Facility Advisory Committee: Final Report

Study Session
October 24, 2023
Outline

• Problem Statement: Why Are We Here?
• FAC Process
• Next Steps
• Funding the List: Context and Considerations
Problem Statement:
"A majority of General Government Facilities are aging beyond their useful life, and many do not meet operational or level-of-service requirements."
FAC Scope

In Scope
• Creation of a prioritized list
• Where should City start with its investments?
• Compare across services
• Consideration of Council resolutions and City regulations
• Cost estimates

Out of Scope
• Detailed design of projects
• Strategic implementation
• Funding mechanisms
FAC Process Overview

City Council and Implementation

- Share Prioritized List with Infrastructure Planning and Sustainability Committee (9/27)
- City Council to consider funding options and implementation approach
- Strategic Implementation – includes design, final site selection, and construction and operations approach
Criteria and Scoring System

• Scoring System Method
  • Develop Criteria
  • Score based on influence on criteria
  • Weighting score

• Criteria
  • Public and User Safety
  • Emergency Services
  • Equity
  • Community Value
  • City Vision and Goals
  • Condition
Prioritized Project List

- Safety is Paramount
- Public Safety Facilities Scored Highly
  - Street Operations Campus
  - Fire Stations and Other Fire Facilities
- Investment in Community Space Essential
  - Ensure inclusion of additional facilities
  - New TPL Locations, Historic Rialto Theater
  - Operating Impacts
- Council Must Continue Repair and Replacement Program Funding
Additional Recommendations

- Leverage Additional Funding
- Continued Investment in Deferred Repair and Replacement Projects
- Implementation Should Benefit Local Community, Think Long-Term
- Consider Other Facilities
  - Tacoma Municipal Complex
  - Senior Centers, Community Centers, City-Owned Parks
- Accountability Mechanism
FAC Conclusions

- Successful FAC Process and Group Engagement
- Recommended List
  - Focus on Safety
  - Community Safety Facilities in Need
  - Community Space Also Essential
- Need to Fund Adequate Repair and Replacement Program
- Implementation is Key
  - Provide Transparent Access to Program Progress and Implementation
  - Ensure Local Benefits to Local Investments
- Examine Additional Facilities, Services, and Programming
- Need to Plan Regular, Debt Replacement, and Comprehensive Capital Funding Program
Next Steps

Implementation Planning
- Planning Documents and Capital Facilities Plan
- Strategic approach to the work
- Strategic Conversations with Partners

Funding the List
- Context (2025-2026 Budget, Economic Conditions)
- Continued Conversations on Funding options
Revenue Strategy
Guiding Principles for a Revenue Strategy

Prioritizing Areas of Focus/Expense

• Consider as part of holistic revenue approach by City
• How does it fit into the timing of other initiatives?
• What will be the fully impact on residents and businesses?
• Does the expense need match with budget discussions on priorities for expenses?
• Consider revenue options when adding significant new services

Timing

• Create a calendar and potential timeline for revenue proposals & evaluate/update during biennial budgeting process

Impact

• Analyze collective impact of proposals on residents and businesses
• Include alternatives to reduce impact of measures on small businesses or low-income households
## Debt Limits as of 12/31/2022

**Total Taxable Property Value (Assessed at 100%, for taxes payable in 2023) (PV)**  
$43,161,357,947

### GENERAL PURPOSE INDEBTEDNESS

**Non-Voted General Purpose Indebtedness and Capital Leases**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Limit 1.5% of Total Taxable Property Value</td>
<td>$547,420,369</td>
</tr>
<tr>
<td><strong>Indebtedness (Liabilities)</strong></td>
<td></td>
</tr>
<tr>
<td>Non-Voted General Obligation Bonds</td>
<td>$187,730,885</td>
</tr>
<tr>
<td>Capital Leases Payable</td>
<td>-</td>
</tr>
<tr>
<td><strong>Less Assets Available</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Indebtedness Incurred - Non-Voted General Purposes</strong></td>
<td>$187,730,885</td>
</tr>
<tr>
<td>Remaining Legally Available Non-Voted Debt Capacity - General Purposes</td>
<td>$459,689,484</td>
</tr>
<tr>
<td>Less Required Reserve (10% of Non-Voted Debt Capacity)</td>
<td>$(64,742,037)</td>
</tr>
<tr>
<td><strong>Available Non-Voted Debt Capacity - net of Required Reserve</strong></td>
<td>$394,947,447</td>
</tr>
</tbody>
</table>

**Total General Purpose Indebtedness With A 3/5 Vote of the People (includes non-voted)**

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<thead>
<tr>
<th>Description</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Legal Limit 2.5% of Total Taxable Property Value</td>
<td>$1,079,033,949</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Indebtedness incurred - Non-Voted General Purposes</td>
<td>$187,730,886</td>
</tr>
<tr>
<td><strong>Indebtedness (Liabilities)</strong></td>
<td>$691,303,054</td>
</tr>
<tr>
<td>Voted General Obligation Bonds</td>
<td>-</td>
</tr>
<tr>
<td>Less Assets Available</td>
<td></td>
</tr>
<tr>
<td><strong>Indebtedness Incurred - Voted General Purposes</strong></td>
<td>- $(28,700)</td>
</tr>
<tr>
<td><strong>Total Remaining Debt Capacity - General Purposes</strong></td>
<td>$891,331,763</td>
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</tbody>
</table>
Financial Considerations

• 2023 Decrease (5.2%)
• Downside Economic Risk
  • Reduction of Assessed Value
  • Rating Agency Reserve
  • Recommend Reduce Capacity 25-30%
• Maintain Emergency Capacity
  • Natural Disaster
  • Bridge Collapse
  • Other Unforeseen Shock
  • Recommend Reduce Capacity by 20%
• Recommended Cap: $400M

891 Million
- 46 Million (5.2%)
  845 Million
- 267 Million (30%)
  578 Million
- 178 Million (20%)
  $400 Million
### Examples

<table>
<thead>
<tr>
<th>20 YRS Debt Amount</th>
<th>Est. Annual Debt Service*</th>
<th>Property Tax Rate (Est.)</th>
<th>Annual Household Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400 million</td>
<td>$33 – 36 million</td>
<td>$0.76 - $0.82</td>
<td>$354 - $385</td>
</tr>
<tr>
<td>$200 million</td>
<td>$16 – 18 million</td>
<td>$0.38 - $0.41</td>
<td>$177 - $193</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Property Tax – 10 YRS</th>
<th>Annual Revenue</th>
<th>Property Tax Rate (Est.)</th>
<th>Annual Household Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400 million</td>
<td>$40 million</td>
<td>$0.90 - $1.00</td>
<td>$440 - $450</td>
</tr>
<tr>
<td>$200 million</td>
<td>$20 million</td>
<td>$0.45 - $0.55</td>
<td>$220 - $225</td>
</tr>
</tbody>
</table>

* Estimated Interest Rate: 5%–6%
† Average Assessed Value (2023): $469,807
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