,000	12,645,000	0	7,001,000	2,700,000	22,346,000

REET Funding supports completing the remaining MPD Parks.



Regional Parks & Trails

Capital Regional Parks & Trails Improvements & Repairs Projects Priority List										
		Annual Distribution of REET Funds				All Funding Sources				
Rank	REGIONAL PARKS & TRAILS	2019	2020	2021	2022	REET II	Conservation Futures	PIF	Grants & Timber	TOTAL EXPENSE
7	Camp Hope Phase I Site Improvements-Possible Private Donation Match	800,000				800,000			50,000	850,000
8	78th Street Heritage Farm Phased Development-Trail & parking lot - RCO Grant match		1,500,000	1,500,000		3,000,000			500,000	3,500,000
9	Chelatchie Trail -BG to Salmon Morgan Segment - w/ RCO Grant Match of \$500,000	500,000	2,000,000			2,500,000			4,250,000	6,750,000
10	East Fork Lewis River MP & Phased Segments Paradise Point to Lewisville Park. w/Grant Match	800,000		1,500,000	1,000,000	3,300,000	50,000		1,500,000	4,850,000
11	Lewis & Clark Discovery Trail -Phased Development- Vancouver Lake segment-Supplement Grants		2,500,000	1,500,000		4,000,000			1,500,000	5,500,000
12	Green Mountain Master Plan	150,000	200,000			350,000	50,000			400,000
13	Day Break Regional Park Phased Development-Possible \$2,000,000 Grant Match (3 cycles) 2016 grant awarded in 2018	1,000,000	600,000		1,000,000	2,600,000	50,000		2,000,000	4,650,000
14	Camp Bonneville Phased Development - Supplement Timber Fund & Grant Match	500,000	500,000	1,500,000	1,000,000	3,500,000			2,000,000	5,500,000
15	Flume Creek Access Phased Development	250,000	800,000			1,050,000	50,000			1,100,000
16	Lewis River Ranch- Phase 1 Development			500,000	500,000	1,000,000	50,000		1,000,000	2,050,000
Regional & Trails Subtotal:		4,000,000	8,100,000	6,500,000	3,500,000	22,100,000	250,000	-	12,800,000	35,150,000

REET funding matches potential grant funding to support General Fund Projects.



Railroad

Railroad Improvements & Repairs Projects Priority List								
RAILROAD PROJECTS	Annual Distribution of REET Funds				All Funding Sources			
	2019	2020	2021	2022	REET II		Grants	TOTAL EXPENSE
Bridge 12 Replacement	200,000	1,110,000			1,310,000		2,500,000	3,810,000
Bridge 20 Replacement	50,000	90,000			140,000		150,000	290,000
Railroad Subtotal:	250,000	1,200,000	-	-	1,450,000	-	2,650,000	4,100,000

- \$1,310,000 (REET2) was approved in the 2018 supplemental budget for Bridge 12
- \$90,000 (REET2) was approved in the 2018 supplemental budget for Bridge 20
- An additional \$40,000 in REET2 is likely needed to complete Bridge 20



REET 2 Project Options Summary

REET 2 Project Options Summary									
	Annual Distribution of REET Funds				All Funding Sources				
	2019	2020	2021	2022	REET II	Dedicated Funding	PIF/TIF	Grants & Other	TOTAL EXPENSE
Transportation	5,100,000	6,400,000	10,000,000	14,700,000	36,200,000	11,295,000	10,189,000	21,700,000	79,384,000
Urban Parks	1,500,000	4,795,000	2,550,000	3,800,000	12,645,000	-	7,001,000	2,700,000	22,346,000
Regional Parks & Trails	4,000,000	8,100,000	6,500,000	3,500,000	22,100,000	250,000	-	12,800,000	35,150,000
Parks Capital Repairs	794,500	881,803	824,500	595,000	3,095,803				3,095,803
Railroad	250,000	1,200,000	-	-	1,450,000			2,650,000	4,100,000
Overall Total:	11,644,500	21,376,803	19,874,500	22,595,000	75,490,803	11,545,000	17,190,000	39,850,000	144,075,803
Cumulative Total:	11,644,500	33,021,303							

Projected 2020 year-end REET 2 fund balance - \$16.8M



Council discussion

- Questions and clarifications
- Discussion of direction to set priorities for use of REET2 dollars

