

Summary Notes

For

Pierce County

Transportation Advisory Commission (TAC)

Thursday, December 7, 2017

9:00 a.m. to 11:00 a.m.

Call to Order: 9:03 a.m.

Roll Call: 9:05 a.m.

Voting Members present: Deryl McCarty, Paul Lubbesmeyer, Don Swensen, Scott Jones, Kurt Wilson for Jeremiah LaFranca, Liz Kaster for Bob Myrick, Jason Kennedy, and Brian Devereux. There was a quorum.

Absent: Voting members: Tom Pierson;

Non-Voting Members present: Dennis Hanberg, Rob Allen, Toby Rickman, Hugh Taylor by phone

Guest: Denise Dyer, Jie Chen, Gary Hendricks, Neil Quisenberry

Staff: Brian Stacy, Rory Grindley, Jesse Hamashima, Jinelle Casten

Approval of Agenda: Deryl McCarty Approved

Approval of Meeting Notes: Kurt Wilson, Scott Jones 2nd

Traffic Impact Fee (TIF) Program

a. Review October TAC presentation's key points:

Looked at the proposed TSA consolidation zones and comparison of the average cost per trip. Inquired about concerns from the Key Pen area and it was noted that there are no concerns right now. Comparison of TIF Funds and Cost Per new Trip by Project Type. Discussion about not wanting to cut the Intersection Projects, but review the Concurrency projects. Staff could provide a review of the Intersection Project cost assumptions to perhaps reduce the overall project costs.

b. Reviewing Transportation Expenditures through the Transportation Improvement Program

(TIP): Budgeting about \$24M per year and ½ goes toward construction work. Federal and State grants account for about \$7M a year. Discussion – does PC know in advance what grant funds will be? Budget numbers reflect year to year. Federal grants are based upon phase of a project, must reach milestone or pulled back. Reviewed Expenditure by Project Type – Six Year TIP (2013-2018). Discussion about preservation: M&O repaving, replacing, extend useful life. Concurrency failure examples – Spanaway Loop road, 176th St, 94th.

c. Re-Examining the Roadway Concurrency Projects for Purposes of Adjusting the TIF Rates

Review of Roadway Concurrency Projects; Arterial service threshold – capacity varies by number of lanes and the appearance of dedicated turn lanes; Example: 72nd in Tacoma to Pacific Ave - 4 lanes with channelization here and there. Five Concurrency Project Cost and Cost Sharing – 94

Ave E; 94 Av Ext; 122 Ave E/Shaw Rd E; 160 St E; Military Rd E. Changes of Cost Per New Trip by Project Group – combined total reduction of cost per new trip is over \$145. Discussion – ROW needs for projects. What is this commission tasked with? Future role yet to be determined, but in theory will continue past the TIF as the Council would like to utilize the expertise of the commission in the future. Proposed Roadway Improvements – Suggested more that we would more closely look at the needs and cost estimates for improving Military Road; Public share increasing. Discussion – Last minute additions; cannot be redistributed by TIF fees; Low income has been defined; clarify public schools (charter, private); proposed that remove exemption for church/temples.

- d. Discuss exemption categories – Speaker – Rob Allen and Denise Dyer with Economic Development:** Handout passed out (TIF Reductions for Industrial TAC). Looked at different communities and what Global competition – PC competing with places like South Carolina for attracting business and economic growth. Direct correlation between TIF and helping people get through the permitting process to industrial job growth. Businesses - Personal property tax paid on all machinery and equipment in the buildings vs the residential property owner. Discussion – Uniformity and taxation across districts...courts have found that it is not a tax, but a fee. The TAC informally expressed consensus. Recommended that the TIF reductions for industrial employment uses be retained. Rob is to bring maps of Employment Centers and clarify the current and proposed code language.
- e. Summary –** Dennis Hanberg asked if the TAC was comfortable with Dennis conveying to the Executive that the TAC had a fairly reasonable consensus on the proposed project list and costs, understanding that it was still not fully formalized.

Next Meeting Date and Topics: January 25, 2018; draft of consensus on TIF from TAC

Public Comment: None

Adjourn: 11:18 a.m.; Liz Kaster; Jason Kennedy 2nd

TIF Reductions for Industrial, Manufacturing & Research/Headquarters

- ❖ This is a policy decision – is the public better served by the money raised through TIF, or by increasing the number of jobs in well-paying industries?
- ❖ Recruiting companies is a global competition – most other places have far more tools than we in Washington do to negotiate with companies to locate here.
- ❖ To retain Frederickson’s status as a Manufacturing/Industrial Center, PSRC requires us to demonstrate we are taking steps to promote its buildout – the TIF reduction is one of the prime tools we have to do that.
- ❖ Industrial developments still pay TIF – combined, four recent industrial projects paid \$165,000 in TIF. The reduction does not apply to warehouses.
- ❖ Sometimes developments get credits against their TIF for projects they build or fund – from the company’s point of view, they still paid. We just don’t count that as TIF income.
- ❖ Companies pay into the County Road Fund every year. Forever. And those payments can be substantially more than if the land were developed for residential uses.

The table below compares an 18.9-acre industrial site to 18.9 acres of residential land in the same TSA and Tax Code Area. The residential land is developed at 4.5 dwelling units per acre, with a 2017 average assessed value of \$252,000. The industrial land is a single-parcel site in Frederickson.

	18.9 Acres Industrial	18.9 Acres Residential	Industrial to Residential Ratio
Taxable Value	\$ 63,185,590	\$ 21,675,620	2.9
Total TIF Paid	\$ 53,366	\$ 288,880	0.2
2017 Property Tax Paid	\$ 965,714	\$ 331,285	2.9
2017 Property Tax/Acre	\$ 51,096	\$ 17,528	2.9
2017 Road Fund	\$ 112,211	\$ 38,494	2.9
2017 Road Fund/Acre	\$ 5,937	\$ 2,037	2.9

The residential properties would pay at the current TIF rates \$236,000 more than the industrial. BUT, the industrial property will make up that difference in about 3 years through payments into the Road Fund. After the 3 years, the industrial property will continue to pay into the Road Fund at a rate almost 3 times that of the residential. Forever.