47º N Fiscal Assessment
Support for SEIS Addendum

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Prepared for: 47º N

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1. Overview

ECONorthwest is supporting EA Engineering on a Supplemental Environmental Impact Statement (SEIS) Addendum for the 47° North Project in Cle Elum. Draft and Final SEISs were issued in 2020 and 2021, respectively. ECONorthwest previously prepared the Fiscal and Economic analysis for the DSEIS and FSEIS. This report provides an updated analysis of the fiscal impacts to address agency impacts resulting from a Revised Proposal from Sun Communities. Sun Communities has purchased the 47° N site from Suncadia and has provided updated information about the scale, mix, value, and timing of their real estate development plans. This analysis also addresses the additional 50 affordable housing units and commercial center that are now incorporated into the project (these were not part of the project under SEIS Alternative 6), as well as proposed changes to development timing.

2. Updated Land Development Program

The fiscal impact analysis considers the marginal fiscal effects of 47° N by comparing the additional revenue generated by the development with the additional operational costs needed to serve the development. Comparing revenues and costs from development is a complicated task. For example, city revenues derived from development (e.g., property tax, sales tax, real estate excise tax, and other taxes or fees) all flow to different funds, some of which are available for use citywide in an annual budgeting process, and some of which are restricted in use in different ways.

Revenues also accrue over a period and may not be available at the time that an investment (a cost) is incurred. In this analysis, the approach is to estimate the present value of the total costs of providing service increases, and the present value of total revenue sources that are available to the city and other service providers. This analysis relies on a set of assumptions about revenues and costs which are plugged into a cash flow revenue model. The model is also based on development assumptions, including phasing and timing of development, to estimate changes in affected taxes. Assumptions about the type and expected delivery of development is outlined in the development program submitted by Sun Communities in the exhibit below.

Exhibit 1: Revised Project Land Development Program by Type, Scale, and Timing

Source: Sun Communities, 2022.

			Residential (units)				Commercial (square footage)			
Phase	Start	Finish	Single Family	Multi-family	Affordable	RV and Glamping	Grocery	Retail	Restaurant	Office
1	2023	2025	250	96	24	327	50,000	14,000	6,000	0
2	2025	2027	150	84	26	300	0	14,000	6,000	10,000
3	2027	2028	127	0	0	0	0	14,000	6,000	0
4	2029	2031	0	0	0	0	0	14,000	6,000	10,000
Total			527	180	50	627	50,000	56,000	24,000	20,000

The development of these projects will also fuel the growth of tax bases attributable to 47° N. The exhibit below summarizes the major valuation assumptions used to derive new construction, assessed value, and taxable retail sales tax basis. Construction and market values were provided by Sun Communities and are inclusive of land preparation and infrastructure investment.

Exhibit 2: Revised Project Valuation Assumptions for Major Tax Bases

Source: Sun Communities and ECONorthwest calculations, 2022.[1]

Residential	Construction Value (unit)	Market Value (unit)	Taxable Retail Sales (unit)
Single Family	$143,700	$368,700	$3,000
Multifamily	$202,100	$242,500	$2,500
Affordable	$147,400	$176,800	$2,000
RV Sites	$116,400	$169,600	$0

Commercial	Construction Value (sf)	Market Value (sf)	Taxable Retail Sales (sf)
Grocery Store	$230	$300	$230
Retail	$230	$300	$300
Restaurant	$230	$300	$330
Office	$230	$300	$0

Note: The anticipated sale price for single family homes will be $225,000 but this value is exclusive of improvements to the underlying land which will be owned by Sun Communities.

[1] The market value of single-family homes refers to the estimated sale price of the home. Sun Communities will maintain ownership of the underlying land.

3. Comparison to SEIS Alternative 6

This updated fiscal impact analysis builds on the previous DSEIS and FSEIS analyses and compares the fiscal impacts of the Revised Proposal to SEIS Alternative 6. As appropriate, references are made to SEIS Alternative 5 as well. No methods in the analysis have changed from the previous analysis; however, several assumptions have been updated in this updated analysis. These changes are described below.

Time Frame

The base year of the updated analysis incorporates information collected in 2022. The time horizon of the analysis shows impacts through 2037. The buildout year for the Revised Proposal is 2031 but 2037 is retained as an endpoint for the analysis so it can be compared to buildout of SEIS Alternative 6.

Development Program and Timing

The updated development program provided by Sun Communities differs from SEIS Alternative 6 in the following ways:

- **Timing.** Development in the revised program reaches full buildout sooner in the analysis period (2031).
- **Valuation.** Sun Communities has provided detailed information related to the following elements of their program:
    - Market valuation of for the commercial and residential properties.
    - Construction costs of the commercial and residential properties.
    - Economic productivity estimates of the commercial properties.
    - Land preparation and infrastructure construction estimates of the commercial and residential properties.

Within respect to timing, the amount of buildout varies between the alternatives:

- Alternative 5 assumed development occurring in phases starting in 2021 and reaching full buildout in 2051
- Alternative 6 assumed development occurring in phases starting in 2021 and reaching full buildout in 2036

The implication of these timing disparities between Alternative 5, Alternative 6, and the revised program presents challenges that makes simple yearly comparisons between alternatives very difficult. These include:

- Annual revenues are influenced by the degree of one-time construction related taxes versus the on-going operational taxes that flow once buildings are occupied. An extended buildout will have a larger share of one-time revenues as part of its total revenue mix.

- Annual expenditures are driven by the development program. A program that delivers buildout earlier will reach the full extent of the public service impacts sooner.

As a result, comparing the impacts of the Revised Proposal several years post-buildout to Alternative 6 at buildout is not an apples-to-apples comparison. The decrease in one-time revenues that is observed post-buildout would, in fact, occur for any of the alternatives after construction is complete.

Tax Policy

Tax policy was updated for all the affected jurisdictions. This update included the following meaningful information:

- City of Cle Elum
    - The property tax rate and levy calculations were updated with 2022 valuations for 2023 taxes.
    - The revenue sharing with Kittitas County for the public safety sales tax was added.
    - Business license fees were added.
    - The second 0.25% of the real estate excise taxes was adopted by the city.
- Kittitas Hospital District #2
    - The property tax rate and levy calculations were updated with 2022 valuations for 2023 taxes.
- Cle Elum-Roslyn School District
    - The property tax rate and levy calculations were updated to focus on the calculation methods for the enrichment levy because of the state McCleary decision.

Public Service Costs

Outside of the changes to the estimated staffing impacts identified in the Public Services section of the SEIS Addendum, the fiscal analysis has also updated employee compensation estimates. As analyzed with the SEIS Addendum, staff are incurred on a prorated basis depending on the amount of population (households and RV effective population) in any given year depending on buildout. The updated proposal by Sun Communities also assumes that all roads and parks will be privately constructed and maintained, which results in no public works or parks service responsibilities by the city of Cle Elum and, therefore, no cost impacts in these areas.

4. City of Cle Elum

The city of Cle Elum 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.

Tax Revenues

The following description of tax revenues is included for reference. Tax revenues were calculated based on the changes in the components of the city's tax base resulting from development at the site. Elements of growth that influence revenues include the timing, scale, and quality of the project's development as well as the population and employment impacts of the development once complete.

The updated proposal by Sun Communities also assumes that all roads, parks and utilities will be privately constructed and maintained, which results in no public works or parks service responsibilities by the city of Cle Elum and, therefore, no cost impacts in these areas. Therefore, the analysis seeks to isolate general tax revenues and public safety restricted revenues that can be used to fund police and fire related costs (e.g., the city collects some funds like the criminal justice sales tax that can only be used on public safety purposes). These revenues are separate from other revenues the city will see that can be dedicated to areas where there is anticipated to be no service impacts.

Tax revenues are estimated in three categories:

- **One-time Revenues.** These general-purpose revenues (or for public safety) are tied to the construction of housing and commercial products. Specifically, they include the retail sales tax on construction (material and labor).
- **Recurring Revenues.** These general-purpose revenues (or for public safety) are derived from the occupation of residential and commercial structures by residents, businesses, and employees. Specific revenues include the property tax, retail sales tax (resulting from new sales tax sourcing rules), and utility taxes.
- **Restricted Revenues.** These revenues are statutorily restricted to fund certain capital expenses and are generally not available to fund public safety service costs. Specific revenues include the real estate excise tax and the hotel-motel tax.

Property Taxes

The analysis models the city's property tax so that it conforms to the levy limit factor and adjusts for changes to new construction and assessed value growth. Specifically:

- A limit factor of 1% plus an add-on value of new construction is assumed in calculating the city's maximum allowable levy.

- New construction is added in the year that a project is developed per the development program and affects the levy calculation in the following year.
- Property tax revenues are lagged a year from which the assessed value is recorded to account for the assessment cycle and subsequent tax payments.
- New construction at the city level is capped at 1.7% of the city's overall assessed value base (the city historical average); however, this cap can be exceeded by growth within 47° N.
- Assessed value growth once placed on the city's assessment base is assumed to be revalued at 2.5% a year.

The effect of these assumptions results in property tax revenue growth over the study period as new construction grows the city's levy pass the 1% limit factor. Much of this effect is explained by the structural/ legislative parameters explained above but is best represented by the steady lowering of the city's levy rate, which is estimated to fall over the study period. The analysis does not impose any policy choices by elected officials or voters such as "banking" levy capacity or voter-approved levy lid lifts.

Sales & Use Taxes

Of the 8.1% sales tax currently collected in the city on taxable retail sales purchases, a 1% "local" share of the tax accrues to local jurisdiction. The city receives 85% of the 1% local tax and Kittitas County gets 15%. This tax is levied on retail sales area and on construction activity (considered a taxable retail sales). Due to sales tax sourcing laws, taxable retail sales also apply to certain online purchases and the delivery of personal and commercial goods.

Cle Elum also receives a population pro-rata share of the city allocation of Kittitas County's 0.1% criminal justice sales tax that goes to the incorporated cities in the county. Increase in the criminal justice tax is modeled on net increases in population due to development.

Kittitas County also levies a 0.3% public safety sales tax that must be used on public safety costs. The county shares revenue with the towns of Cle Elum, Roslyn, Ellensburg, Kittitas, and South Cle Elum. Increase in the public safety sale tax revenue sharing going to Cle Elum is modeled on net increases in population due to development.

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 square foot basis of development) was used to generate estimates of utility purchases. The city's current utility tax rates:

- Water: 6.0%
- Wastewater: 6.0%
- Electric: 6.0%
- Natural Gas: 6.0%
- Telephone/Mobile: 6.0%

State Shared Motor Vehicle Fuel Tax & Liquor Board/Taxes

Local governments receive a gas tax distribution that is restricted for street purposes from the state of Washington. Cities also receive pro rata payments from Liquor Excise Tax, Liquor Board Profits, and Marijuana Excise Tax. The distribution is determined using a formula that is heavily weighted towards population. The analysis uses population growth as proxy of this formula to derive these revenues to the city.

Business License Fees

The city levies a fee for the privilege of doing business in the city. Since there are no identified number of businesses at 47° N at this time, the analysis assumes that the average business consists of 10 employees and would be levied at the $100 per business per year fee.

Real Estate Excise Tax (REET)

Real estate transactions are subject to a 0.5% tax on the value of the transaction within the city as of 2022. 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 each 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 single-family homes would be sold initially and then 14.3% of all market value would turn over (re-sold) in any given year (this assumption is based on the market value of sales in Cle Elum in 2021 subject to the REET as percentage of the city's assessed value base). It is assumed that all the commercial components of the development program are sold a single time once the project reaches buildout in 2031. Sun Communities has indicated it expects that approximately 50% of the single-family units would be rentals, with an assumed 10% of the rented units being purchased each year. At full buildout, it is anticipated that an average of 10% of the single-family homes would be rented (consistent with other communities). This does not impact the REET assumptions since tenure (rental and ownership) are still a part of the real estate transaction base.

Special Hotel/Motel Tax

A two percent hotel tax is imposed by the city of Cle Elum. The Special Hotel/Motel and Convention and Trade Center taxes are in addition to state and local sales tax for businesses that provide lodging. These revenues must be used for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities. Revenues are estimated using the information provided by Sun Communities for the RV facilities.

Service Impacts

City of Cle Elum police and fire service provision will be impacted by proposed development. The Revised Proposal by Sun Communities assumes that all road and parks will be privately constructed and maintained, which will result in no public works or parks service responsibilities by the city and, therefore, no cost impacts. The analysis uses the Public Service impact analysis in the SEIS Addendum to inform employee cost estimates on a per FTE (full-time equivalent) basis.

Police Services

The Public Services analysis in the SEIS Addendum estimates that 8.0 officers will be needed at development buildout of the Revised Proposal. Officers are added to meet proportionate demand based on the officer to population growth ratios used in the Public Services section. Refer to the Public Services section of the Addendum and the SEIS for additional information about the different methods for estimating demand. Note that the population method includes the population from the proposed residential units, as well as a proxy population calculated for the RV sites to conservatively analyze impacts on police service. As noted in the Public Services discussion, the RV proxy population used in the analysis is likely overly conservative and overestimates probable impacts associated with the RV element of the proposal. The following assumptions are used to approximate the cost of a police officer:

- The salary schedule for a police officer with 12 months of experience per the salary schedule in the city of Cle Elum. This level equates to an annual salary of $59,496 in 2022.
- A benefit multiplier of 38.1% is used based on the *Employer Costs for Employee Compensation for state and local government workers by occupational and industry group* as estimated by the U.S. Bureau of Labor Statistic’s National Compensation Survey (May 2021 release).
- An annual non-labor cost of $10,000 per full-time equivalent (FTE) to account for training, radio, equipment, vehicle, and other overhead costs.
- All costs are inflated to the year of incurrence at a rate of 3.0% to account for inflation and other salary step increases.

The city’s police department submitted staffing and cost information for the project’s impacts on police service using a methodology recommended by the International City Managers Association (ICMA)The Public Services section (using a population-based to service-based formula) and the police department's ICMA method both estimate a need for 8 police officers. The Public Services section reaches the full allotment upon buildout in 2031 (e.g., officers are added to meet proportionate demand based on the officer to population growth ratios used in the Public Services section). The police department's ICMA method assumes 4 officers are brought on in 2023 and the remaining 4 are added in 2027. However, the methods and assumptions used by the department were not documented in a manner such that the analysis could be explained or reproduced. Therefore, that aspect of the analysis is not included in this updated fiscal impact analysis.

Fire Services

The Public Services analysis for the SEIS Addendum estimates an impact of 1.6 firefighters will be needed at development buildout under the Revised Proposal. Firefighters are added to meet demand proportionate to population growth at 47° N (see the note above and in the Public Services section regarding the RV proxy population). The following assumptions are used to approximate the cost of a firefighter:

- An annual salary of $56,740 in 2022 is assumed based on the U.S. Bureau of Labor Statistics May 2021 State Occupational Employment and Wage Estimate for Washington State using the Eastern Washington Nonmetropolitan Area that includes Kittitas County (the average annual wage is used).
- A benefit multiplier of 38.1% is used based on the *Employer Costs for Employee Compensation for state and local government workers by occupational and industry group* as estimated by the U.S. Bureau of Labor Statistic's National Compensation Survey (May 2021 release).
- An annual non-labor cost of $5,000 per full-time equivalent to account for training, equipment, and other overhead costs.
- All costs are inflated to the year of incurrence at a rate of 3.0%.

Fiscal Impacts

Exhibit 3 and Exhibit 4 summarize the cost and revenue impact of the 47° N development under the Revised Proposal to the City of Cle Elem. On the revenue side, the summary includes restricted revenues of REET (both 0.25% parts), the hotel-motel tax, and the motor vehicle fuel tax (as part of state shared revenues) that cannot be used to fund police or fire service costs. By 2037, annual city costs are estimated to be $1.4 million a year. By 2037, annual city revenues are estimated to be $2.1 million a year. Buildout of the Revised Proposal would occur in 2031; results to 2037 are provided to facilitate comparisons to SEIS Alternative 6. As noted above, comparing the Revised Proposal after buildout to Alternative 6 at buildout may not be an apples-to-apples comparison.

Exhibit 3: Revised Proposal – Summary of Cost Impacts for Cle Elum

Source: ECONorthwest calculations, 2022.

	2023	2024	2025	2026	2027	2028	2029	2030
Police	$0	$197,000	$405,000	$581,000	$766,000	$835,000	$908,000	$935,000
Fire	$0	$37,000	$75,000	$108,000	$143,000	$155,000	$169,000	$174,000
Total	$0	$233,000	$481,000	$689,000	$908,000	$991,000	$1,077,000	$1,109,000

	2031	2032	2033	2034	2035	2036	2037
Police	$963,000	$992,000	$1,022,000	$1,053,000	$1,084,000	$1,117,000	$1,150,000
Fire	$179,000	$185,000	$190,000	$196,000	$202,000	$208,000	$214,000
Total	$1,142,000	$1,177,000	$1,212,000	$1,248,000	$1,286,000	$1,324,000	$1,364,000

Exhibit 4: Revised Proposal – Summary of Revenue Impacts for Cle Elum

Source: ECONorthwest calculations, 2022.

	2023	2024	2025	2026	2027	2028	2029	2030
Property Tax	$0	$199,000	$404,000	$549,000	$698,000	$759,000	$822,000	$840,000
Sales Tax on Construction	$587,000	$605,000	$415,000	$427,000	$112,000	$115,000	$35,000	$36,000
Sales Tax Ongoing	$0	$83,000	$171,000	$209,000	$250,000	$290,000	$333,000	$376,000
Utility Taxes	$36,000	$73,000	$102,000	$133,000	$144,000	$155,000	$160,000	$165,000
Criminal Justice & Public Safety	$0	$43,000	$89,000	$123,000	$159,000	$180,000	$203,000	$209,000
State Shared Taxes	$0	$16,000	$34,000	$47,000	$60,000	$68,000	$77,000	$79,000
Business License Fees	$0	$0	$1,000	$1,000	$1,000	$1,000	$2,000	$2,000
REET	$0	$236,000	$269,000	$208,000	$230,000	$230,000	$249,000	$149,000
Hotel-Motel Tax	$0	$101,000	$209,000	$314,000	$424,000	$437,000	$450,000	$464,000
Total	$623,000	$1,256,000	$1,484,000	$1,698,000	$1,654,000	$1,800,000	$1,881,000	$1,857,000

	2031	2032	2033	2034	2035	2036	2037
Property Tax	$858,000	$866,000	$875,000	$884,000	$893,000	$902,000	$912,000
Sales Tax on Construction	$0	$0	$0	$0	$0	$0	$0
Sales Tax Ongoing	$422,000	$434,000	$448,000	$461,000	$475,000	$489,000	$504,000
Utility Taxes	$170,000	$174,000	$178,000	$183,000	$187,000	$192,000	$197,000
Criminal Justice & Public Safety	$215,000	$222,000	$228,000	$235,000	$242,000	$249,000	$257,000
State Shared Taxes	$82,000	$84,000	$87,000	$89,000	$92,000	$95,000	$97,000
Business License Fees	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
REET	$618,000	$157,000	$161,000	$165,000	$169,000	$173,000	$177,000
Hotel-Motel Tax	$478,000	$492,000	$507,000	$522,000	$538,000	$554,000	$570,000
Total	$2,366,000	$1,939,000	$1,978,000	$2,019,000	$2,060,000	$2,102,000	$2,145,000

Exhibit 5 summarizes the net annual surplus or deficit of the estimate costs and revenues. For revenues, restricted revenues of the REET, hotel-motel tax, and motor vehicle fuel taxes are excluded from the balance since they cannot be used to fund these public services. Development at 47° N is estimated to create fiscal surpluses that accumulate over time; $8.7 million in restricted revenues are excluded from the general revenue fund and would be additive to this operating surplus.

By year 2037, which is 6 years after buildout of the Revised Proposal, the city is estimated to have a cumulative revenue surplus of $2.9 million of general revenues to support police and fire expenses with the Revised Proposal. Initial annual surplus revenues coming from one-time sales taxes on construction will fall once development is complete and will combine with rising services costs to produce a situation where annual surpluses give way to a small deficit in only 2037. However, on top of the $2.9 million in cumulative general revenues to support police and fire, the city will also have an additional $9.7 million in other restricted revenues for which it has no corresponding public service cost to account for (this is additive to the $2.9 million cumulative surplus in 2037 covering public safety costs).

Exhibit 5: Revised Proposal – Surplus/Deficit of Costs and Revenues for Cle Elum
Source: ECONorthwest calculation, 2022.

	2023	2024	2025	2026	2027	2028	2029	2030
Total Costs	$0	$233,000	$481,000	$689,000	$908,000	$991,000	$1,077,000	$1,109,000
Total Non-Restricted Revenues	$623,000	$911,000	$990,000	$1,154,000	$972,000	$1,101,000	$1,146,000	$1,207,000
Annual Surplus/Deficit	$623,000	$678,000	$509,000	$465,000	$64,000	$110,000	$69,000	$98,000
Cumulative Impact	$623,000	$1,301,000	$1,810,000	$2,275,000	$2,339,000	$2,449,000	$2,518,000	$2,616,000
Other Cumulative Restricted Revenues	$0	$345,000	$839,000	$1,383,000	$2,065,000	$2,764,000	$3,499,000	$4,149,000

	2031	2032	2033	2034	2035	2036	2037
Total Costs	$1,142,000	$1,177,000	$1,212,000	$1,248,000	$1,286,000	$1,324,000	$1,364,000
Total Non-Restricted Revenues	$1,231,000	$1,250,000	$1,269,000	$1,290,000	$1,309,000	$1,330,000	$1,352,000
Annual Surplus/Deficit	$89,000	$73,000	$57,000	$42,000	$23,000	$6,000	-$12,000
Cumulative Impact	$2,705,000	$2,778,000	$2,835,000	$2,877,000	$2,900,000	$2,906,000	$2,894,000
Other Cumulative Restricted Revenues	$5,284,000	$5,973,000	$6,682,000	$7,411,000	$8,162,000	$8,934,000	$9,727,000

Comparison of Revised Proposal to SEIS Alternative 5 and SEIS Alternative 6

The SEIS estimated that Alternative 5 and Alternative 6 would result in cumulative fiscal surpluses to the City in 2037 ($6.3 million and $2. million, respectively). The fiscal surplus of the Revised Proposal would similarly result in a positive surplus.

5. Kittitas Hospital District #2

Kittitas Hospital District No. 2 operates Medic One ambulance services and responds to calls from a point about halfway to Ellensburg all the way to Snoqualmie Pass. The District also owns KVH Family Medicine Clinic in Cle Elum where medical services are provided. The District leases the clinic building to Kittitas Valley Healthcare (Hospital District #1) for their operation of the KVH Family Medicine (Cle Elum Rural Health Clinic). In 2020, Kittitas Valley Healthcare paid the District $278,868 to lease the clinic building and in 2021 paid $284,626 to lease the clinic building. Kittitas Valley Healthcare operates an Urgent Care Clinic in Cle Elum seven days per week from 10 am to 10 pm. The District provides a subsidy to help offset the cost of operating the clinic. The subsidy was $187,466 in 2020 and $191,215 in 2021.[2]

Tax Revenues

The hospital district collects two distinct property tax levies to fund two different services.

Property Tax – EMS Levy

The district voters passed a permanent EMS levy not to exceed $0.25 per $1,000 of assessed value in 2016 (before that, the levy had to be approved periodically by voters). This is a regular levy (meaning it is subject to constitutional limits) in Washington and is modelled like the provisions of the city of Cle Elum's property tax, also a regular levy.

Property Tax – Regular Levy

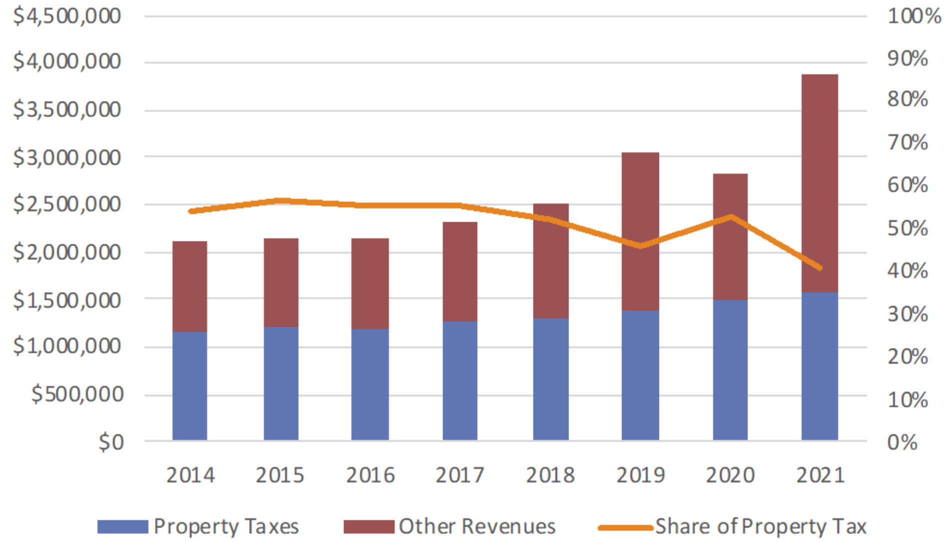
The district uses the regular levy of up $0.25 per $1,000 of assessed value. This is a regular levy (meaning it is subject to constitutional limits) in Washington and is modelled like the provisions of the city of Cle Elum's property tax, also a regular levy.

Other Revenues

Reoccurring revenues received by Hospital District #2 include patient/service fees and property taxes. The exhibit below presents a summary of the District's cumulative revenues received through their operating property tax levies (EMS and Hospital) and other revenue source. In 2021, patient service fees and other revenues accounted for about 59% of the District's total revenues. The analysis assumes that service fees would scale to meet additional costs beyond revenues provided by property tax revenues alone, as they have in the past. For example, if new hires are required to accommodate increased service needs, then revenues from services fees would theoretically increase too.

[2] Office of the Washington State Auditor. Audit Report on Financial Statements (November 2021).

Exhibit 6: Summary of Kittitas Hospital District #2 Revenues
Source: Washington State Auditor Financial Intelligence Tool, 2022.



Service Impacts

Medic One

The Public Services analysis in the SEIS Addendum estimates that 5.4 EMTs and 6.6 paramedics will be needed at development buildout of the Revised Proposal. These personnel would be needed to meet demand proportionate to estimated population growth at 47° N (including the assumed RV proxy population which is likely overly-conservative). The following assumptions are used to approximate the cost of a of these staff:

- An annual salary of $36,500 for an EMT and $54,380 for paramedics in 2022 is assumed based on the U.S. Bureau of Labor Statistics May 2021 State Occupational Employment and Wage Estimate for Washington State using the Eastern Washington Nonmetropolitan Area that includes Kittitas County (the average annual wage is used).
- A benefit multiplier of 38.1% is used based on the *Employer Costs for Employee Compensation for state and local government workers by occupational and industry group* as estimated by the U.S. Bureau of Labor Statistic's National Compensation Survey (May 2021 release).
- All costs are inflated to the year of incurrence at a rate of 3.0%.

Cle Elum Clinic

The Public Services analysis in the SEIS Addendum estimates an impact of 0.6 physicians, 4.8 APCs, and 3.6 RNs will be needed at development buildout of the Revised Proposal. These personnel are added to meet demand proportionate to population growth at 47° N. As noted previously, the population used to estimate impacts includes a proxy RV population factor which is likely overly-conservative. The following assumptions are used to approximate the cost of a of these staff:

- An annual salary of $280,360 for a physician and $124,590 for an APC, $85,090 for RN in 2022 is assumed based on the U.S. Bureau of Labor Statistics May 2021 State Occupational Employment and Wage Estimate for Washington State using the Eastern Washington Nonmetropolitan Area that includes Kittitas County (the average annual wage is used).
- A benefit multiplier of 38.1% is used based on the *Employer Costs for Employee Compensation for state and local government workers by occupational and industry group* as estimated by the U.S. Bureau of Labor Statistic's National Compensation Survey (May 2021 release).
- All costs are inflated to the year of incurrence at a rate of 3.0%.

Fiscal Impact

Medic One

The cost and revenue impacts of the Revised Proposal are summarized in the exhibits below. Medic One supports its services through a combination of property taxes and charges for its services. Results below show only the property tax component relative to increased personnel costs and, therefore, does not present a complete or accurate picture of future fiscal condition. Although costs are higher than property tax revenues in the analysis, Medic One also receives user service charges that make up a large proportion of its revenues.

The analysis assumes that patient service fees could scale to meet additional costs beyond revenues provided by property tax revenues. For example, if new hires are required to accommodate increased service needs, then revenues from services fees would increase as well per charges for service from the district. Again, this is a key assumption, but this analysis has no publicly available data from the District to rule out if there is a structural issue between its cost of service relative to the combination of fees and taxes it receives. However, the District has grown its beginning fund balances over time during a period where both property taxes continue to grow while also representing a smaller share of overall revenues. In 2014, for example, it had a beginning balance of $3,435,567 which had grown to $6,366,267 in 2021.[3] In summary, the analysis finds that all service impacts and any hypothetical shortfalls could be wholly offset by adjusting patient service fees.

Exhibit 7: Revised Proposal - Summary of Costs for EMS Medic One
Source: ECONorthwest calculation, 2022.

Costs	2023	2024	2025	2026	2027	2028	2029	2030
Personnel	$0	$184,000	$379,000	$542,000	$716,000	$780,000	$848,000	$874,000

Costs	2031	2032	2033	2034	2035	2036	2037
Personnel	$900,000	$927,000	$955,000	$983,000	$1,013,000	$1,043,000	$1,075,000

[3] Office of the Washington State Auditor, Financial Intelligence Tool, 2022.

Exhibit 8: Revised Proposal - Summary of Local Tax Revenues for EMS Medic One
Source: ECONorthwest calculation, 2022.

Revenues	2023	2024	2025	2026	2027	2028	2029	2030
EMS Property Taxes	$0	$17,000	$34,000	$47,000	$59,000	$65,000	$70,000	$71,000

Revenues	2031	2032	2033	2034	2035	2036	2037
EMS Property Taxes	$73,000	$74,000	$74,000	$75,000	$76,000	$77,000	$77,000

Note: In 2021, patient service fees and other revenues accounted for about 59% of the District's total revenues.

Cle Elum Clinic

The cost and revenue impacts of the Revised Proposal are summarized in the exhibit below. Results below show only the property tax component of revenues relative to increased personnel costs and, therefore, present an incomplete picture of future fiscal conditions.

The Cle Elum Clinic is run by Kittitas Valley Healthcare (Hospital District #1) but supported in part by Hospital District 2 through their ownership of the facility. Although costs are higher than property tax revenues in the analysis, the clinic also receives user service charges that make up most of its revenue base. The analysis assumes that patient service fees could scale to meet additional costs beyond revenues provided by property tax revenues.

For example, if new hires are required to accommodate increased service needs, then revenues from services fees would increase as well per charges for service from the district. Kittitas Valley Healthcare states that its services are almost exclusively supported by revenue generated from patient services.[4] District #2 also receives property taxes and as well as payments made by Kittitas Valley Healthcare to District #2 for lease of the medical facility. Again, this is a key assumption and is based on information from Kittitas Valley Healthcare acknowledging that their services are supported by revenue from patient service charges. In summary, the analysis finds that all service impacts and any hypothetical shortfalls could be wholly offset by adjusting patient service fees.

Exhibit 9: Revised Proposal - Summary of Costs for Cle Elum Clinic
Source: ECONorthwest calculation, 2022.

Costs	2023	2024	2025	2026	2027	2028	2029	2030
Personnel	$0	$355,000	$731,000	$1,046,000	$1,380,000	$1,505,000	$1,636,000	$1,686,000

Costs	2031	2032	2033	2034	2035	2036	2037
Personnel	$1,736,000	$1,788,000	$1,842,000	$1,897,000	$1,954,000	$2,013,000	$2,073,000

[4] https://www.kvhealthcare.org/about-us/

Exhibit 10: Revised Proposal - Summary of Local Tax Revenues for Cle Elum Clinic
Source: ECONorthwest calculation, 2022.

Revenues	2023	2024	2025	2026	2027	2028	2029	2030
Regular Property Taxes	$0	$18,000	$37,000	$50,000	$64,000	$69,000	$75,000	$76,000

Revenues	2031	2032	2033	2034	2035	2036	2037
Regular Property Taxes	$78,000	$79,000	$80,000	$80,000	$81,000	$82,000	$83,000

Note: In 2021, patient service fees and other revenues accounted for about 59% of the District's total revenues.

Comparison Revised Proposal to SEIS Alternative 5 and SEIS Alternative 6

The SEIS fiscal analysis estimated that SEIS Alternative 5 and Alternative 6 would generate more in service costs than property tax revenues by 2037. However, District revenues come primarily from user fees rather than property taxes, so property tax revenues alone provide an incomplete picture of fiscal conditions. The SEIS noted that service fees have scaled to meet costs beyond property tax revenue in past years and that condition would likely continue in the future. Buildout of the Revised Proposal would occur in 2031; results to 2037 are provided to facilitate comparisons to SEIS Alternative 6.

6. Kittitas Hospital District #1

Hospital District #1 provides care to Kittitas County and surrounding areas. The public hospital district is governed by a five-member elected Board of Commissioners and is almost exclusively supported by revenue generated from patient services. The 2020/2021 SEIS did not evaluate fiscal impacts to Hospital District #1 because the 47° N property is not within the District's taxing district. Similarly, the 2002 Bullfrog Flats Master Site Plan EIS did not evaluate fiscal impacts to the District.

Revenues

47° N (and the city of Cle Elum) is not located within the district's boundary and taxing area; therefore, there is no property tax revenue that would accrue to the district from the project. However, the site is broadly within the district's service area (it's the closest regional hospital) and 47° N would result in additional demand for services from the district and cost impacts, as described below. Note that District 1 also operates the Cle Elum Clinic, which is discussed above.

District 1 generates almost all revenues from user fees and states that its services are almost exclusively supported by revenue generated from patient services.[5]. Its main reccurring revenues received include patient/service fees and other sources of funds including its property tax levy. In 2021, the district collected $5,061 in property taxes as part of its total revenue of $118,867,617 (property tax accounts for 0.004% of all revenues).

Service Impacts

The Public Services analysis in the SEIS Addendum estimates an impact of 0.9 physicians, 0.2 APCs, and 5.4 RNs will be needed at development buildout of the Revised Proposal at the Ellensburg Hospital. The Public Services analysis in the SEIS Addendum included a staffing impact analysis based on hypothetical ratios of staff to population assuming a district population of 50,000. These impacts are not evaluated in the Addendum or costed in the fiscal analysis for reasons described in the Public Services section.

Fiscal Impact

The analysis finds that tax revenues overall comprise a minor portion of District 1 total revenues and that all service impacts could be wholly supported by patient service fees.

[5] https://www.kvhealthcare.org/about-us/

7. Kittitas County 911 - KITTCOM

Revenues

KITTCOM is funded primarily by intergovernmental revenue as well as fees paid by emergency service subscribers (which varies by subscriber based on the dispatch service costs) and through monthly excise taxes levied on telephone lines ($0.70 per line: land, mobile, voice over internet protocol (VOIP)).

Line Charges

The analysis uses the following phone line charge assumptions:

- Telephone tax rate remains at $0.70 per line
- Lines per household is 2.0 and lines per employee is 0.2

Service Impacts

The Public Services analysis in the SEIS Addendum estimates an impact 0.8 dispatcher will be needed at development buildout of the Revised Proposal. These personnel are added to meet demand proportionate to population growth at 47° N. The following assumptions are used to approximate the cost of a of these staff:

- Total compensation for a dispatcher $133,280 based on a 2019 budget analysis of KITTCOM relating dispatch personnel compensation costs to the number of dispatcher (the 2019 figure has been adjusted for inflation).
- All costs are inflated to the year of incurrence at a rate of 3.0%.

Fiscal Impact

The exhibit below summarizes the cost impact of the Revised Proposal. Reoccurring revenues received by Kittitas County 9-1-1 predominately include intergovernmental revenues, fees paid by emergency service subscribers, and a monthly tax applied on telephone lines. Residents of 47° N are expected to pay similar levels of line fees per household as existing residents of the City (and the district as a whole). While projected new staffing costs exceed phone line revenues, the analysis is limited to line charge revenues and estimates of intergovernmental revenues and/or subscriber fees which historically have and could be restructured to cover additional funding needs. Line charge revenues alone, therefore, provide an incomplete picture of fiscal conditions.

Exhibit 11: Revised Proposal - Summary of Costs for KITTCOM
Source: ECONorthwest calculation, 2022.

Costs	2023	2024	2025	2026	2027	2028	2029	2030
Dispatch	$0	$11,000	$39,000	$69,000	$95,000	$111,000	$121,000	$131,000

Costs	2031	2032	2033	2034	2035	2036	2037
Dispatch	$135,000	$139,000	$143,000	$148,000	$152,000	$157,000	$161,000

Exhibit 12: Revised Proposal - Summary of Line Fees and Other Revenues for KITTCOM
Source: ECONorthwest calculation, 2022.

Revenues	2023	2024	2025	2026	2027	2028	2029	2030
Line Charge Revenues	$0	$3,000	$6,000	$9,000	$11,000	$12,000	$13,000	$13,000

Revenues	2031	2032	2033	2034	2035	2036	2037
Line Charge Revenues	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000	$13,000

Comparison of Revised Proposal to SEIS Alternative 5 and SEIS Alternative 6

The SEIS fiscal analysis estimated that both Alternative 5) and Alternative 6 would generate more in service costs than line tax revenues by 2037. However, it was noted that subscriber fees could scale to meet costs beyond line fee revenue as has been the case historically for KITTCOM. The Revised Proposal reflects the same conclusion as SEIS Alternative 5 and SEIS Alternative 6 as summarized above.

8. Cle Elum-Roslyn School District

Tax Revenues

Property Tax

In 2019, maintenance and operations levies proposed by local school districts and approved by voters were replaced by enrichment levies as part of the state's McCleary resolution. Enrichment levies are capped at the lesser of $1.50 per $1,000 of assessed value or $2,500 per full-time equivalent student. For taxes due in 2020 and beyond, the levy cap for voter-approved enrichment levies has increased. Enrichment levies are capped at the lesser of two limits for districts with less than 40,000 full-time students (which would include Cle Elum-Roslyn School District):

- $2.50 per $1,000 of assessed value, or
- $2,500 per full-time equivalent student, adjusted by inflation for taxes due in 2021 and later.

Since the district's enrichment levy is lower than the $2.50 threshold, the levy is estimated on the $2,500 per full-time equivalent student basis (adjusted for inflation at 3% a year). For the analysis, households are transformed into students using the district student generation rate and the incremental levy impact is computed by the growth in students coming from 47° N.

Service Impacts

Teachers

The Public Services analysis in the SEIS Addendum estimates an impact of 15.8 teachers will be needed at development buildout of the Revised Proposal. These personnel are added to meet demand proportionate to population growth at 47° N. The following assumptions are used to approximate the cost of a of these staff:

- An annual salary of $75,440 for a teacher is assumed based on the U.S. Bureau of Labor Statistics May 2021 State Occupational Employment and Wage Estimate for Washington State using the Eastern Washington Nonmetropolitan Area that includes Kittitas County (the average annual wage is used).
- A benefit multiplier of 38.1% is used based on the *Employer Costs for Employee Compensation for state and local government workers by occupational and industry group* as estimated by the U.S. Bureau of Labor Statistic's National Compensation Survey (May 2021 release).
- All costs are inflated to the year of incurrence at a rate of 3.0%.

Buses

The Public Services analysis in the SEIS Addendum estimates an impact 3.9 to 5.2 new buses will be needed at development buildout of the Revised Proposal. It is assumed that the reasonable estimate for a new diesel bus is $150,000 per vehicle.

Fiscal Impact

The exhibit below summarizes the cost impact of the Revised Proposal. While costs exceed enrichment levy revenues, the School District will also receive intergovernmental revenues, the majority through state school funding support. This source accounts for over 75% of total District revenues. The analysis assumes that these sources of state and federal support would scale to meet these service costs. The impact on the school's main enrichment levy would be the same for every student generated within the development as it is for the existing district due to the changes in how local enrichment levies function after the McCleary resolution.

Exhibit 13: Revised Proposal - Summary of Costs for the School District

Source: ECONorthwest calculation, 2022.

Costs	2023	2024	2025	2026	2027	2028	2029	2030
Teachers	$0	$429,000	$885,000	$1,227,000	$1,589,000	$1,802,000	$2,026,000	$2,087,000

Costs	2031	2032	2033	2034	2035	2036	2037
Teachers	$2,149,000	$2,214,000	$2,280,000	$2,349,000	$2,419,000	$2,492,000	$2,566,000

Exhibit 14: Revised Proposal - Summary of Local Tax Revenues for the School District

Source: ECONorthwest calculation, 2022.

Revenues	2023	2024	2025	2026	2027	2028	2029	2030
Enrichment Property Taxes	$0	$157,000	$324,000	$449,000	$581,000	$659,000	$741,000	$763,000

Revenues	2031	2032	2033	2034	2035	2036	2037
Enrichment Property Taxes	$786,000	$810,000	$834,000	$859,000	$885,000	$911,000	$939,000

The cost of needed buses is estimated between $585,000 and $780,000. There is state funding for the purchase of school buses, but it typically does not cover the full cost of a school bus.

Comparison Revised Proposal to SEIS Alternative 5 and SEIS Alternative 6

The SEIS fiscal analysis estimated that both Alternative 5) and Alternative 6 would generate more service costs than local property tax revenues by 2037. The Revised Proposal would similarly generate greater costs than local revenues. However, the SEIS and this analysis note that intergovernmental funds have scaled to meet costs beyond local property tax revenue historically and are expected to do the same in the future.

9. Mitigation Discussion and Recommended Measures

This section identifies appropriate mitigation measures for the potential fiscal impacts identified in the previous discussion . Proposed measures are specific to mitigating the impacts of the Revised Proposal by Sun Communities. The Public Services analysis for the SEIS Addendum notes that the applicant is currently working with affected public service providers to execute mitigation agreements, where appropriate and to the extent possible, and to create a program to monitor actual revenues, and possibly expenses, for the provider. The program would, to the maximum extent possible, strive to time expenditures to the availability of revenues and strive to time capital expenditures to when the jurisdiction has sufficient capacity to issue bonds for the improvements and sufficient tax revenue to service the debt. Executed agreements would be included or referenced in a Development Agreement. The program could also rely on shortfall mitigation payments to address any identified adverse fiscal impacts identified through the monitoring program.

The cost analysis for affected jurisdictions is based on FTE estimates based on personnel-to-population ratios. For assigning costs and considering mitigation agreements, three factors should be considered:

1. Personnel-to-population ratios are a reasonable method to approximate staffing impacts but can overstate the true cost of delivering services. This is because they frame the need using averages as opposed to understanding the marginal approach to delivering services where governments benefit from economies of scale and the efficiencies that go with them. In this SEIS Addendum, this approach is reasonable as the analysis seeks to understand the potential outer bounds of potential impacts.
2. Population-based standards are commonly used and convenient formulas to use in the absence of adopted service standards. These personnel-to-population ratios used in the Public Service analysis are based on the population of households living in the area relative to the staffing in place. However, that staffing not only serves those living in the district but also those visiting the area. For example, the staffing for the police force for the city of Cle Elum is clearly driven by not only residents of the city but also the many visitors to the city's commercial areas and those passing through the City. Therefore, the use of 47° N household population in combination with the RV Resort visitors "proxy" population amplifies the effect of these visitors since they are likely "accounted" for in the personnel-to-permanent population ratios. In effect, therefore, the RV proxy population may involve double counting.
3. The use of the personnel-to-population ratios results in the computation of fractional FTEs relative to buildout at 47° N. While revenues can be added in a more linear fashion (i.e., there is a relationship between investment/valuation and taxes generated), costs can tend to be "lumpier" since it can be hard to hire 0.2 FTE for example and an agency may have to hire for a larger (or smaller) share of full-time employment. The timing and

extent of these more practical consideration will also determine when costs are incurred relative to the availability of revenues.

Measures to Mitigate Fiscal Impacts

This section organizes fiscal mitigation measures by taxing authority/entity. It should be noted that the original approval required execution of a mitigation agreement with each service provider.

City of Cle Elum

The pre-annexation agreement for the approved Trendwest UGA Master Site Plan (FEIS Alternative 5) identified several conditions to mitigate fiscal shortfalls and to ensure existing citizens and ratepayers would not suffer negative financial impacts because of the development. Conditions cited that Trendwest would: allow a Municipal Facilities and Services Expansion Plan to guide capital expansions; make fiscal shortfall mitigation payments; pay for the development's share of planning, water/wastewater treatment plant construction, and permit fees; and coordinate security forces with police and fire services. This analysis calculated net fiscal impacts for the city of Cle Elum. For the Revised Proposal, the analysis identifies:

- A cumulative net surplus in year 2037 of $2.9 million to cover police and fire costs.
- An additional cumulative surplus of $9.7 million in restricted revenues.

Based on this analysis, mitigation for fiscal impact to the City of Cle Elum is not anticipated to be necessary to maintain the fiscal balance of the underlying impacted enterprise.

The estimates provided as part of this analysis are based on the best information available but are not certain as an outcome. The economy is a very dynamic place and economic shocks (both positive and negative) are hard to forecast with any precision (e.g., timing, direction, magnitude, and duration). The actual performance of the city's fiscal situation will be highly influenced by these economic shocks as well as the measures undertaken by federal, state, and local policy makers.

An additional complicating element is understanding the city's underlying fiscal position absent growth at 47° N. For example, Washington State's tax policy favors land development for local jurisdictions by allowing for the taxation on construction activity and accounting for new construction add-on value to exceed the 1% limit on levy growth originally imposed by I-747. In this light, growth at 47° N and its estimated fiscal surplus helps subsidize other parts of the city enterprise or deal with underlying cost and revenue imbalances in the city. For example, growth at neighbor Suncadia and within the city have driven city revenues over the past decade. In 2011, city revenues totaled $2.4 million. By 2021, those revenues had grown to

$7.5 million. From a bottom-line perspective, its ending balance was $890,000 in 2011 and was $4.7 million in 2021.[6]

To reflect the uncertainty relating to predicting the future identified in the two prior paragraphs, it is recommended that a review of the assumptions used in the fiscal analysis be performed at year 5 of development, and appropriate updates to the analysis should be made at that time. If future mitigation should become necessary—consistent with typical municipal budgeting practices -- the city could impose new taxes or fees to balance its budget or seek to change levels of public services to meet available revenues. For instance, the city of Cle Elum does not currently impose all the funding mechanisms that cities rely on to fund services. For example, the city could consider implementing local option taxes (such as a levy lid lift that could be passed by voters) or the creation of business and occupation taxes. The city could also increase tax rates (such as their utility tax rates). Furthermore, future negotiations could consider the measures proposed in the previous pre-annexation agreement.

Kittitas Hospital District No. 2

Fiscal analysis for the hospital district found that projected costs for EMS and clinic services were greater than projected property tax revenues alone, with the Revised Proposal and all other SEIS alternatives. However, tax revenues do not provide a complete picture of fiscal conditions since the district would also receive patient/user service fees and other revenues which, in 2021, accounted for about 60% of the district's total revenues. For example, The District leases the clinic building to Kittitas Valley Healthcare (Hospital District #1) for their operation of the KVH Family Medicine (Cle Elum Rural Health Clinic) for which District #1 pays District #2 lease payments.

It is therefore difficult to assess the underlying fiscal situation of the district over time relative to the proposal since property taxes do not, and are not intended to, fully cover funding of services. This analysis assumes that new FTE would be added to meet service needs, and therefore, as service needs grow so too would non-property tax revenues. Again, this is a key assumption, but this analysis has no publicly available data from the District to rule out if there is a structural issue between its cost of service relative to the combination of fees and taxes it receives. However, the District has grown its beginning fund balances over time over during a period where both property taxes continue to grow while also being a smaller share of overall revenues. In 2014 it had a beginning balance of $3,435,567 which had grown to $6,366,267 in 2021.[7]

However, all jurisdictions that rely on the property tax are dealing with the structural limitations of this revenue source. The current EMS levy rate is $0.16, and the regular hospital rate is $0.17 per $1,000 in assessed value. The effects of the 1% limit factor mean that levy rate declines year over year as the rate of assessed value growth outpaces the rate of levy growth. Districts faced with this issue must contemplate levy lid lifts to raise the level of property tax

[6] Office of the Washington State Auditor, Financial Intelligence Tool, 2022.

[7] Office of the Washington State Auditor, Financial Intelligence Tool, 2022.

funding if they are to maintain the relative purchasing power of this revenue source. For example, in 2014 property taxes accounted for 54% of total revenues for the district. In 2021, that amount had shrunk to 41% so reliance on the property tax has been declining for some time within the district.[8]

The mitigation section for FEIS Alternative 5 cited several criteria for consideration in a final mitigation agreement. One such criteria was that the Hospital District would track property tax revenues and patient fees attributed to FEIS Alternative 5 and, should revenues not cover costs of service, Trendwest would make monthly mitigation payments to avoid fiscal shortfalls. Other criteria included capital cost considerations (e.g., capital expenses would be purchased with bonds, capital costs would be subject to Trendwest's monthly mitigation arrangement, and capital equipment would be funded by Trendwest). These criteria could inform future negotiations to mitigate a fiscal shortfall, if any.

Kittitas Hospital District No. 1

Fiscal analysis for the hospital district found that projected costs would not have any offsetting property taxes under the Revised Proposal since Cle Elum (and 47° N) is not within its taxing district. Like the situation for Hospital District #2, user fees are the primary basis for funding services. Users living in 47° N or visiting the RV resort would have the same financial arrangements (i.e., patient and user fees) as existing Cle Elum residents, or any resident anywhere, when they use the hospital district's services. It is not clear on what basis mitigation would be appropriate for a development that is outside of the district and taxing area and where patients would pay fees for the services provided. In fact, the district hardly relies on property tax revenues within its own taxing boundaries. In 2021, the district's levy accounted for 0.004% of its total revenues and patient fees represented approximately 94% of the District's revenues.[9]

Kittitas County 911

Projected revenues from the KITTCOM phone tax are less than projected costs for new FTE in the Revised Proposal. This is the current situation KITTCOM finds itself in more generally, in that the fixed fee nature of the rate combined with declining number of household lines places larger and larger pressure to control costs while relying on intergovernmental revenues or subscriber fees to balance the budget. Households within 47° N would contribute at the same level of per line charges as existing households within the district. It is reasonable to assume that intergovernmental revenues in the form of subscriber fees would scale up with growth in the city and county. Further, subscriber fees could reasonably be restructured to cover additional funding needs as underlying needs change. It is not clear how the net effect of these fees would be allocated to member jurisdictions since this analysis does not have access to the allocation formula and data.

[8] Office of the Washington State Auditor, Financial Intelligence Tool, 2022.

[9] Office of the Washington State Auditor, Financial Intelligence Tool, 2022.

Cle Elum-Roslyn School District

The changes to enrichment levy funding from the McCleary resolution means that levy growth in the school district is a function of student enrollment growth. The result of this change on the fiscal impact means that local funding for operations is the same for students in the district as it would be for students in 47 ° N. While the analysis shows that cumulative costs derived from projected new teacher FTE are estimated to exceed projected local property tax revenues for operation of the Revised Proposal, the district receives additional intergovernmental revenues which are expected to contribute to overall student learning needs, mainly through state support for schools funded by the state property tax. Indeed, this is the underlying dynamic for local school funding in Washington State. For example, in the 2021-2022 budget year intergovernmental revenues and other non-property tax revenues account for nearly 82% of total district revenues.

With respect to buses, only partial state and federal funding is provided to replace school buses. Some school districts in the state have responded by requesting transportation levies or by using other general funds to purchase buses. The need for additional school buses from student growth at 47° N will likely need to be similarly accommodated. To the extent that there is other facility related issues, the School District’s plans to develop an Early Childhood Learning Center in the future. This facility would help to address capacity issues in the district.

The mitigation agreement for FEIS Alternative 5 included dedication of a 25-acre site to the district; a survey would be used to understand development-related student enrollment (to determine an appropriate mitigation response); and a payment-matching system for portable classrooms and buses would be made by Trendwest until the development reaches a pre-agreed-to-assessed value ceiling. The 25-ac. site was subsequently dedicated to the district. The other factors could be considered in future negotiations to mitigate fiscal shortfalls as well.

Fiscal Monitoring Considerations

The Conditions of Approval for the Cle Elum UGA/Bullfrog Flats Master Site Plan includes the following provision:

> k. Provision shall be made for Developer's fiscal monitoring consultant to have access to detailed monthly local sales tax reports and other appropriate tax information to assist the City and Developer to assure that all taxes due to the City are properly reported and collected.

For this monitoring to take place, the fiscal monitoring consultant will need the following information:

- Property Taxes. The consultant will need information from the county assessor that detail new construction value and assessed value for all 47° N tax parcels.
- Sales Taxes. The city will have to work with Washington State Department of Revenue to request individual tax reports for businesses and households. If these data are not available to the fiscal monitoring consultant due to data privacy restrictions, the

consultant will have to work with publicly available retail sales data to apportion city receipts to 47° N.

- Utility Taxes. Due to the mix of utility providers, the consultant will have to work with publicly available utility tax data to apportion city receipts to 47° N.
- Real Estate Excise Taxes. The consultant will need information from the county assessor to summarize real estate transactions within 47° N.

These types of fiscal monitoring can be cumbersome and difficult to assess since precise information on nature of costs and revenues are not possible to collect or can be administratively burdensome to work through. An alternative arrangement for the need for fiscal monitoring could a negotiated agreement between the parties to address any fiscal concerns around the nature and timing of public service costs relative to the revenues that support them.