

CITY FINANCIAL ANALYSIS

When Georgia Pacific closed its pulp and chemical operations, the mill property began to drop significantly in value. This immediately impacted the City and other local governments because of the drop in local property taxes. Getting the site redeveloped will result in a healthy tax base to support community needs and services.

In the Interlocal agreement with the Port, the City agreed to construct new parks and trails, to build new streets and utilities and to build new bridges. The costs are estimated at \$197 million (in 2006 dollars). The City's financial analysis focused on the costs (in 2006 dollars) of building those items and the revenues that would be generated from the nearly 90 acres of land that would be redeveloped and would generate various taxes and fees. This includes nearly 6 million square feet of building space with about 3,000 units of housing.

The City's financial analysis spans 30 years and, like the Port's, does not include any of the costs for financing the expenses or for inflation. The City included infrastructure that had been identified as possible for this project. Of course, if full revenues and grants are not available, some of the bridges or other public items could be delayed or eliminated or, if there is sufficient demand for property, require developer contributions. The City's cost estimates include the main streets, but not the secondary streets.

The City also analyzed whether the projected new taxes and fees from a redeveloped waterfront would cover the new costs of providing such services as police, fire, sewer, water and streets. This analysis found that those new revenues would generate enough money to pay for the operating costs of the new services.

Purpose of City Financial Model

- What it is...
 - Preliminary financial feasibility review
 - Based on draft framework plan
 - One set of development assumptions
- What it isn't...
 - Not a sensitivity analysis
 - Not a financing plan
- Will be refined during Master Planning process

City Financial Model Development Assumptions

- 30-year straight line development
- Incremental Revenues & Expenses
- Capital Infrastructure Costs
 - **Will occur in phases**
 - **Includes bridges, streets, utilities, parks and trails**
 - **Exclude parking facilities and secondary roads**

City Financial Model Development Assumptions

- Developable Area ~ 89.5 Acres

Land Use	Building Sq. Ft. (rounded)
Retail	100,000
Civic / Institution	450,000
Commercial / Office	1,000,000
Hospitality	200,000
Light Industrial	550,000
Total non-residential	2,300,000
Residential	3,600,000 = 3,000 units
Total Buildings	5,900,000

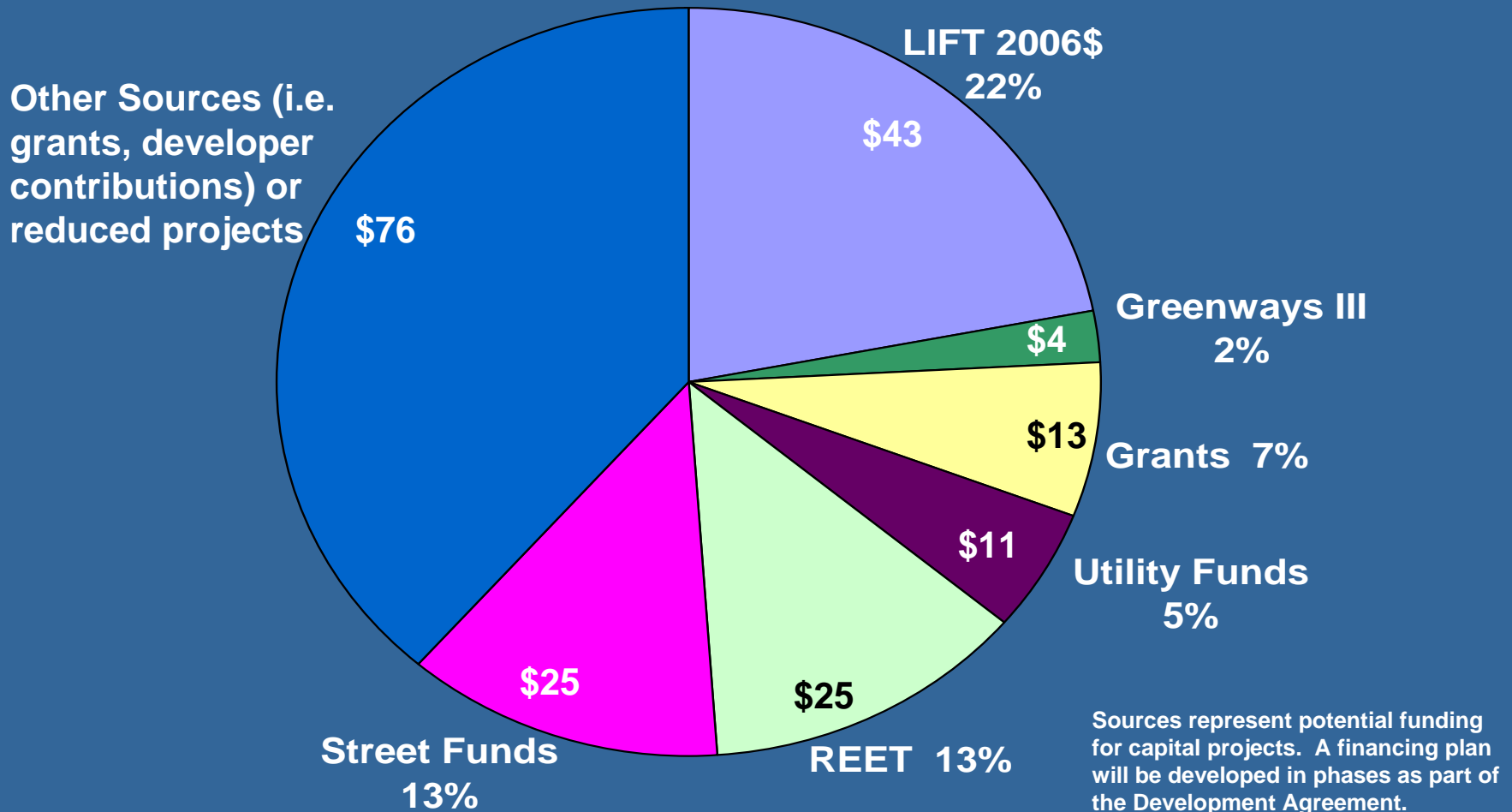
City Financial Model

Development Assumptions

Public & Private Investment

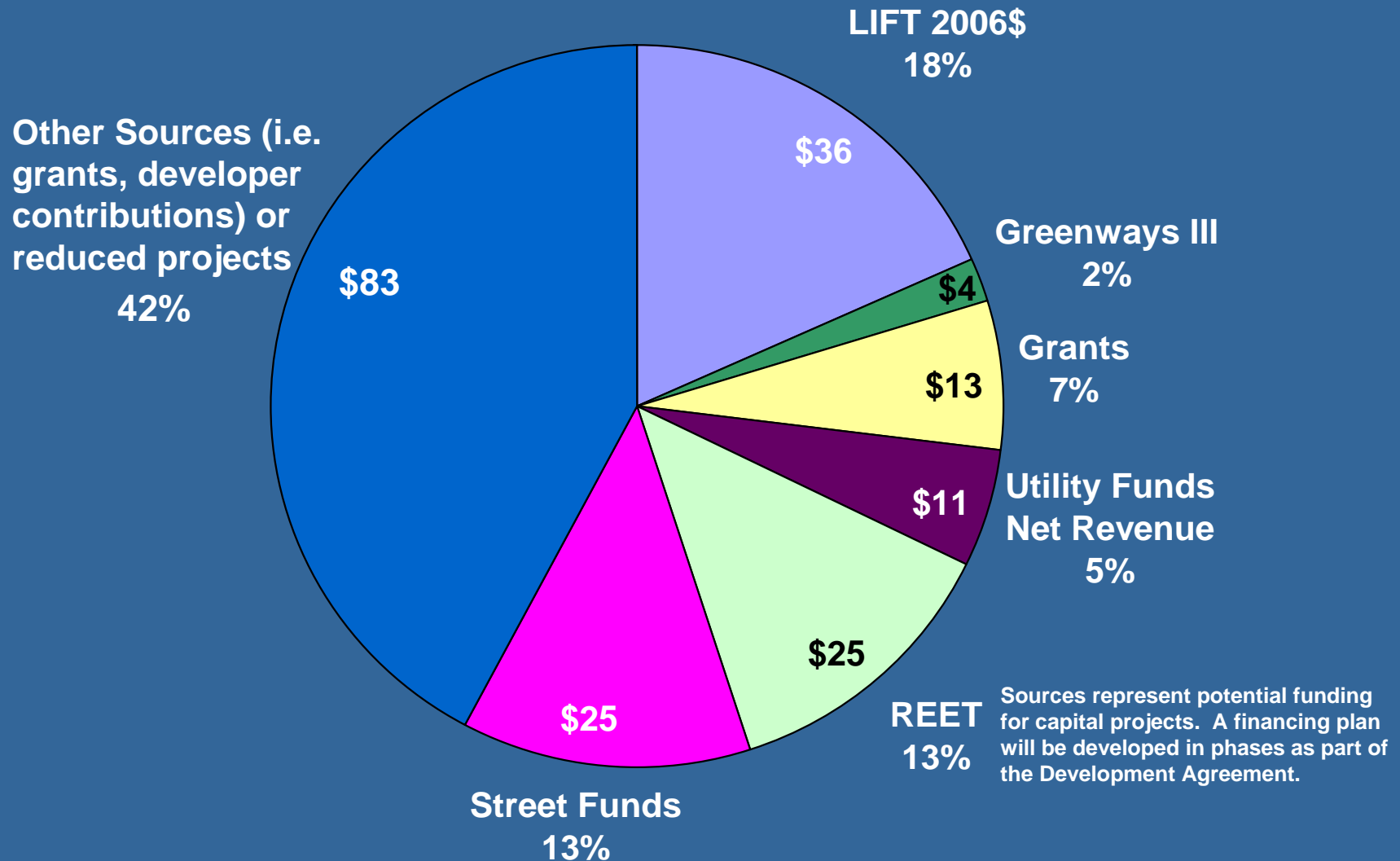
	2006\$ (millions)	Future Value
City	\$197	\$277
Port	\$137	\$152
Private	\$880	\$1,700
Total	\$1,214	\$2,129

City Estimated Sources of Capital Funds: \$197 million in 2006 dollars



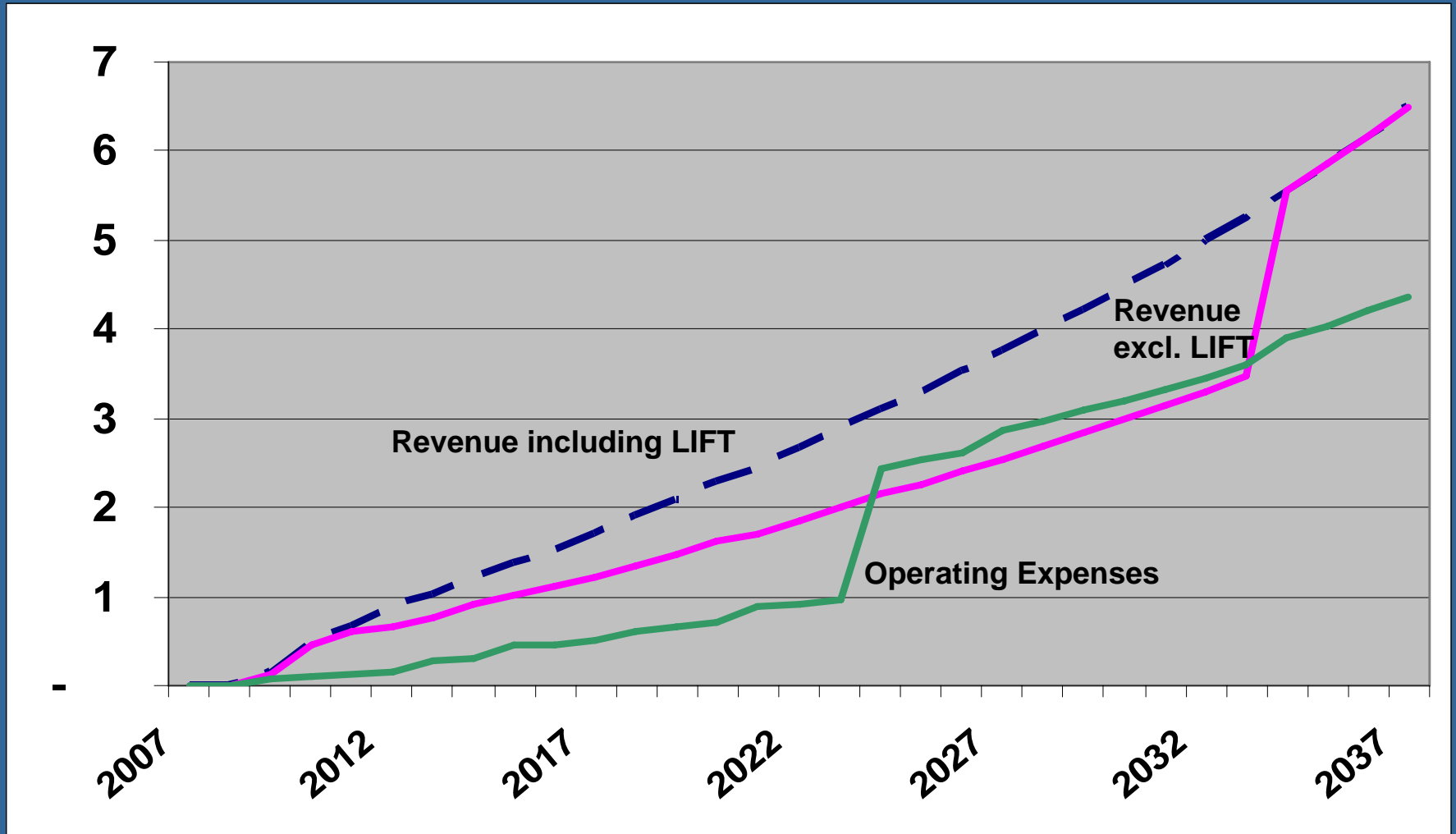
Description	Name	Total
Parks	Log Pond Park	7,553,304
	Cornwall park	6,786,648
	Shoreline Buffer Park	3,687,789
	Shoreline Buffer Park Marine Trades	1,693,613
	WWU waterfront park	2,976,740
	Marina park	1,568,160
	I & J waterway park	1,489,752
	Beach park Marine Facility	936,352
	Pocket park Historic	827,640
Park Total		27,519,998
Trails	Pedestrian Bridge	13,000,000
	Over water Trail to Boulevard	10,000,000
	Broadway Overlook connector	4,500,000
	Marina breakwater trails	456,816
	Warehouse trail	81,675
	Shoreline buffer to Bellwether	46,827
	Beach park to log pond park	42,471
	Oak Street Trail	40,293
	Cornwall park to beach park	39,204
	Whatcom Waterway Trail	41,382
Trail Total		28,248,668

City Estimated Sources of Capital Funds: \$197 million in 2006 dollars



General Fund Operating Results

No Capital Costs (Millions of Dollars)



City Financial Model Summary

Capital Infrastructure Estimated Costs and Sources

- Estimated capital costs of \$147-\$197 million in 2006 dollars will occur in phases
- Identified sources for capital costs include LIFT, Grants, Greenways, Utility, Street and REET Funds
- Additional sources of capital funding (or reduced projects) will be determined in future Incremental Operating Revenues and Expenses
- LIFT revenues from new property and sales taxes allocated to capital costs for 25 years
- Costs for City services such as Fire, Police, Parks and Street maintenance will be significant
- New tax revenues not dedicated to LIFT will cover costs to provide City services