

Capital Asset Investments

Executive Summary

The City's capital portfolio is aging and has significant repair and replacement needs—including the Tacoma Municipal Building, Fire Stations, Streets and Grounds, Senior Centers, and Libraries—even as new priorities and levels of service are growing. Both of these needs (addressing the chronic issues and addressing new priorities) require capital investment.

The City's ability to issue debt to support significant capital investments has grown due to the rise in assessed values in Pierce County. Projected capacity in 2020 for Voter-Approved debt is \$235M. Non-Voter Approved debt, projected capacity is \$163M in 2020. In order to pay for debt, the City's Office of Management & Budget (OMB) estimates that debt of \$100M would require payments of \$7.8M annually while \$200M in debt would require payments of \$15.6M annually. Consideration of the annual costs is important, but equally important is the need to identify revenues to support the debt payments. Generally, there are two options: a) existing revenues or b) new Voter-Approved revenues (including property tax levies).

There are several upcoming changes in property tax levies in Tacoma to consider. The Tacoma Public Schools Levy will reduce in 2019 and the Police HQ Excess Levy for \$0.10 per \$1,000 AV (\$2.7M) will expire in 2022. There is, however, some uncertainty about state or local actions regarding a new education levy.

Based on these constraints and needs, OMB and City Departments have developed the following recommended strategic approach to capital investment. This approach uses existing funding to address existing repair and replacement needs. New funding to improve and redesign facilities which expand or add City services should be evaluated by the City Council as it defines its focus and goals.

- **Core Needs**
 - Fund life cycle, repair and replacement with existing, recurring revenues
- **New Priority Policy and Service Areas**
 - Projects that would add to the City's asset portfolio
 - Various funding strategies:
 - Current resources
 - Increase Levy
 - Voter-Approved Levy
 - Need to be prioritized
- **Visioning Projects and Unfunded Projects**
 - Large projects that require City Council's vision and prioritization
 - Develop partnerships at the local, state, and federal levels

Capital Project Investment/Prioritization Activity

Purpose

This activity is designed to gauge Council's priorities in capital projects around the City. This list of projects has been compiled by staff; it is a combination of City-owned property that require investment and other proposed projects/facilities for which Council has expressed interest. In addition to understanding Council's priorities, Staff would also like to understand which projects Council would support taking to voters for a levy increase. Thus, this activity is structured in a two-tiered approach: understanding priorities and political capital/voter support.

Instructions

To begin this conversation, staff has put together a short exercise to understand the strategic priorities of the Council. Staff and Council will discuss these priorities in depth at the Council retreat. Before that, staff would like Councilmembers to begin thinking about major projects that will require significant City resource investment. Some of the investments may require voter approval.

On the attached sheet, you will find a list of projects that has garnered Council, public, and staff attention. *This is not an exhaustive list.* Please review the attached table and consider your responses to the worksheet prior to Friday. As a group, we will:

1. Fill in the "Priority" column with "High, Medium, Low, or Not Priority (NP)."
 - a. These tiers are intended to understand what you, as an individual Councilmember, would be interested in pursuing.
 - b. Only fill in one tier for each project (do not fill in High/Medium)
 - c. If you do not believe a project is a priority, please write "Not Priority" or "NP."
2. Fill in the "Funding" column with either "Existing" or "New/Voter."
 - a. Existing funding indicates using General Fund dollars, or non-voter approved debt capacity.
 - b. New/Voter funding indicates a willingness to put this project on the ballot and ask voters to support increased property taxes for additional debt capacity.
3. In the "Notes" section, write any information staff may not be aware of.
4. If there are additional projects you have an interest in, please fill them in at the bottom of the sheet, under "Write In."
5. As you fill out this sheet, please think about the initial investment required and also the ongoing costs to maintain the asset.
6. If you have any questions about the cost estimates, please contact the Katie Johnston, Budget Officer: Kathryn.johnston@cityoftacoma.org or 253-591-5063.

Potential Projects	Capital Costs* (one-time)	Ongoing Annual** (Program and Repair/Replacement)	Priority (High, Medium, Low, or Not Priority (NP))	Funding (Existing or New/Voter)	Notes
Tacoma Municipal Complex					
Renovation	\$5 M - \$20 M	TBD based on scope			
Replacement	\$80 - \$130 M	TBD based on scope			
Streets and Grounds Building Replacement	\$50 M	TBD based on scope			
Beacon Center (Joint Senior and Youth Shelter)	\$4.7 - \$5.6 M	TBD based on scope			
Library Services					
Eastside Library	\$10-20 M	\$1.5 M			
Hilltop Library	\$10-20 M	\$1.5 M			
Fire Department Facilities	\$200 M+	TBD based on scope			
People's Center	\$15-20 M	\$2 M			
Heidelberg Complex/Stadium	\$40-60 M (Proposed as \$10 M City Contrib.)	\$2 M			
Fast Foot Ferry	\$5-10 M	\$3 M			
Ruston Way	\$5-10 M Broad Range	TBD based on scope			
Affordable Housing	-	\$5-No Upper Limit			
Tacoma Dome	\$10 - \$250 M+	TBD based on scope			
Write In:					

*In Millions - Costs are orders of magnitude to establish a reference point and comparison. These will change based on project scope, design, partnerships, etc.

** Annual Operating Cost are orders of magnitude costs for expansion of services, staffing, and proper repair and replacement funding for the facility. These will change based on project scope, design, partnerships, etc.

PROJECTS IN BRIEF

Many of these projects could include partnerships with other entities and partners.

Tacoma Municipal Complex

- Building is inadequate and not designed for office use
- City workforce is growing
- Building is aged and has significant repair and replacement needs
- Seismic retrofits are necessary

Streets and Grounds Building

- Built in 1898
- Inadequate and Insufficient space
- Not aligned with other uses in business district, represents an opportunity for economic development

Beacon Center

- Building is aging
- New vision for Youth Homelessness Center
- Building systems aging and some failing

Library Services

- Studies underway for Eastside and Hilltop
- New property will likely be acquired
- Community desires not fully understood

Tacoma Dome

- HVAC replacement needed (~\$10 M)
- Facility is dated and many upgrades still needed

Fire Department Facilities

- Study underway
- Will require significant investment
- Stations will require extensive renovation, seismic retrofit, and some will be recommended for replacement
- Includes EOC

People's Center

- Community engagement underway
- Identification of service expansion still needed

Heidelberg Complex/Stadium

- Feasibility Study nearly complete
- City investment could be significant

Fast Foot Ferry

- Site landing location undetermined
- State support will be necessary

Ruston Way

- MetroParks working on community engagement
- Partnerships will be required

Affordable Housing

- State support possible
- Ongoing expenses