

SKAGIT COUNTY COORDINATING COUNCIL PUBLIC SAFETY JAIL PROJECT

Funding Scenarios
December 27, 2012

OVERVIEW

- ◎ Sales and Use Tax
 - Review of mechanics
 - Estimated revenue (based on 2011 Actual data)
 - Potential funding scenarios
- ◎ Discussion

Susan Musselman, SDM Advisors Inc. (susan@sdmadvisors.com)

SALES AND USE TAXES - WITH VOTER APPROVAL

- ◉ Countywide tax up to 0.3% for criminal justice purposes (82.14.450)
- ◉ Requires majority vote (50% +1)
- ◉ Sales of motor vehicles are exempt
- ◉ Statutory distribution formula based on population (60% County/40% cities)
- ◉ Revenue can be used for capital or operating (or some of both)

SALES AND USE TAXES - OVERALL REVENUE FROM 3/10

If Anacortes, Burlington, La Conner, Mount Vernon and Sedro Woolley all pass a 1/10 of 1% sales and use tax, and the county-wide 3/10 of 1% is approved by the voters

Total Revenue collected by all	\$5,671,908
Less City distribution of 1/10 of 1% (85%)	(1,307,066)
Less County distribution of 1/10 of 1% (15%)	<u>(230,659)</u>
Revenue in excess of the 1/10 of 1% in cities	\$4,134,184
Revenue from .2%/.3% distributed to cities	<u>(1,653,673)</u>
Revenue from .2%/.3% distributed to County	\$2,480,510
Total Revenue distributed to County:	\$2,711,169

ESTIMATED REVENUE DISTRIBUTION IF ANACORTES, BURLINGTON AND MOUNT VERNON ALSO IMPOSE 0.1% OF 0.3% TAX

<u>Sample Revenue Distribution</u>			
	<u>From 0.1%</u>	<u>Balance</u>	<u>Total 0.3%</u>
Skagit County	\$230,659	\$2,480,510	\$2,711,169
Anacortes	290,257	379,308	669,565
Burlington	483,158	201,373	684,531
Concrete	-	16,980	16,980
Hamilton	-	7,175	7,175
La Conner	33,615	21,166	54,781
Lyman	-	10,523	10,523
Mount Vernon	404,859	763,878	1,168,737
Sedro Woolley	<u>95,176</u>	<u>253,271</u>	<u>348,447</u>
Estimated Total	\$1,537,724	\$4,134,184	\$5,671,908

POTENTIAL FUNDING SCENARIOS

Project Capital Cost	\$ 55,000,000	\$ 55,000,000	\$ 50,000,000	\$ 40,000,000
Assumed "Core" Beds	400	400	N/A	275
Assumed "Opening" Beds	300	300	N/A	200
<u>Amounts Paid from Sales and Use Tax</u>				
Capital cost	\$ 3,740,000	\$ 3,740,000	\$ 3,400,000	\$ 2,720,000
Additional operating cost	<u>2,000,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Est. additional capital and operating costs	\$ 5,740,000	\$ 5,240,000	\$ 4,900,000	\$ 4,220,000
minus				
Total est. revenue, above 1/10 of 1% within the cities	<u>\$ 4,134,184</u>	<u>\$ 4,134,184</u>	<u>\$ 4,134,184</u>	<u>\$ 4,134,184</u>
Annual Shortfall	\$ 1,605,816	\$ 1,105,816	\$ 765,816	\$ 85,816

HOW TO BALANCE THE BUDGET

- ◉ Detailed review of operating budget, to reduce “additional” cost compared to current operating costs
- ◉ Consider extending bond term from 25 to 30 years, based on useful life of project
- ◉ Review and revisit project costs, to potentially reduce debt service costs
- ◉ Determine additional sources of funding:
 - Potential bed rate changes
 - New revenue from new beds used
 - Potential county sources

TWO PROPOSALS

- 1) Cities and County enter into an agreement to support a Countywide 3/10 of 1% sales and use proposition -- without separate city propositions - with the 1/10 distribution set forth by agreement (i.e., state law formula)
- 2) Cities and County enter into agreement whereby revenue from a 3/10 of 1% sales and use tax -- that is over and above the first 1/10 distribution -- will be pooled to support the jail project

TIMING TARGETS

- ◉ Jan-March Planning and decision-making
- ◉ April 18 Final input and direction for ballot proposition
- ◉ May 1 Election resolution/proposition completed
- ◉ May 7 BOCC to adopt resolution for election
- ◉ May 10 County resolution to be submitted to auditor
- ◉ August 6 Election Date

DISCUSSION/Q&A

- What additional information does your City need on financing options?
- What additional information should be presented to the Coordinating Council?