

DATE: September 9, 2020  
TO: Gretchen Brunner, EA Engineering  
FROM: Morgan Shook and Sadie DiNatale, ECONorthwest  
SUBJECT: 47° NORTH FISCAL AND ECONOMIC SEIS REPORT

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ECONorthwest is working with EA Engineering on a Supplemental Environmental Impact Statement (SEIS) for the 47° North Project in Cle Elum. This memorandum is an analysis to support the SEIS.

This memorandum is organized as follows:

1. **Introduction:** An overview of the SEIS project to orient the reader.
2. **Affected Environment:** Relevant to fiscal and economic conditions, this section presents a baseline understanding of existing conditions (summary and detailed assessment) for the 47° North area.
3. **Environmental Impacts:** This section describes the impacts under FEIS Alternative 5 – the Original Bullfrog Flats Master Site Plan from the 2002 Cle Elum UGA FEIS. It then compares two 47° North SEIS alternatives, identifying and describing the potential fiscal and economic impacts of: (1) SEIS Alternative 5 (No Action Alternative) – Approved Bullfrog Flats Master Site Plan, and (2) SEIS Alternative 6 – Proposed 47° North Master Site Plan Amendment.
4. **Mitigation Measures:** This section identifies appropriate mitigation efforts to alleviate any fiscal and economic impact attributed to SEIS Alternative 6.

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# 1. Introduction

In March of 2002, the City of Cle Elum issued the Cle Elum UGA Final EIS (FEIS)<sup>1</sup> for a Subarea Plan and Mixed-Use Zoning approval for the Bullfrog Flats Master Site Plan. The FEIS provided environmental review of several alternative plans including “FEIS Alternative 5,” which was a preferred mixed-use development proposal for single-family and multifamily residential, commercial, recreational, and public facility uses on approximately 1,100 acres. At that time, the site was located in unincorporated Kittitas County but within Cle Elum’s designated Urban Growth Area

The Draft EIS, published one year earlier, addressed potential impacts of four original alternatives: (1) no action, (2) preliminary master plan, (3) expanded residential, and (4) reduced residential. Ultimately, FEIS Alternative 5 was proposed in response to public comments. FEIS Alternative 5 was similar in scope to DEIS Alternative 3, in terms of residential units proposed, and was within the range of impacts evaluated in the Draft EIS (respective of DEIS Alternative 2 through 4).

Annexed into Cle Elum in 2002, the Bullfrog Flats subarea is currently owned by New Suncadia, who anticipates selling a large portion of the area (824 acres) to Sun Communities Inc. The current development proposal, known as 47° North, differs from the approved Master Site Plan and is considered to be a “major modification” from the 2002 development agreement. The proposed modification to the master site plan required the 2002 Cle Elum UGA EIS “to be reviewed and updated to reflect the passage of time and changes that have occurred” since 2002.<sup>2</sup>

Accordingly, a Supplemental EIS (SEIS) is being prepared to identify the impacts of the proposed master site plan amendment (i.e., what we call SEIS Alternative 6) and to compare them to the impacts of SEIS Alternative 5 (which is similar in scope to FEIS Alternative 5 but contains some minor modifications).

The purpose of this memorandum is to present ECONorthwest’s baseline understanding of existing economic and fiscal conditions within the City of Cle Elum—two factors requiring analysis in the SEIS. In addition, this memorandum analyzes the potential fiscal and environmental impacts of the three alternatives. It also summarizes mitigation measures applicable to identified fiscal and economic impacts.

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<sup>1</sup> Prepared in accordance with RCW 43.21C, SEPA Rules, 197-11 WAC, as amended, and Chapter 15.28 of the Cle Elum Municipal Code (SEPA Regulations).

<sup>2</sup> City of Cle Elum. (October 2019). 47° North / Bullfrog Flats Frequently Asked Questions (FAQs). [http://cityofcleelum.com/wp-content/uploads/2019/10/19-1008\\_FAQs.pdf](http://cityofcleelum.com/wp-content/uploads/2019/10/19-1008_FAQs.pdf)

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## 2. Affected Environment

This section includes a summary of fiscal and economic conditions (affected environment) from the 2002 Cle Elum UGA FEIS and the updated assessment, including a summary.

### Summary of Affected Environment in 2002

The 2002 Cle Elum UGA FEIS assessed existing fiscal and economic conditions broadly. This section highlights some key findings from that analysis. As applicable, we specifically summarize the affected environment related to the City of Cle Elum, Kittitas County Hospital District No. 2, and Kittitas County 9-1-1.

#### 2002 Cle Elum UGA FEIS Affected Environment: Economic Conditions

Using data from 1999, the average annual wage cited in the 2002 Cle Elum UGA FEIS was \$21,643 in Kittitas County. In the City of Cle Elum, taxable retail sales increased by 7.3 percent from \$30.1m in 1995 to \$42.9m in 2000. The City of Cle Elum's aggregated assessed property value also increased by 15 percent from 1990-1998.

#### 2002 Cle Elum UGA FEIS Affected Environment: Fiscal Conditions

The 2002 Cle Elum UGA FEIS did not cite any new fiscal conditions than those described in the Draft EIS, with the exception that in 2001, Initiative 747 passed altering property tax collections in the state of Washington.

The Draft EIS provided the following information for the City of Cle Elum for 1999: that anticipated revenues were approximately \$4m; that the largest sources of non-utility service revenues were retail sales (\$300,000) and property taxes (\$300,000); and that expenditures were anticipated to match revenues at \$4m.

For Kittitas County Hospital District No. 2, the Draft EIS indicated that total revenues in 1999 were anticipated to be approximately \$850,000 (matching expenditures). Of the hospital district's total budget, service-driven patient fees accounted for 48 percent of total revenue, and property taxes accounted for 40 percent.

The Draft EIS also provided an assessment for Kittitas County 9-1-1. Its 1999 anticipated budget was approximately \$4m, of which \$2.8m came from intergovernmental grants. Expenditures were anticipated to match revenues. Expenditures related to operations was \$800,000.

In 1999, the Cle Elum-Roslyn School District's anticipated revenue was approximately \$4.8m. A majority of the District's revenue derived from the State of Washington. Seven percent of the District's revenue derived from local tax and non-tax contributions.

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## Summary of Updated Affected Environment

This summary describes the existing economic (population, housing, and employment) for Cle Elum and fiscal conditions (changes to City's revenues, spending, and tax base) for the City of Cle Elum, Kittitas Hospital District No. 2, Kittitas County 9-1-1, and the Cle Elum-Roslyn School District. Where applicable, and to provide additional context, ECONorthwest discusses key differences from the 2002 Cle Elum UGA FEIS. Additional details are presented in the next section.

**Cle Elum is planning for higher rates of growth relative to its historical past.** In terms of population and housing, historical trends indicate stability and slow growth in Cle Elum. However, over the next decade and a half, both population and housing are forecast to increase at faster rates than the past. While Cle Elum did not meet its housing or population forecast recorded in the 2002 Cle Elum UGA FEIS, as a small city, planned future development in the city can provide an infusion of population, housing, and commercial growth. Future population growth is discussed in the following section.

**Kittitas County's employment in personal consumptive sectors and the construction sector has grown between 2014 and 2019.** The 2002 Cle Elum UGA FEIS explained that construction and spending-induced industries (particularly food service jobs) would grow with development (with jobs in construction tapering down as FEIS Alternative 5 reached full buildout). With the exception of government jobs, employment in the accommodations and food services sector accounted for the largest share of employment in Kittitas County in 2019.

**The City of Cle Elum's finances have seen rising costs and revenues.** From 2009 to 2017, total revenues (inclusive of all sources) have grown at a faster rate than expenditures. Charges for goods and services account for the largest share of total revenue, while utilities account for the largest share of total expenditures.

**The City of Cle Elum's, Kittitas' Hospital District No. 2, Kittitas County 9-1-1's, and the Cle Elum-Roslyn School District's fiscal base reflects trends in housing development and population growth.** In terms of the City's major tax bases, the following key points are offered:

- New construction continues to be at lower levels than the past, despite a small uptick in new construction assessed value in 2017 and 2018.
- Total, local assessed valuation declined sharply in 2013. Performance has not recovered but has remained stable.
- Taxable retail sales have grown by nearly 40 percent from 2010 to 2018. Consistent with employment trends, the largest shares of taxable retail sales were from retail trade (38 percent), construction (20 percent), and accommodations and food service (18 percent).

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## Assessment of Economic and Fiscal Conditions

This section presents detailed economic and fiscal trends, irrespective of SEIS Alternative 5 and SEIS Alternative 6.

### Economic Conditions

The economic conditions presented below offer background on population, housing, and employment trends using the most recent data available.

#### POPULATION TRENDS AND EXISTING FORECASTS

Population trends provide an understanding of the pace and character of growth within the City of Cle Elum. Overall, the population in Cle Elum has historically grown at a slower rate than both the state and region.

- As of 2019, Cle Elum had a population of 1,915 people. Cle Elum grew by 160 people (nine percent change) from 2000 to 2019 (Exhibit 1).
- Cle Elum's population has remained relatively stable from 2000 to 2019, growing at a rate of 0.46 percent. At this same time, the Kittitas County population grew at a rate of 1.77 percent, and Washington State grew at a rate of 1.31 percent.
- The fastest period of population growth for Cle Elum was from 2018 to 2019, as well as in the early 2000s through 2008.

Cle Elum is forecast to grow at a faster rate in the future than it has in the past.

- Cle Elum's projected population for 2037 is 3,723 people.<sup>3</sup> This is a 94 percent change from 2019 or an increase of 1,808 people. It shows that the City is forecast to grow at a rate of 3.76 percent in this time. Note that this projection from the 2019 Comprehensive Plan may undercount vested development and understate likely growth.
- Based on projections from Washington's Office of Financial Management (OFM), Kittitas County is forecast to have a population of 57,040 by 2040 (22 percent change and 10,470 new people from 2019).<sup>4</sup> Kittitas County is forecast to grow at a rate of 0.97 percent, which is slower than the projected population growth rate of Cle Elum.
- Cle Elum will account for roughly six percent of the County's total population by 2040.

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<sup>3</sup> City of Cle Elum Comprehensive Plan, 2019. Projection does not reflect additional population from City Heights, Cle Elum Pines, and 47° North projects.

<sup>4</sup> Washington state, Office of Financial Management, County Growth Management Population Projections, page 97 (medium series), (August 2018).

Exhibit 1. Population Growth, the City of Cle Elum, 2000 through 2019



Source: Washington Office of Financial Management.

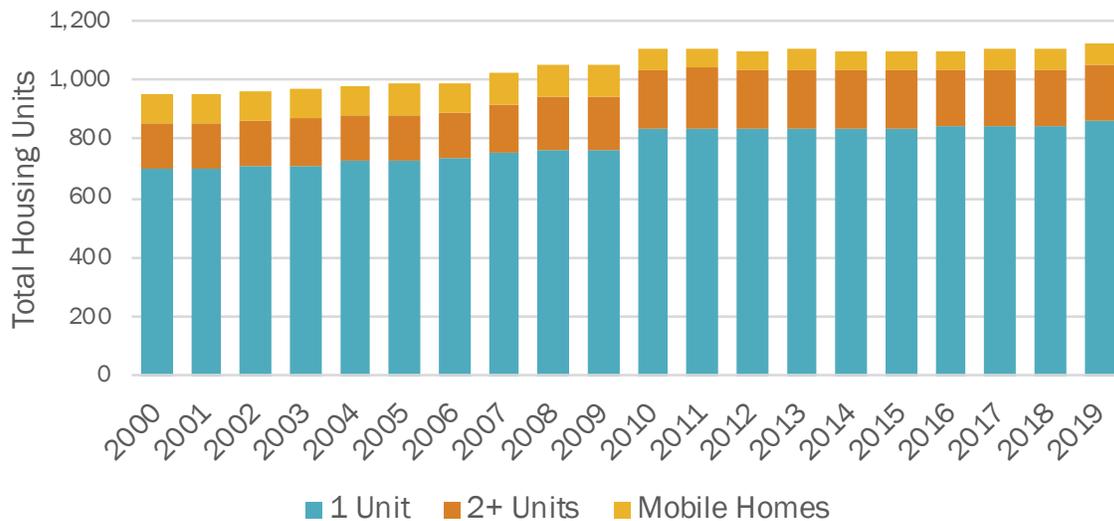
### HOUSING TRENDS AND EXISTING FORECASTS

Housing starts also provide an understanding of the pace and character of growth within the City of Cle Elum.

- The City added 165 new units from 2000 to 2019, leading to an average annual growth rate of 0.77 percent at that time (Exhibit 2). From 2011 to 2019, housing development slowed; however, the City still maintained a positive average annual growth rate of 0.17 percent.
- The vast majority of units built in Cle Elum since 2000 were single-family homes. As of 2019, 77 percent of the City’s housing stock were single-family homes, 17 percent were duplexes and other multifamily units, and 6 percent were manufactured/mobile homes. Per Washington’s OFM, between 2000 and 2019, the City saw a reduction in manufactured and mobile homes by 33 percent (34 homes).
- Cle Elum’s 2018 to 2037 housing forecast<sup>5</sup> stated that the City would potentially need to accommodate 1,460 new dwelling units by 2037. This projection may understate likely housing need given anticipated population growth from the City Heights, Cle Elum Pines, and 47° North projects.

<sup>5</sup> The estimate for needed housing derived from the City’s Comprehensive Plan Housing Element.

Exhibit 2. Housing Unit Growth, Cle Elum, 2006 through 2019



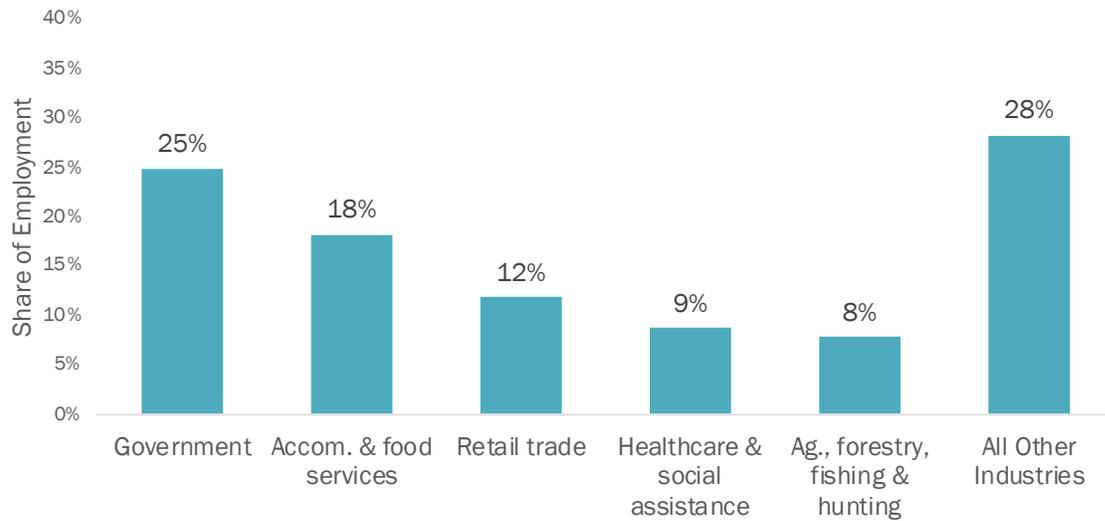
Source: Washington Office of Financial Management.

## EMPLOYMENT TRENDS

This section looks at regional trends (for Kittitas County) to understand the drivers of local commercial and employment growth in Cle Elum. Data derives from Washington State’s Employment Security Department.

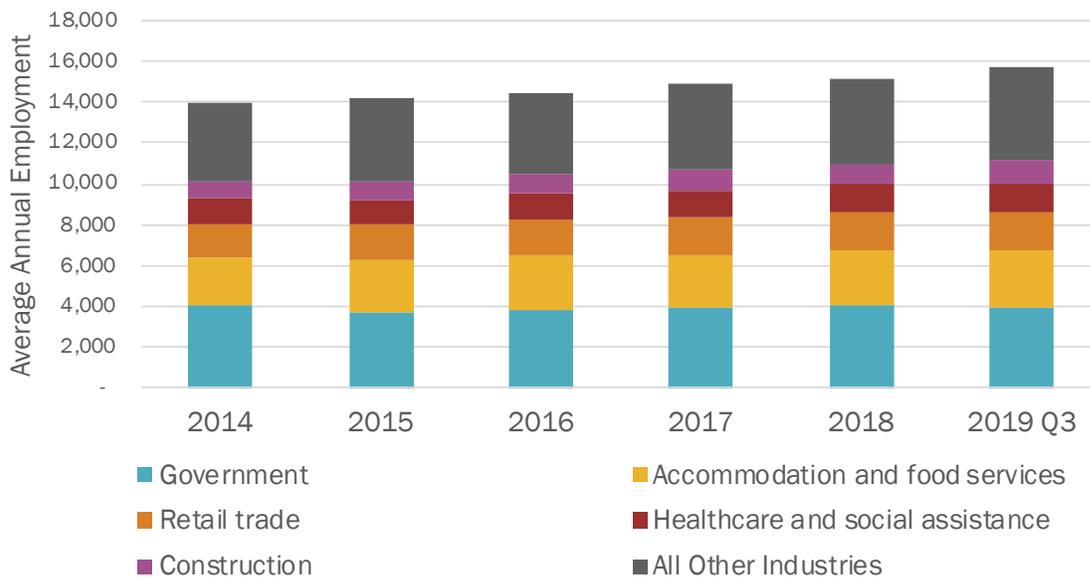
- Kittitas County’s employment base increased by 1,784 employees from 2014 to 2019 Q3. The county’s employment base is centered around personal consumptive sectors such as accommodations and food service, retail, and health services.
- Employment in government, accommodations and food service, and retail trade make up the largest shares of the county’s employment base (see Exhibit 3).
- Sectors with the most employment growth (between 2014 and 2019 Q3) were: accommodations and food service (456 employees); construction (343 employees); agriculture, forestry, fishing, and hunting (307 employees), and retail trade (274 employees).
- Kittitas County’s monthly unemployment rate in 2019 ranged from 4.8 percent to 7.0 percent. As of November 2019, the county’s unemployment rate was 5.1 percent.

Exhibit 3. Largest Employment Sectors in Terms of Employment, Kittitas County, 2018



Source: Washington Employment Security Department, Kittitas County Profile.

Exhibit 4. Employment Growth, Kittitas County, 2014 through 2019 Q3



Source: Washington Employment Security Department.

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## KITTITAS HOSPITAL DISTRICT NO. 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. Backup response is provided by the City of Cle Elum on an as available basis when Hospital District ambulances are in use. The District also owns KVH Family Medicine Clinic, which they lease to Hospital District No. 1.

District staffing comprises about seven full-time-equivalent (FTE) positions filled by four full-time employees and 15 part-time employees. District No. 2 requires about 3.5 FTEs to ensure a single person is available on a 24/7 basis. Existing full-time employees work considerable overtime to provide staffing to support the existing schedules.

## KITTITAS COUNTY 9-1-1

In the fiscal year 2018-2019, Kittitas County 9-1-1 handled 35,957 dispatch calls. The service trade area expands east from Snoqualmie Pass to the Columbia River and south from Blewett Pass north of the Yakima/Selah area.

## CLE ELUM-ROSLYN SCHOOL DISTRICT

The Cle Elum-Roslyn School District is composed of four schools (an elementary, middle, and high school as well as a learning center). The four schools comprise 947 enrolled students, in kindergarten through grade 12, and 73 classroom teachers.<sup>6</sup>

## Fiscal Conditions

Fiscal conditions presented below provide background about the revenues, expenditures, and tax bases of the City of Cle Elum, Kittitas County Hospital District No. 2, Kittitas County 9-1-1, and the Cle Elum-Roslyn School District.

### CITY REVENUES

This section discusses the City of Cle Elum's primary revenue sources and trends from 2009 to 2017. Unless cited otherwise, informing this memorandum is data from Washington state's Local Government Financial Reporting System for the City of Cle Elum.

#### PRIMARY REVENUE SOURCES

As with many cities in Washington State, the three largest revenues sources for the City of Cle Elum are (1) charges for goods and services, (2) sales and use taxes, and (3) property taxes—making up about 77 percent of the City's total revenues in 2017.

- **Charges for Goods and Services.** The City of Cle Elum charges fees for services, including general government, public safety, utilities, transportation, natural and economic environment, and culture and recreation. Of the revenue received from these

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<sup>6</sup> Data pulled May 12, 2020:

<https://washingtonstatereportcard.ospi.k12.wa.us/ReportCard/ViewSchoolOrDistrict/100046>

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charges, charges for utilities<sup>7</sup> comprise the largest share of revenue in this category. As of 2017, charges for utilities accounted for 91 percent of all revenue received in this category, down from 100 percent in 2012.

- **Local Option Retail Sales and Use Taxes.** One of the key revenue sources that cities rely on is the retail sales tax. The combined (state and local) sales tax rate for purchases in the City of Cle Elum is 8 percent. The local rate is 1.5 percent, which generated \$1.2 million in local revenues<sup>8</sup> for the City in 2017.<sup>9</sup>

Relevant for sales taxes, if the transaction location is within a city, the City receives 85 percent of the 0.1 percent local sales tax, and Kittitas County receives 15 percent (net of a 0.01 percent fee for Department of Revenue). This tax is levied not only on businesses in the area, but also on construction activity and some transactions that are related to housing, such as certain online purchases.

- **Current Expense Property Taxes.** Initiative 747 limited local property tax increases to 1.0 percent each year, resulting in an erosion of the tax's purchasing power over time. Because of the method for calculating Cle Elum's property tax levy (equal to the previous year's levy plus new construction add-on value), new construction is important to the City's ability to limit the erosion of the purchasing power of the property tax and to grow the levy beyond the statutory limitations. In 2017, property tax revenue generated about \$703,775 for the City of Cle Elum, up from \$491,059 in 2015 (43 percent change).
- **Other Revenue Sources.** The City of Cle Elum collects revenues from a range of other local sources, including:
  - *Hotel/Motel Tax:* The city receives a sales tax credit against the state portion of the sales tax of 2% on accommodations purchases. The proceeds of the tax are dedicated to economic development purposes supporting the tourism sector.
  - *Business and Occupation Taxes.* This category of revenue includes monies received from business and occupation taxes on utilities and gambling taxes. The City does not currently impose these taxes on other, general business activities.
  - *Real Estate Excise Tax (REET).* Real estate transactions<sup>10</sup> are subject to a 0.25 percent local tax on the value of the transaction. REET revenues are restricted to finance

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<sup>7</sup> The City of Cle Elum provides water, sewer, and garbage services to residents and businesses within Cle Elum city limits. <https://cityofcleelum.com/city-services/utilities/>

<sup>8</sup> Inclusive of local retail sales and use tax revenues, hotel/motel sales and use tax revenues, local public safety sales and use tax revenues, and criminal justice sales and use tax revenue.

<sup>9</sup> More information on local sales and use tax rates:

[https://dor.wa.gov/sites/default/files/legacy/Docs/forms/ExcsTx/LocSalUseTx/LocalSlsUseFlyer\\_19\\_Q3.pdf](https://dor.wa.gov/sites/default/files/legacy/Docs/forms/ExcsTx/LocSalUseTx/LocalSlsUseFlyer_19_Q3.pdf)

<sup>10</sup> REET is a tax applied to the *sale* of real estate, land, and any improvements affixed to land (including manufactured housing). REET is typically paid by the seller of the property, although the buyer is liable for the tax if it is not paid – or, sometimes the buyer pays some or all of the tax as part of the negotiated sale agreement. The tax also applies to transfers of controlling interests (50% or more) in entities that own property in the state. The tax applies to land and “anything affixed to land” including manufactured homes.

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capital projects. REET revenues are uncertain, given the volatility in the real estate market. Since REET is based on the total value of real estate transactions in a given 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.

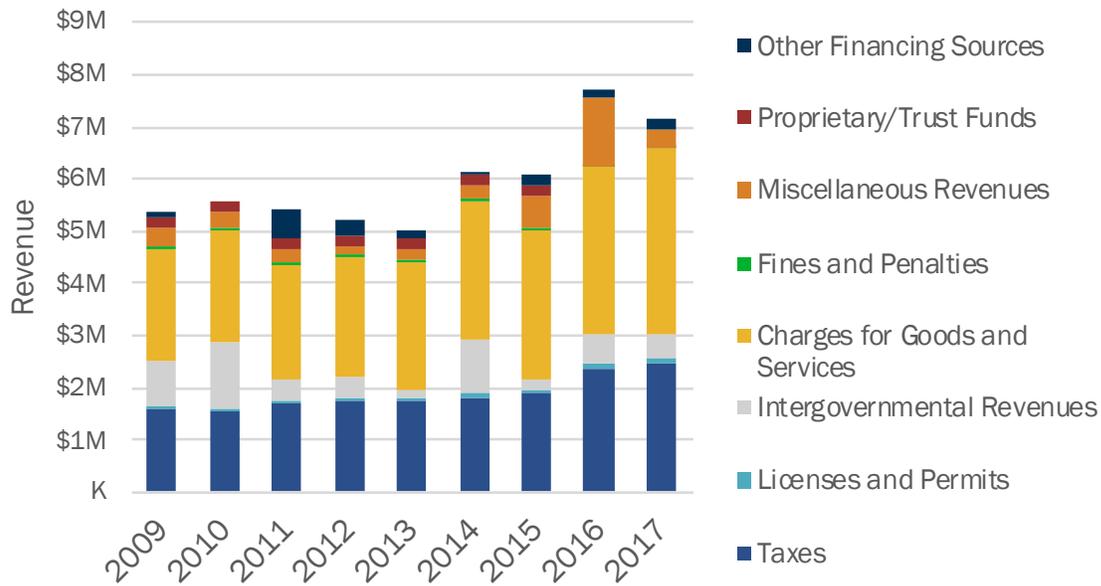
- *Licenses and Permits.* This category of revenue includes monies received through the City's business and non-business license permitting programs.
- *Intergovernmental Revenues.* This category of revenue includes federal direct, federal indirect, and state grants. In addition, it includes other intergovernmental revenues such as state shared revenues, entitlements, and impact payments; local grants, entitlements, and other payments; and sales and service charges for law enforcement, library, and culture and recreation facilities services.
- *Fines and Penalties.* This category of revenue includes monies receive from civil penalties, infraction penalties, and parking penalties; criminal traffic misdemeanor fines and non-traffic fines; criminal costs; and non-court fines and penalties.
- *Miscellaneous Revenues.* The City receives some small revenues that have been categorized as "Other Miscellaneous" for this analysis. This category of revenue includes interest and other earnings, rents and leases, inter-fund/interdepartmental revenues, contributions and donations from non-governmental sources, special assessments, and other miscellaneous revenues.
- *Other Financing Sources.* This category of revenue includes issued debt and disposition of capital assets.

#### CITY REVENUE TRENDS

The following section provides a brief historical summary of all budgeted revenue sources, followed by taxation revenue sources. The summary is provided to show that city revenues have grown to match their expenditure needs.

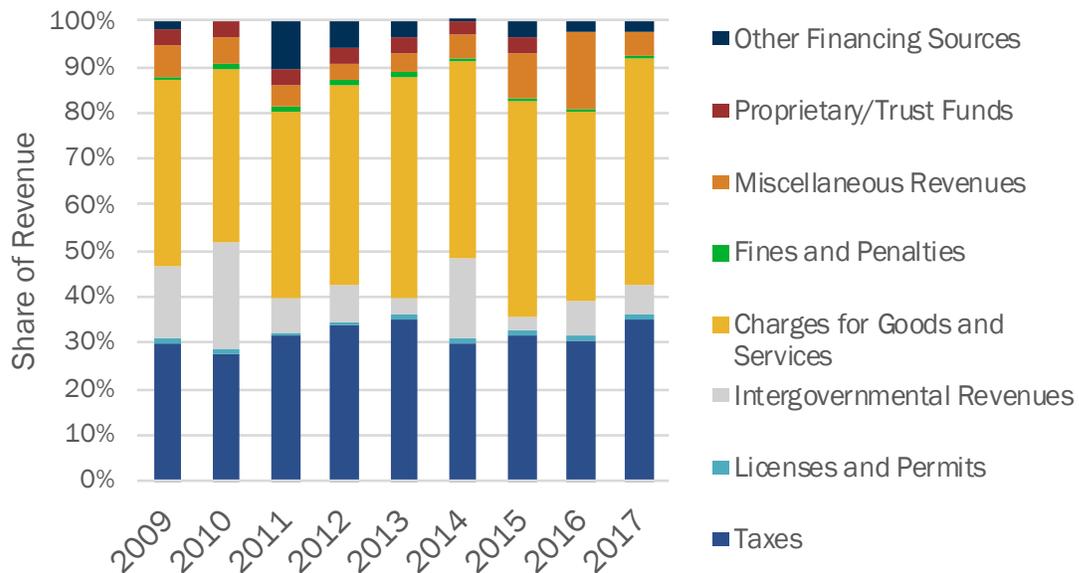
- With the exception of a small lag in growth between 2011 and 2013, over the last decade, revenues have generally increased over time (Exhibit 5).
- In 2017, City revenues totaled \$7.2 million, up from \$5.4 million in 2009 (a \$1.8 million dollar increase or 33 percent change).
- Charges for goods and services (primarily for utilities) have historically made up the largest share of City revenues (Exhibit 6).
- From 2009 to 2017, total revenues (inclusive of all sources) grew at a rate of 3.6 percent, while expenditures grew at a rate of 2.2 percent in the same time. Revenues are also growing at a faster rate than the past: from 2014 to 2017, revenues grew at a rate of 5.5 percent; from 2011 to 2014, revenues grew at a rate of 3.9 percent.

Exhibit 5. Summary Trends of Major Revenue Sources, City of Cle Elum, 2009 through 2017



Source: Washington State Auditor, Local Government Financial Reporting System.

Exhibit 6. Summary Composition of Major Revenue Sources, City of Cle Elum, 2009 through 2017



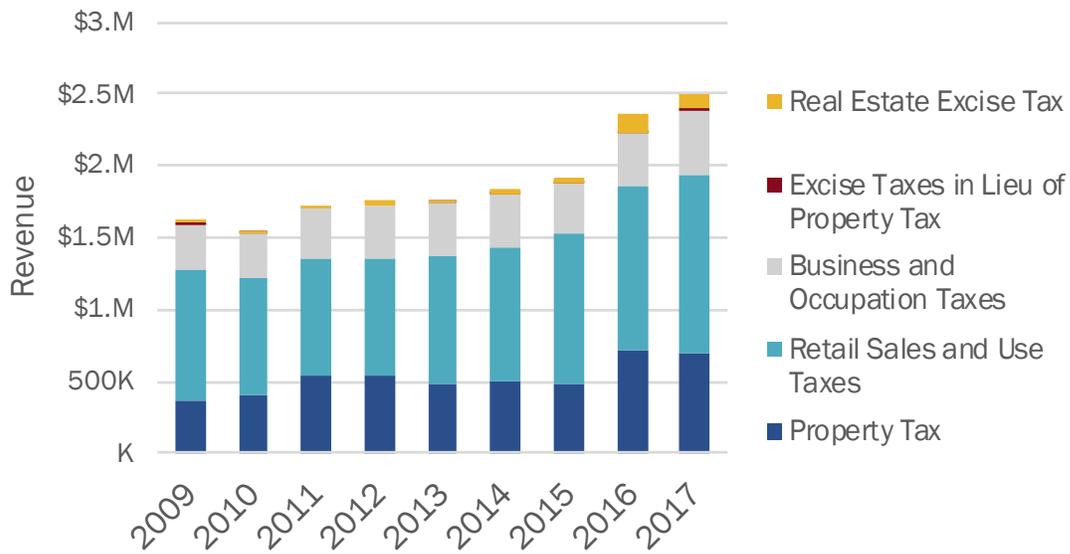
Source: Washington State Auditor, Local Government Financial Reporting System.

Exhibit 7 and Exhibit 8 present a subset of City revenues (i.e., revenues received from taxes). From 2009 to 2017, tax revenues grew at a rate of 5.6 percent. Similar to revenues from all sources, tax revenues are growing at a faster rate than the past: from 2014 to 2017, tax revenue grew at a rate of 10.8 percent; from 2011 to 2014, tax revenues grew at a rate of 6.4 percent.

- Revenues from taxation have generally increased over time (Exhibit 7).
- Revenue from taxation totaled \$2.5 million in 2017, up from \$1.6 million in 2009 (a \$878,536 increase of 55 percent change).
- Sales and use taxes comprise the largest share of revenues from taxation, followed by property tax revenues (Exhibit 8).

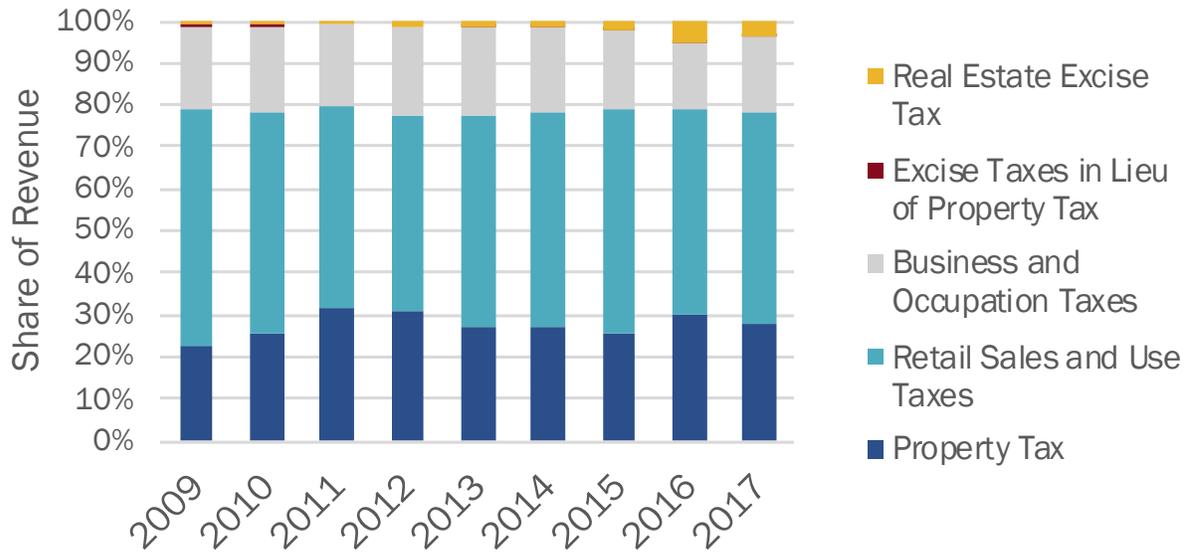
Exhibit 9 also presents a subset of City revenue: hotel/motel sales and use tax. From 2009 to 2017, revenues from this source increased \$121,973 (a 187 percent change). Revenues from this source are not discretionary; they may only fund tourism marketing, marketing and operations of special events and festivals designed to attract tourists, operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district, or operations of tourism-related facilities owned or operated by nonprofit organizations.

Exhibit 7. Summary Trends of Major Taxation Sources, City of Cle Elum, 2009 through 2017



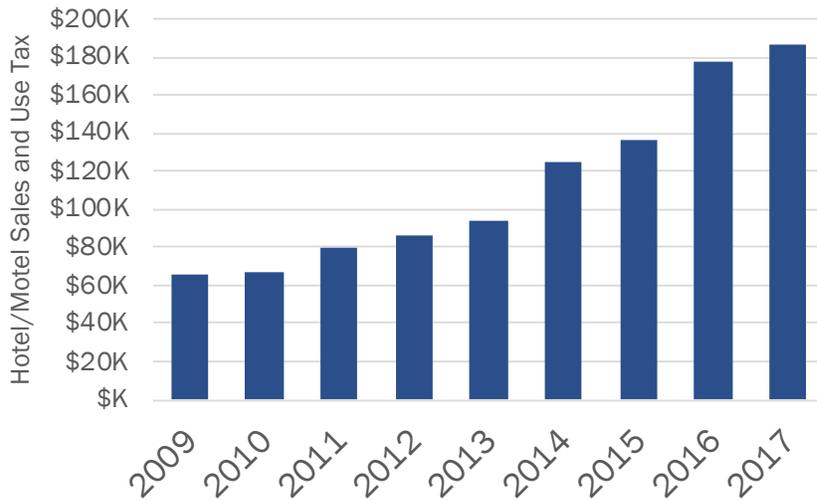
Source: Washington State Auditor, Local Government Financial Reporting System.

Exhibit 8. Summary Composition of Major Taxation Sources, City of Cle Elum, 2009 through 2017



Source: Washington State Auditor, Local Government Financial Reporting System.

Exhibit 9. Special Hotel/Motel Tax Revenues, City of Cle Elum, 2009 through 2017



Source: Washington State Auditor, Local Government Financial Reporting System.

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## CITY EXPENDITURES

This section discusses the City of Cle Elum's primary expenditures and trends from 2009 to 2017. Unless cited otherwise, information in this memorandum is data from Washington state's Local Government Financial Reporting System for the City of Cle Elum.

### PRIMARY EXPENDITURES

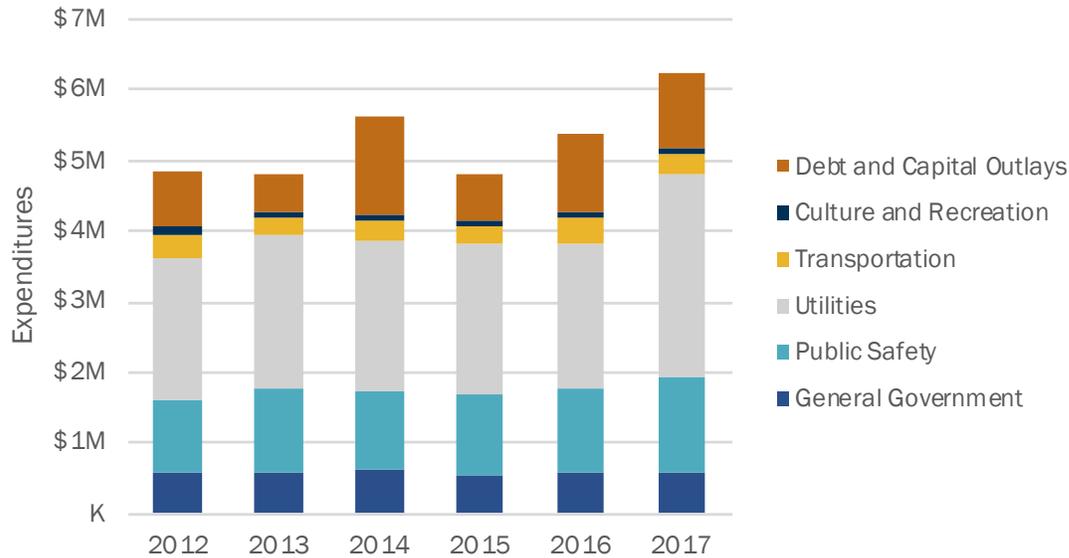
The City of Cle Elum's major expenditures are as follows:

- **Utilities.** This category of expenditures includes costs for water, sewer/reclaimed water, cemetery, solid waste, and other utility costs. As of 2017, expenditures for utilities accounted for 43 percent of total city-wide expenditures, up from 40 percent in 2012.
- **Public Safety.** This category of expenditures includes costs for law enforcement, fire and emergency medical, detention/corrections, protective inspection services, and dispatch services. As of 2017, expenditures for public safety accounted for 20 percent of total city-wide expenditures, down from 21 percent in 2012. In 2017, the largest sub-expenditure was for law enforcement activities (77 percent of total spending in this category), which went toward police operations, training, facilities, traffic policing, and other services/supplies.
- **Debt and Capital Outlays.** This category of expenditures includes capital expenses, costs for infrastructure improvements, and new construction, as well as costs for debt redemption (i.e., loan repayment) and interest/debt service costs. As of 2017, expenditures for debt and capital outlays accounted for 16 percent of total city-wide expenditures, up from 15 percent in 2012.
- **General Government.** This category of expenditures includes costs for personnel and centralized services; legislative, judicial, and executive activities; financial, recording, and election activities; and legal. As of 2017, expenditures for the general government accounted for 9 percent of total city-wide expenditures, down from 11 percent in 2012.
- **Transportation.** This category of expenditures includes roads/streets maintenance, roads/streets administration and overhead, and airports/ports costs. As of 2017, expenditures for transportation accounted for 4 percent of total city-wide expenditures, down from 6 percent in 2012.
- **Culture and Recreation.** This category of expenditures includes library and park facilities costs. As of 2017, expenditures for culture and recreation accounted for 2 percent of total city-wide expenditures, down from 3 percent in 2012.

## CITY EXPENDITURE TRENDS

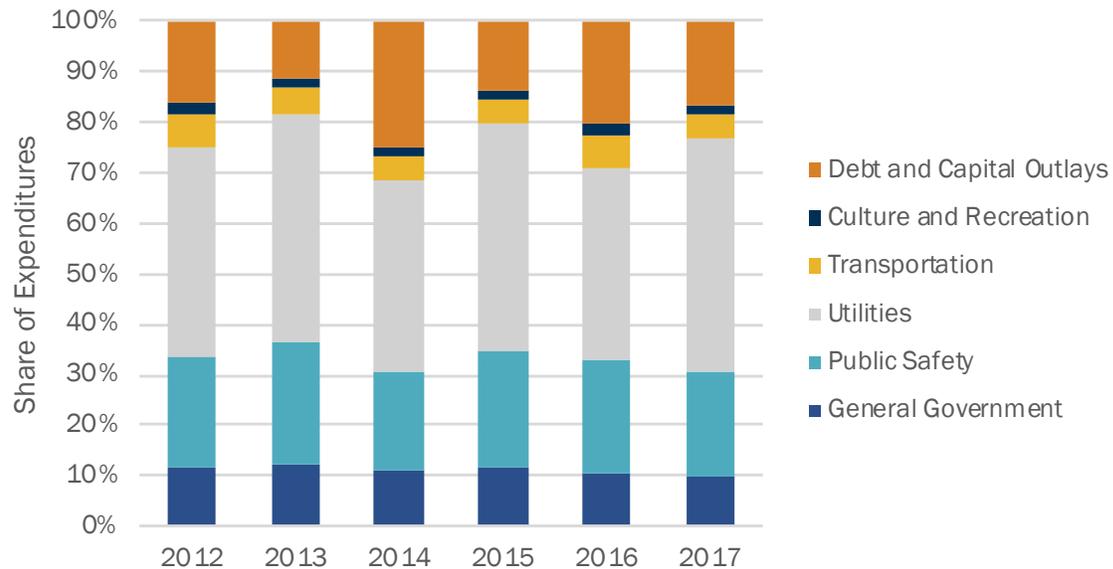
As stated in the previous section, revenues in Cle Elum have grown at a faster rate than expenditures between 2009 and 2017. Expenditures in the City of Cle Elum totaled \$6.6 million in 2017, up from \$5.5 million in 2009 (19 percent change), (see Exhibit 10 and Exhibit 11).

Exhibit 10. Summary Trends of Expenditures, City of Cle Elum, 2009 through 2017



Source: Washington State Auditor, Local Government Financial Reporting System.

Exhibit 11. Summary Composition of Expenditures, City of Cle Elum, 2009 through 2017



Source: Washington State Auditor, Local Government Financial Reporting System.

## CITY TAX BASE

This section provides background on the following:

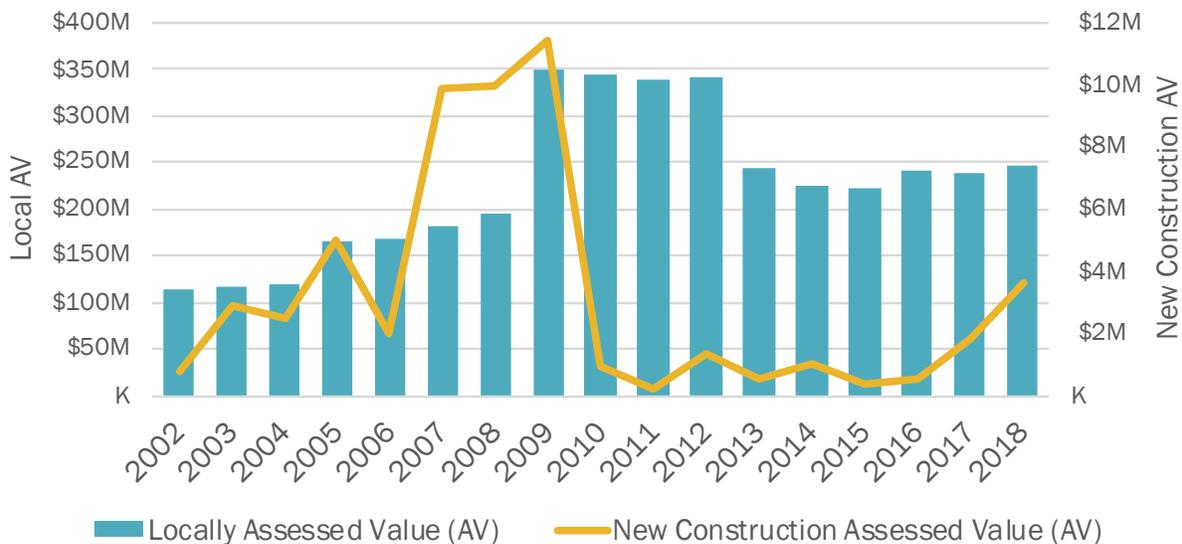
- Assessed value and new construction trends
- Taxable retail sales trends

### ASSESSED VALUE AND NEW CONSTRUCTION TRENDS

The Kittitas County Assessor assesses the land and improvement value of all properties in the county for the purpose of levying property taxes. The Assessor also values the amount of new construction for calculating the amount of “add-on” value to property tax collections. The trends for the City follow.

- In 2018, Cle Elum’s local assessed value (AV) was \$246.3 million, about \$131.7 more than local AV estimates in 2002.
- AV from new construction added substantially to Cle Elum’s base from 2006 through 2009 (Exhibit 12). The Great Recession did, however, cut this trend short. In 2010, AV from new construction sharply declined, and by 2011, AV from new construction added only \$197,500 to the City’s base.
- New construction levels have picked up in the last several years but continue to be at levels lower than they have in the past.

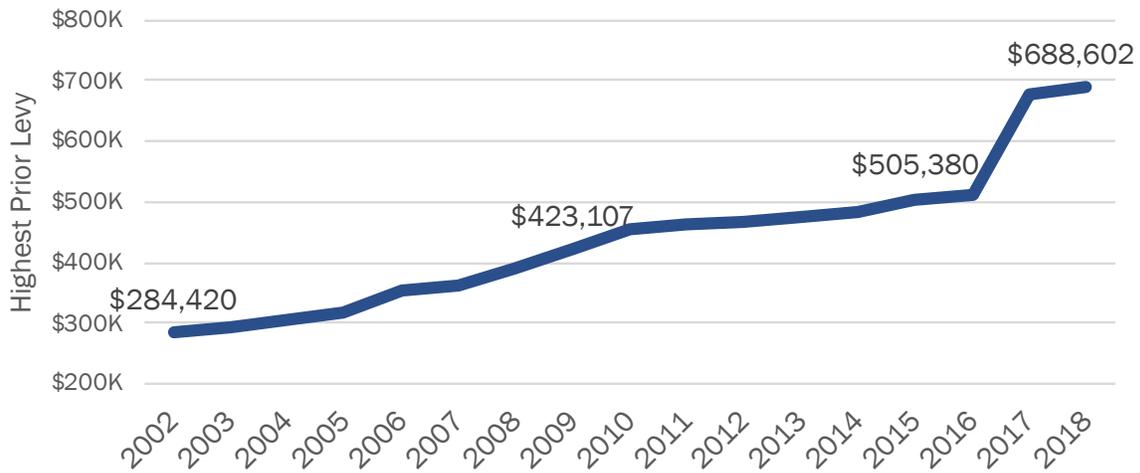
Exhibit 12. Assessed Value and New Construction, City of Cle Elum, 2002 through 2018



Source: Washington State Department of Revenue.

Most taxing jurisdictions in Washington state must ensure that the amount of revenue they levy in the current year will not exceed the amount levied in the preceding year (plus additional funds for new construction, improvements to property, newly constructed wind turbines, solar, biomass, geothermal facilities, if the facility is not state assessed, increases in the value of state-assessed property, annexations, and refunds). In 2018, Cle Elum’s highest lawful levy was \$688,602 (see Exhibit 13), prior to the additional funds for new construction, etc.

Exhibit 13. Highest Prior Levy, City of Cle Elum, 2002 through 2018



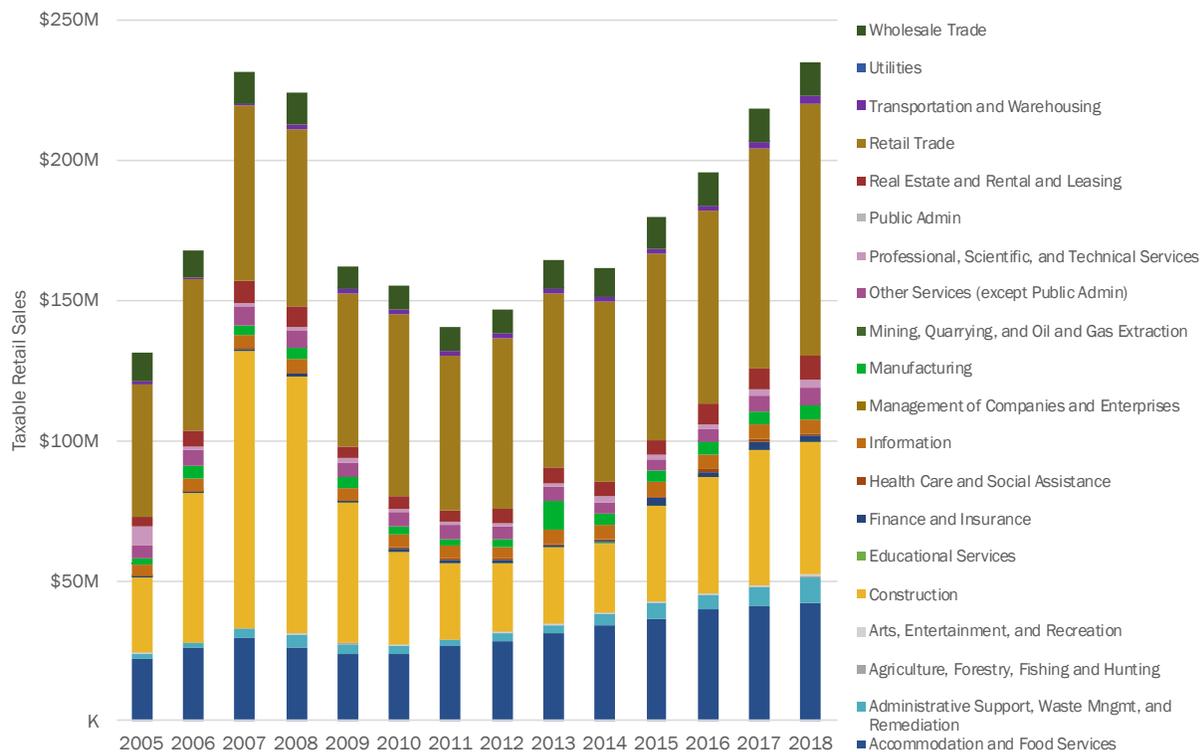
Source: Washington State Department of Revenue.

#### TAXABLE RETAIL SALES TRENDS

Retail sales reflect spending that occurs within the City and is a significant source of tax revenue for the City. Exhibit 14 shows:

- Taxable retail sales (TRS) have grown steadily over the last several years. Total sales (particularly for the construction sector) dipped following the onset of the recession (around 2009), but sales have since increased.
- The retail trade sector accounts for most of the growth. From 2010 to 2018, taxable sales in the retail trade sector grew at an average annual rate of 4.18 percent (about \$25.1 million).

Exhibit 14. Taxable Retail Sales, City of Cle Elum, 2005 through 2018



Source: Washington State Department of Revenue.

### KITTITAS HOSPITAL DISTRICT NO. 2

The District is funded through a property tax levy as well as patient charges for services. Community fund raising provides some monies for capital purposes. In 2017, the District’s revenue was \$2.3m, an 82 percent change or \$1m increase from 2010 (nominal dollars). The property tax levy accounts for \$1.3 million of the total amount.

### KITTITAS COUNTY 9-1-1

Kittitas County 9-1-1’s budget for 2019 was \$2,075,335. In 2017, their budget was \$2.4m, a 35 percent change or \$1.8m increase from 2010 (nominal dollars). They are 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, VOIP).

### CLE ELUM-ROSLYN SCHOOL DISTRICT

In fiscal year 2018-2019, the Cle Elum-Roslyn School District’s total revenues amounted to \$12m. Of the total revenue, 73 percent derived from state revenue, 19 percent from local tax revenue, five percent from federal revenue, and two percent from local *non*-tax revenue. Total revenues increased by about \$2m from fiscal year 2015-2016 to fiscal year 2018-2019 (a 19 percent change). The District imposes an operating levy of \$0.624 per \$1,000 of assessed value (AV) and a capital project levy of \$0.425 per \$1,000 of AV.

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## 3. Environmental Impacts

This section outlines the fiscal and economic impacts of the two alternative developments:

- **SEIS Alternative 5 (No Action Alternative) – Approved Bullfrog Flats Master Site Plan:** This alternative includes a mix of residential and employment uses, open space/recreational facilities, and future development areas on a 1,100-ac site.  
  
It is consistent with the master site plan as approved in the 2002 Development Agreement and conditions of approval. It also incorporates some additional updates to reflect current conditions and regulations.
- **SEIS Alternative 6 – Proposed 47<sup>0</sup> North Master Site Plan Amendments:** This alternative represents the Applicant’s proposed amendments to the approved Master Site Plan. It includes phased development of a mix of residential, RV resort, and open space/recreational facilities on an 824-acre project site. A 25-acre adjacent site, which could be developed for commercial uses in the future, is not part of the 47<sup>0</sup> North Master Site Plan proposal but is included in the analysis to help identify cumulative impacts.

The analysis separates the various components of SEIS Alternative 6 (residential/RV and commercial) and frames them as two distinct sub-alternatives:

- **SEIS Alternative 6a (47<sup>0</sup> North):** This component of SEIS Alternative 6 includes the phased development of residential uses, the RV resort, and open space/recreational facilities.
- **SEIS Alternative 6b (Commercial Parcel):** This component includes the possible commercial uses of SEIS Alternative 6. New Suncadia is retaining a 25-acre portion of the Bullfrog Flats property and could, in the future, develop the site for a combination of retail and professional office uses.

### Summary of Environmental Impacts in 2002

In the 2002 Cle Elum UGA FEIS, analysts studied the impacts of FEIS Alternative 5 – Original Bullfrog Flats Master Site Plan. FEIS Alternative 5 encompassed 1,334 dwelling units, a 950,000 square foot business park, land set aside for public facilities, and recreation facilities (a neighborhood lake, clubhouse, and recreation center). Phased development would occur over a 30-year period. The 2002 Cle Elum UGA FEIS studied impacts broadly, at the district, City, county, and state level. Following issuance of the FEIS in 2002, land in the Subarea was annexed into Cle Elum, prompting a narrower focus for this SEIS economic and fiscal impact analysis. Accordingly, this section specifically summarizes the 2002 economic and fiscal impact discussions for the City of Cle Elum, Kittitas County Hospital District No. 2, and Kittitas County 9-1-1.

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## 2002 Cle Elum UGA FEIS Economic Impacts

Triggered by FEIS Alternative 5, employment in construction was estimated to increase by approximately 100 employees per year in buildout years 1 through 3, gradually declining over 30-year project horizon. Due to increased resident/visitor spending (prompted by new development), FEIS Alternative 5 was also expected to generate 270 new spending-induced jobs—the food service industry was assumed to account for the largest share of new, spending-induced jobs (roughly 50-60 percent at full buildout).

No significant, unavoidable adverse economic impacts were identified. The identified potential, economic impacts of SEIS Alternative 5 were increased employment opportunities, higher potential personal income, lower unemployment rates, a diversified workforce, and new business commerce.

## 2002 Cle Elum UGA FEIS Fiscal Impacts

The 2002 Cle Elum UGA EIS studied impacts on one-time and reoccurring revenues and costs (i.e. expenditures) under FEIS Alternative 5. Upon annexation, one-time revenues to the City would include dollars from fees, REET, and retail sales tax for construction contracts. The analysis estimated that one-time costs would be equal to one-time revenues, but net fiscal shortfalls could be triggered in *initial* buildout years due to a need to lease capital equity for road maintenance and to pay for fire service. Reoccurring revenues would include property tax and sales tax—expected to increase over the buildout period. Reoccurring long-term costs would include increased law enforcement (annual estimate: \$250k to \$300k), fire department (annual estimate: \$150k to \$200k), and public works (annual estimate \$150k to \$200k) service needs.

Ultimately, net fiscal impacts (average annual, constant 2000 dollars) for the City of Cle Elem were -\$50,000 to -\$60,000 in years 1 through 11 and \$400,000 to \$500,000 in years 12 through 30. Despite a need to mitigate temporary fiscal shortfalls in earlier years, no significant unavoidable adverse fiscal impacts were anticipated.

Regarding the fiscal impacts for Hospital District No. 2, the district would receive increased revenue through property taxes and additional patient fees. The district would also have increased costs due to the need to pay for increased capital and operations/maintenance costs (personnel, facility expansions, ambulances, etc.). The net fiscal impact was negative year one through 10 of buildout, before revenues began to meet and exceed service costs.

The analysis for Kittitas County 9-1-1 indicated that any costs would be mitigated by the revenue structure acquisition (fees paid by emergency service subscribers and a monthly tax applied to telephone lines) where the fee/tax rates are set up to cover costs.

The analysis for the Cle Elum-Roslyn School District showed that FEIS Alternative 5 would produce increased operating levy revenues in addition to increased state-shared revenues. Operating costs were expected to exceed revenues in earlier stages of development, however,

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by project year 7, the School District was expected to have fiscal surpluses. The analysis highlighted that any failed school levy would have an adverse effect on net revenues.

## Updated Assessment of Economic and Fiscal Impacts

ECONorthwest conducted analysis to determine potential fiscal and economic impacts of the two alternatives. This section documents the details of the analysis.

### Economic Impacts of SEIS Alternative 5 and SEIS Alternative 6

In this section we evaluate local economic development impacts (e.g., jobs and investments and long-term community and economic development impacts) of the SEIS Alternatives. To conduct the analysis, we look at changing revenues or costs (positively or negatively) for businesses within the city or changing income and employment levels (positively or negatively) in industries within the city. We look at the effects of housing availability during the life of the project, the economic value of land use, and the value of other resources as they contribute to the quality of life of the region's current and future residents and visitors. This analysis relies on several key assumptions including development and phasing, which are presented in Exhibit 22.

In general, this analysis considers the economic impacts of SEIS Alternative 5 from 2021 to 2051; 2051 is the assumed buildout for this alternative, consistent with the 30-year buildout period assumed for FEIS Alternative 5). For SEIS Alternative 6, this analysis considers economic impacts from 2021 to 2037, as 2037 is the assumed overall buildout for all development components, including both 47° North and the adjacent commercial property.<sup>11</sup> Note that the residential and recreational development in 47° North is assumed to buildout by 2028.

### EMPLOYMENT

For both SEIS Alternative 5 and SEIS Alternative 6, demand for construction services would increase employment in the construction sector. Employment (as estimated by a job-year)<sup>12</sup>, is estimated using the Washington State Office of Financial Management impact model by translating construction spending to job demand. SEIS Alternative 5 would create demand for 2,025 local construction jobs over the life of the development (residential and other uses). SEIS Alternative 6 would create demand for 607 local construction jobs. Impacts on the construction labor force would be short-term. The difference between the alternatives is due to the relative amounts of housing built (including the type of housing built<sup>13</sup>) and the amount of commercial

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<sup>11</sup> The analysis periods for SEIS Alternative 5 and SEIS Alternative 6 differ based on each alternative's buildout period. This analysis does not calculate economic impacts further than 2037 for SEIS Alternative 6 as this is the overall buildout year for this alternative and analysis beyond 2037 is considered speculative given possible and unknowable changes in fiscal conditions).

<sup>12</sup> A job year is defined as 'full-time employment' (FTE) for one person over the course of a year assuming 2,080 hours of employment per year.

<sup>13</sup> In SEIS Alternative 6 and 6a, single family and some of the multi-family housing development comprises manufactured housing which is constructed off-site and assembled onsite. In comparison, in SEIS Alternative 5, all the single-family and multi-family housing development comprises stick-built housing which is constructed on-site.

space constructed in SEIS Alternative 6. Construction firms would increase employment to satisfy demand before stabilizing as development subsides.

For SEIS Alternative 5, development of a business park would also increase non-construction related employment. At full build, the business park is expected to be 950,000 square foot. We assume one employee per 500 square foot<sup>14</sup>, meaning, at full buildout and at 100% occupancy, the business park would contribute 1,900 new employees. Note that the full buildout period assumed for this alternative is consistent with the 30-year buildout assumed in the 2002 Cle Elum UGA EIS.

For SEIS Alternative 6, proposed buildout is 2037 (where buildout of SEIS Alternative 6a is 2028 and buildout of SEIS Alternative 6b is 2037). Full buildout is expected to accommodate a grocery store at 45,000 square feet, retail totaling 25,000 square feet, restaurants totaling 20,000 square feet, and a medical office(s) totaling 60,000 square feet. It also assumes that a 3,500 square foot adventure center and a 31,000 square foot recreational amenity center are delivered at full buildout. We assume one employee per 500 square foot for each development type (with the exception of the adventure center and recreation amenity center<sup>15</sup>). This equates to about 400 new, non-construction related employees at full build out (assuming 100% occupancy). Of the 400 new employees in SEIS Alternative 6, 100 new employees derive from 47<sup>o</sup> North (Alternative 6a - 47<sup>o</sup> North) and 300 derive from the commercial development (Alternative 6b - the commercial parcel).

Exhibit 15 presents the anticipated new jobs/employees over time for both SEIS alternatives. Note that use of different assumed employment densities will result in varied employment forecasts. For example, FEIS Alternative 5 assumed employment due to development of the business park would equate to 1,647 permanent employees (about 253 fewer employees than this analysis estimates).

Exhibit 15. Cumulative Employment Growth, SEIS Alternative 5 and SEIS Alternative 6

	2025	2031	2037	2051
<b>SEIS Alternative 5</b>				
Business Park (SF)	70,000	245,000	490,000	950,000
<b>Employees</b>	<b>140</b>	<b>490</b>	<b>980</b>	<b>1,900</b>
<b>SEIS Alternative 6</b>				
Grocery Store (SF)	0	45,000	45,000	--
Retail (SF)	8,500	25,000	25,000	--

<sup>14</sup> This is an employee density measure observed in retail settings and is commonly used as part of land capacity and transportation planning on the part of public agencies.

<sup>15</sup> Sun Communities provided precise estimates for anticipated employment numbers for the recreational amenity center and the adventure center in SEIS Alternative 6 and 6a. Estimates were: 30-35 permanent employees and 70-90 seasonal employees.

	2025	2031	2037	2051
Restaurant (SF)	6,500	20,000	20,000	--
Medical Office (SF)	0	60,000	60,000	--
Rec Amenity Center	0	*	*	--
Adventure Center	0	*	*	--
<b>Employees</b>	<b>30</b>	<b>400</b>	<b>400</b>	--
SEIS Alternative 6a (47° North)				
Rec Amenity Center	0	*	*	--
Adventure Center	0	*	*	--
<b>Employees</b>	<b>0</b>	<b>100</b>	<b>100</b>	--
SEIS Alternative 6b (the commercial parcel)				
Grocery Store (SF)	0	45,000	45,000	--
Retail (SF)	8,500	17,000	25,000	--
Restaurant (SF)	6,500	13,000	20,000	--
Medical Office (SF)	0	0	60,000	--
<b>Employees</b>	<b>30</b>	<b>150</b>	<b>300</b>	--

Source: ECONorthwest.

\* Note: This development does not use development square footage as the basis to estimate employment. It uses Sun Communities' estimates for RV resort employment needed once the park is built. Their estimates are: 30-35 permanent employees and 70-90 seasonal employees. This analysis used the low end of the employment range provided by Sun (i.e., 30 permanent employees and 70 seasonal employees).

## HOUSING AND HOUSEHOLDS

As mentioned above, new housing will impact construction labor in the near-term. It will also accommodate new households, contributing to population growth in the City and region. Exhibit 16 presents the anticipated new households over time for both SEIS alternatives. It is based on new permanent residential units (excludes RVs spaces<sup>16</sup>) expected over the development period and it assumes an average occupancy rate of 90 percent. Under these assumptions, at full buildout, Cle Elum may add approximately 1,201 households under SEIS Alternative 5 and 636 households under SEIS Alternative 6 and 6a (47° North). Household and population growth will contribute to consumer spending and greater participation in the labor market.

At buildout, RV spaces will also house visitors. On a per site basis at stabilized occupancy, an RV site is estimated to generate 941 visitors per year. This is based on a 50% occupancy assumption and 3.0 persons per site size assumption over the course of a year (365 days). It is assumed that visitors will also contribute to consumer spending in the City through their accommodations and retail spending. The latter is likely to be a mix of spending that would be captured on site at the RV resort as well as spending at local retail establishments (e.g., retail in the context would cover spending that generates a taxable retail sale).

Exhibit 16. Cumulative Household Growth of New Housing, SEIS Alternative 5, SEIS Alternative 6, and SEIS Alternative 6a (47° North)

	2025	2031	2037	2051
SEIS Alternative 5				
Residential Units	779	983	1,111	1,334
<b>Households</b>	<b>701</b>	<b>885</b>	<b>1,000</b>	<b>1,201</b>
SEIS Alternative 6 and SEIS Alternative 6a (47° North)				
Residential Units	444	707	707	--
<b>Households</b>	<b>400</b>	<b>636</b>	<b>636</b>	--

Source: ECONorthwest.

<sup>16</sup> Groups using RV spaces are not considered "households." They do not contribute to the permanent population for purposes of this fiscal analysis. They are, however, considered to contribute to an "equivalent" population base for purposes of identifying impacts to public services, utilities, and other elements of the environment evaluated in the SEIS.

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## RETAIL EXPENDITURES

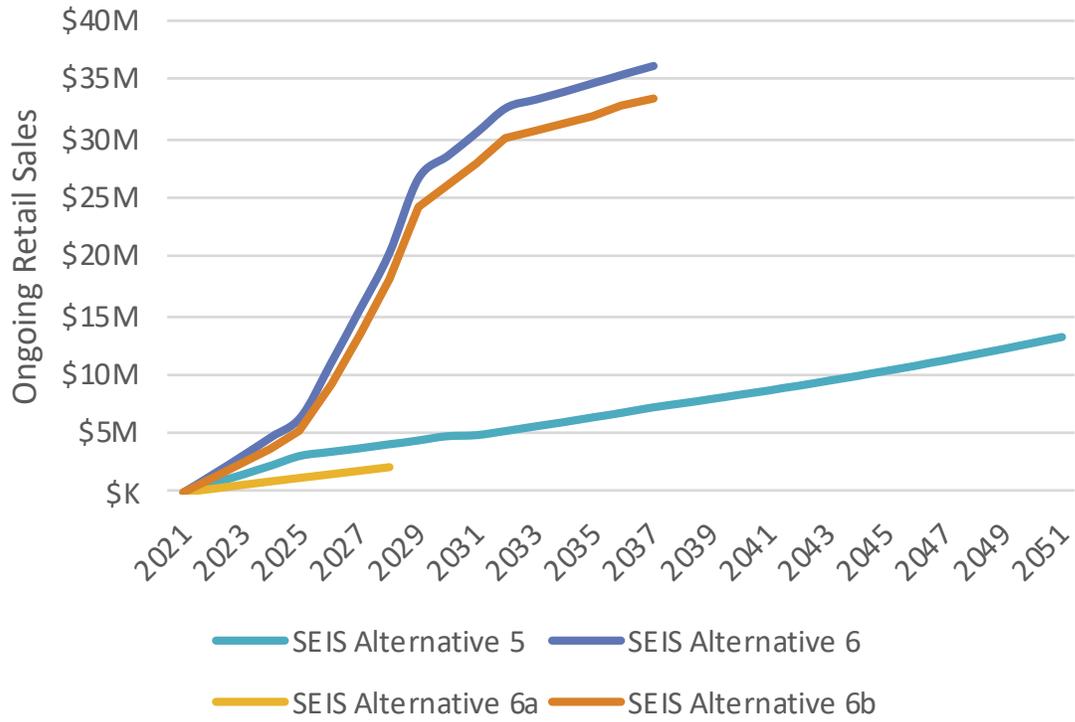
Retail expenditures will expand under both SEIS Alternative 5 and 6, due to growth in employee, resident, and visitor base. However, SEIS Alternative 6 is expected to produce a greater, cumulative positive impact on expenditures if the commercial uses in SEIS Alternative 6b (the commercial parcel) are considered, because they will be more conducive to consumer spending. In that, certain business types (such as the retail, grocery store, and restaurant spaces) in the commercial parcel will produce greater amounts of taxable retail expenditures than other business types (such as those likely to locate in the business park in SEIS Alternative 5). Retail expenditure projections for each Alternative is displayed in Exhibit 17.

Businesses within the city will benefit from the additional household demand produced by residents and their needs. It is not clear to what degree, if any, existing businesses may be affected by the growth at 47<sup>o</sup> North, either positively or negatively. Under SEIS Alternative 5, the large amount of household spending (and fewer retail opportunities) could provide more support for existing local businesses (or opportunities for new businesses), but that demand would be spread across the city and proximate areas in the county.

In SEIS Alternative 6, the commercial parcel (SEIS Alternative 6b) would provide newer retail offerings that could ostensibly compete with existing businesses in the city. For example, the opening of new grocery store may pose a threat to existing grocer businesses for customers. However, competition between stores may also result in improvements to services and offerings that ultimately benefit local consumers. The larger population and visitor base of SEIS Alternative 6 could, however, attract other business enterprises that are attracted to growth in consumers.

Exhibit 17 shows the increase in local retail spending from new retail establishments, from spending from other businesses, and from sales from household deliveries. It shows that SEIS Alternative 6 and 6b (the commercial parcel) will produce more taxable retail sales than SEIS Alternative 5 over the course of buildout (and post-buildout). The analysis is based on a taxable retail sales per square foot for non-residential units and per unit for residential units. Given this, the primary driver of expected retail sales revenue in SEIS Alternative 6 is due to the retail, restaurant, and grocery store component of the commercial development program (i.e., SEIS Alternative 6b - the commercial parcel). The development types in SEIS Alternative 6b (the commercial parcel) will generate more taxable retail sales per square foot than the entire development of SEIS Alternative 5 (including its commercial/business park component).

Exhibit 17. New Ongoing Retail Sales Tax, SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)



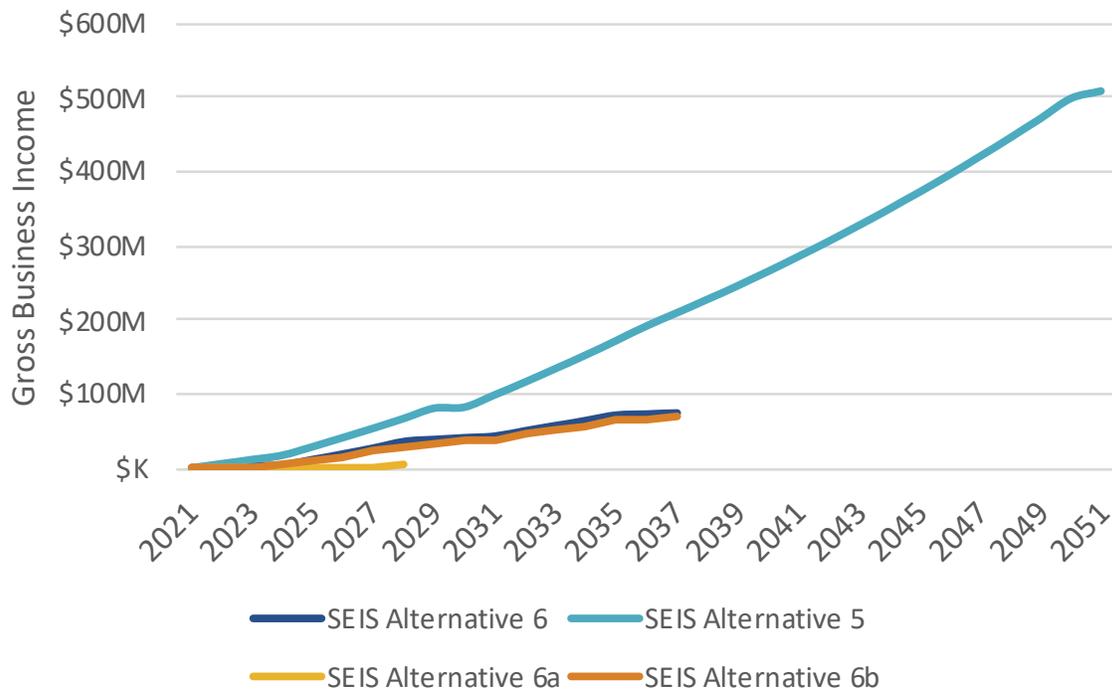
Source: ECONorthwest.  
 Note: Year of expenditure dollars.

## BUSINESS INCOME

This section presents the increase in gross business income (GBI) on site for each SEIS Alternative. Gross business income (or gross profit) is the revenue from all sources minus a firm's cost of goods sold, before subtracting taxes. While Cle Elum does not impose business and occupation taxes (except on utility companies), greater amounts of GBI can benefit a city because of the larger base to apply taxes to.

This analysis relies on a set of assumption about GBI per square foot for non-residential uses. Exhibit 18 shows that SEIS Alternative 5 is expected to produce substantially more GBI over the course of buildout, compared to SEIS Alternative 6 (including both SEIS Alternative 6a - 47° North and 6b - the commercial parcel). This is because the business park in SEIS Alternative 5 is expected to produce 800,000 more square feet of commercial/light industrial space at buildout compared to the commercial component of SEIS Alternative 6 (i.e., SEIS Alternative 6b - the commercial parcel). SEIS Alternative 6b (the commercial parcel) is the primary contributor to GBI generated in SEIS Alternative 6.

Exhibit 18. Gross Business Income, SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)



Source: ECONorthwest.

Note: Year of expenditure dollars.

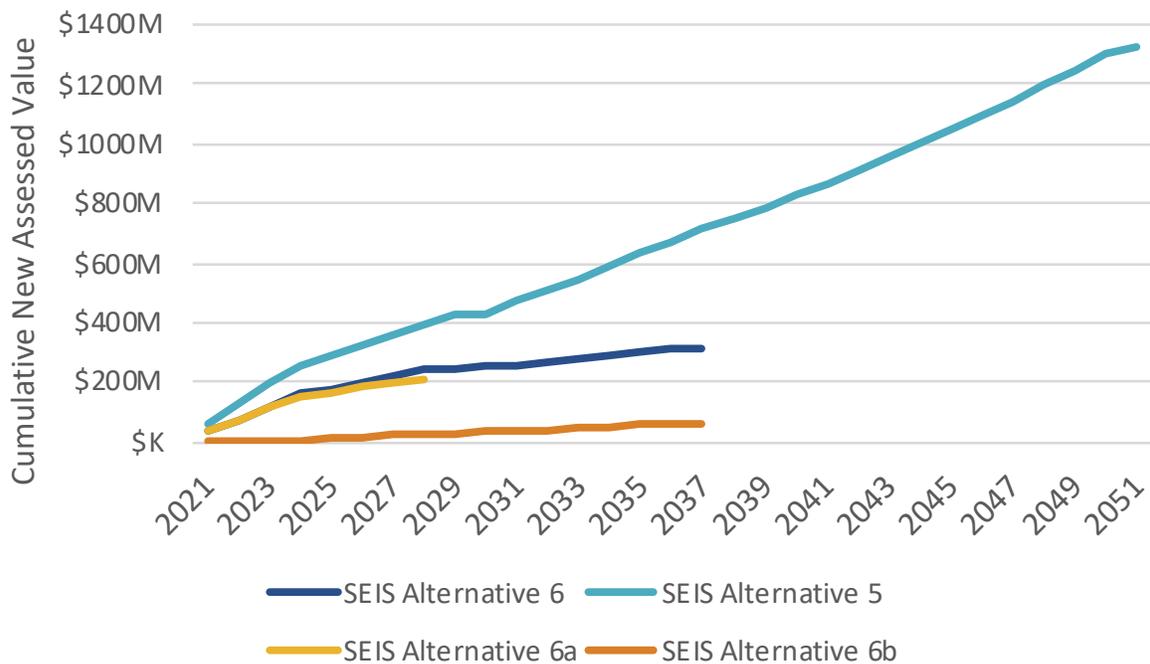
## ECONOMIC VALUE OF IMPROVEMENTS ON LAND

Exhibit 19 shows increases in cumulative assessed valuation (AV) over time. State law affirms that property is to be assessed at market value (true and fair value), which County assessors determine using various statistical methods. A property with greater AV (i.e., properties with more market value) would be less affordable than a property with lower amounts of AV (i.e., lower market value).

Exhibit 19 shows that SEIS Alternative 5 is expected to produce more cumulative assessed value than SEIS Alternative 6. Further, the exhibit shows that SEIS Alternative 6a (47° North) is the primary contributor of cumulative AV in SEIS Alternative 6, given the size of the residential uses and the recreation center and adventure center that is part of the RV resort.

To further delve into this analysis, Exhibit 20 compares the residential component of SEIS Alternative 5 with SEIS Alternative 6a (47° North). The residential component of SEIS Alternative 5 still generates more AV than SEIS Alternative 6a (47° North). This is due to the type and number of residential units in each alternative. For instance, single family development in SEIS Alternative 5 comprises stick-built construction while single family development in SEIS Alternative 6 will be manufactured housing.

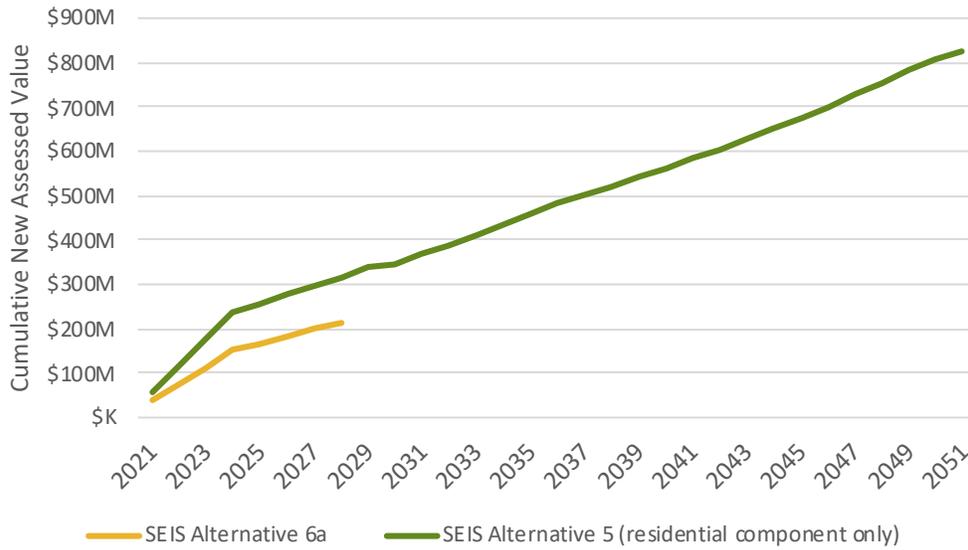
Exhibit 19. Cumulative New Construction Assessed Value, SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)



Source: ECONorthwest.

Note: Year of Expenditure Dollars.

Exhibit 20. Cumulative New Construction Assessed Value, SEIS Alternative 5 (residential component only) and SEIS Alternative 6a (47° North)



Source: ECONorthwest.  
 Note: Year of Expenditure Dollars.

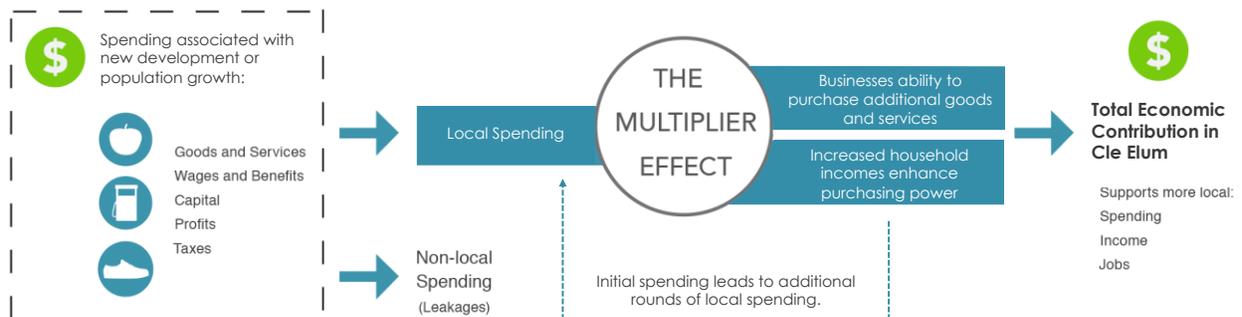
## ECONOMIC IMPACTS TO EXISTING CITY'S RESIDENTS AND BUSINESSES

Increased spending attributed to either SEIS Alternative 5 or SEIS Alternative 6 is expected to create demand for new employment at existing businesses located in the city of Cle Elum. Either development is also expected to increase local household incomes, disposable incomes, and spending. As illustrated in Exhibit 21, as new businesses, residents, and visitors spend money locally in Cle Elum, the city may experience what is known as the multiplier effect. This effect occurs when one change (e.g., development of SEIS Alternative 5 or 6) causes a larger change to occur (e.g., growth in the local economy).

The magnitude of growth in the local economy is not certain and will be dependent on broader economic trends and cycles.

### Exhibit 21. Overview of Economic Multiplier Effect

Source: ECONorthwest.



## Fiscal Impacts of SEIS Alternative 5 and SEIS Alternative 6

The fiscal impact analysis considers the marginal fiscal effects of 47° North 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 of time and may not be available at the time that an infrastructure investment (a cost) is incurred. In this analysis, our 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.

This analysis therefore 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 Exhibit 22.

Exhibit 22. Development Assumptions by Phase, SEIS Alternative 5 and SEIS Alternative 6

Years of Construction	Start Year	Product Type	Annual Absorption of Total Project Size	Project Size
SEIS Alternative 5				
4	2021	Single Family	78	310 units
5	2025	Single Family	25	123 units
6	2031	Single Family	26	154 units
14	2037	Single Family	16	223 units
4	2021	Multifamily	117	469 units
5	2025	Multifamily	11	55 units
4	2021	Business Park	17,500	70,000 sq. ft.
5	2025	Business Park	35,000	175,000 sq. ft.
6	2031	Business Park	40,833	245,000 sq. ft.
14	2037	Business Park	32,857	460,000 sq. ft.
SEIS Alternative 6 [with color annotations for SEIS Alternative 6a - 47° North (green) and 6b - the commercial parcel (tan)]				
4	2021	Single Family*	66	264 units

Years of Construction	Start Year	Product Type	Annual Absorption of Total Project Size	Project Size
4	2025	Single Family*	66	263 units
4	2021	Multifamily	45	180 units
4	2021	RV Sites	157	627 spaces
4	2025	Rec. Amenity Center	7,750	31,000 sq. ft.
2	2026	Adventure Center	1,750	3,500 sq. ft.
4	2021	Retail	2,125	8,500 sq. ft.
4	2025	Retail	2,125	8,500 sq. ft.
4	2028	Retail	2,000	8,000 sq. ft.
4	2021	Restaurant	1,625	6,500 sq. ft.
4	2025	Restaurant	1,625	6,500 sq. ft.
4	2028	Restaurant	1,750	7,000 sq. ft.
4	2032	Medical Office	15,000	60,000 sq. ft.
4	2025	Grocery Store	11,250	45,000 sq. ft.

Source: EA Engineering.

Note 1: An "\*" denotes manufactured housing.

Note 2: Cells shaded in green and yellow annotate various components of SEIS Alternative 6. Cells shaded in green comprise the residential and RV resort component of SEIS Alternative 6 (i.e., SEIS Alternative 6a - 47° North). Cells shaded in tan comprise the commercial component of SEIS Alternative 6 (i.e., SEIS Alternative 6b - the commercial parcel).

In general, this analysis considers the fiscal impacts of SEIS Alternative 5 from 2021 to 2051 — as 2051 is the assumed buildout for this alternative (consistent with the 30-year buildout period assumed for FEIS Alternative 5). For SEIS Alternative 6, this analysis considers fiscal impacts from 2021 to 2037, as 2037 is the assumed buildout for this alternative.<sup>17</sup>

<sup>17</sup> The analysis periods for SEIS Alternative 5 and SEIS Alternative 6 differ based on each alternative's buildout period. This analysis does not calculate fiscal impacts further than 2037 for SEIS Alternative 6, the overall buildout year for this alternative (also, analysis beyond 2037 would be speculative given possible changes in fiscal conditions that could occur).

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## CITY OF CLE ELUM

This analysis estimates reoccurring, future revenues and costs for the City of Cle Elum for each alternative. Exhibit 23 presents the summary of revenues and costs, to inform the net fiscal impact of SEIS Alternative 5, 6, 6a (47° North), and 6b (the commercial parcel).

The analysis in Exhibit 23 uses the following local revenue categories: property tax, sales tax on construction, ongoing sales tax, and utility taxes (see Attachment A for description of tax assumptions). It uses the public services impact analysis to inform employee cost estimates on a per FTE basis. Differences in project sizes will generate different revenue and cost estimates. The analysis is also differentiated by the timing of costs and revenues, and in the level and type of economic activity that would be taxable per city policy and state legal limits.

Exhibit 23 shows that both SEIS Alternatives 5 and 6, as well as 6a (47° North), and 6b (the commercial parcel) generate fiscal surpluses at build out.<sup>18</sup> When looking at the residential/RV resort component separately from the commercial component of SEIS Alternative 6, the analysis finds that SEIS Alternative 6b (the commercial parcel) may generate fiscal shortfalls in earlier years. Again, findings are a result of project sizes, the timing of costs and revenues, and in the level and type of economic activity that would be taxable per city policy and state legal limits.

Exhibit 24 presents a summary of cumulative REET revenue projected for each alternative. It shows that SEIS Alternative 5 generates more REET revenues than SEIS Alternative 6. Again, this is because Alternative 5 comprises substantially more commercial and residential square footage than SEIS Alternative 6. In regard to SEIS Alternative 6, a majority of the projected REET revenue derives from its residential/RV resort component (SEIS Alternative 6a (47° North)). Note that these revenues are not included in Exhibit 23 because they are restricted to capital project costs.

In addition to the fiscal impacts identified in Exhibit 23 and Exhibit 24, SEIS Alternative 6 and SEIS Alternative 6a (47° North) will also increase taxes received through the City's two percent Special Hotel/Motel tax. Exhibit 25 shows that anticipated annual revenue from this source will increase by roughly \$96,000 a year once the RV resort is fully built and stabilized.

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<sup>18</sup> Build out is 2051 for SEIS Alternative 5 and 2037 for SEIS Alternative 6. Buildout for SEIS Alternative 6a (47° North) is 2028 and SEIS Alternative 6b (the commercial parcel) is 2037.

Exhibit 23. City of Cle Elum Cumulative Revenue and Cost Summary (2020\$ in Thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Revenues</b>	<b>\$3,950</b>	<b>\$8,890</b>	<b>\$14,700</b>	<b>\$28,200</b>
Property Taxes	\$1,580	\$4,930	\$8,980	\$18,920
Sales Tax on Construction	\$1,870	\$2,570	\$3,290	\$4,330
Ongoing Sales Tax	\$80	\$260	\$480	\$1,040
Utility Taxes	\$420	\$1,130	\$1,950	\$3,910
<b>Total Costs</b>	<b>\$1,936</b>	<b>\$5,055</b>	<b>\$8,507</b>	<b>\$17,531</b>
Police	\$1,301	\$3,540	\$6,067	\$12,852
Fire	\$277	\$715	\$1,204	\$2,454
Parks	\$26	\$79	\$138	\$289
Public Works	\$332	\$721	\$1,098	\$1,936
<b>Net Fiscal Impact</b>	<b>\$2,014</b>	<b>\$3,835</b>	<b>\$6,193</b>	<b>\$10,669</b>
SEIS Alternative 6				
<b>Total Revenues</b>	<b>\$2,986</b>	<b>\$7,336</b>	<b>\$11,626</b>	–
Property Taxes	\$960	\$2,930	\$4,900	--
Sales Tax on Construction	\$1,176	\$1,416	\$1,486	--
Ongoing Sales Tax	\$200	\$1,210	\$2,370	--
Utility Taxes	\$640	\$1,750	\$2,820	--
<b>Total Costs</b>	<b>\$1,980</b>	<b>\$5,273</b>	<b>\$8,718</b>	–
Police	\$1,464	\$4,036	\$6,760	--
Fire	\$199	\$530	\$870	--
Parks	\$15	\$52	\$91	--
Public Works	\$302	\$655	\$997	--
<b>Net Fiscal Impact</b>	<b>\$1,006</b>	<b>\$2,063</b>	<b>\$2,908</b>	–

Exhibit continues on the following page.

	2025	2031	2037	2051
SEIS Alternative 6a (47° North)				
<b>Total Revenues</b>	<b>\$2,696</b>	<b>\$5,786</b>	<b>\$8,556</b>	–
Property Taxes	\$920	\$2,690	\$4,310	--
Sales Tax on Construction	\$1,096	\$1,226	\$1,226	--
Ongoing Sales Tax	\$40	\$130	\$220	--
Utility Taxes	\$630	\$1,710	\$2,750	--
<b>Total Costs</b>	<b>\$1,748</b>	<b>\$4,606</b>	<b>\$7,588</b>	–
Police	\$1,268	\$3,470	\$5,798	--
Fire	\$179	\$464	\$754	--
Parks	\$15	\$52	\$91	--
Public Works	\$286	\$620	\$945	--
<b>Net Fiscal Impact</b>	<b>\$948</b>	<b>\$1,180</b>	<b>\$968</b>	–
SEIS Alternative 6b (the commercial parcel)				
<b>Total Revenues</b>	<b>\$290</b>	<b>\$1,540</b>	<b>\$3,080</b>	–
Property Taxes	\$40	\$240	\$580	--
Sales Tax on Construction	\$80	\$190	\$270	--
Ongoing Sales Tax	\$160	\$1,080	\$2,150	--
Utility Taxes	\$10	\$30	\$70	--
<b>Total Costs</b>	<b>\$409</b>	<b>\$877</b>	<b>\$1,340</b>	–
Police	\$310	\$705	\$1,101	--
Fire	\$83	\$138	\$187	--
Parks	\$0	\$0	\$0	--
Public Works	\$16	\$34	\$52	--
<b>Net Fiscal Impact</b>	<b>(\$119)</b>	<b>\$663</b>	<b>\$1,740</b>	–

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

Exhibit 24. City of Cle Elum Cumulative Real Estate Excise Tax (REET) Revenue (2020\$ in Thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
REET Revenues	\$140	\$580	\$1,140	\$2,680
SEIS Alternative 6				
REET Revenues	\$10	\$30	\$50	--
SEIS Alternative 6a (47° North)				
REET Revenues	\$10	\$30	\$50	--
SEIS Alternative 6b (the commercial parcel)				
REET Revenues	\$0	\$0	\$10	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

Exhibit 25. City of Cle Elum Annual Revenue from Hotel/Motel Tax, SEIS Alternative 6 and SEIS Alternative 6a (47° North)

	Estimate
RV Stalls	627
Days per Year	365
Average Daily Occupancy	50%
Group Size	3.0
Visitors	343,283
Average Daily Rate	\$42.00
Est. Lodging Expenditures	\$4,805,955
Hotel-Motel Tax	2%
<b>Est. Hotel-Motel Tax Revenue (annual)</b>	<b>\$96,119</b>

Source: ECONorthwest.

Note: Estimated annual revenue at stabilized occupancy.

## RETAIL SALES TAX IMPACTS TO THE CITY’S EXISTING RETAIL BASE

The city’s existing retail offerings (e.g., not within the SEIS study area) are likely to absorb retail spending from households and visitors from SEIS study area land developments. For example, a new household is likely to go out to dinner or buy a household good from these existing retail offerings once homes are built within the study area. To further understand the retail tax implications to the existing city, the analysis examined potential taxable retail sales per household using consumer expenditure data,<sup>19</sup> Cle Elum’s sales tax rate, and illustrative local capture rates (i.e., the percentage of spending by Cle Elum households and visitors (e.g., 10%, 25%, 50%, and 75% of likely spending that is spent within the City).

Spending by households and visitors will likely help support existing city retail establishments. This impact is not counted above in the city fiscal analysis (Exhibit 23) since it is uncertain how much spending will be “captured” by these businesses within the city. The analysis, depicted in Exhibit 26, shows four scenarios of sales tax captured in Cle Elum, normalized using projected, new households and visitors attributed to SEIS Alternative 5, SEIS Alternative 6, and SEIS Alternative 6a (47° North).<sup>20</sup>

The results show that Cle Elum would capture relatively larger sales tax amounts per household in SEIS Alternative 6 and 6a (47° North), compared to SEIS Alternative 5. This is because SEIS Alternative 6 and 6a (47° North) accumulates more, new households earlier in the analysis period than SEIS Alternative 5.

Exhibit 26. Scenarios for Average, Cumulative Sales Tax Collected per Household (2020\$), SEIS Alternative 5 and SEIS Alternative 6 and 6a (47° North)

Local Expenditure Capture Rate Scenarios	2025	2031	2037	2051
SEIS Alternative 5				
10%	\$41	\$81	\$108	\$158
25%	\$109	\$209	\$276	\$391
50%	\$218	\$418	\$562	\$783
75%	\$314	\$639	\$838	\$1,183
SEIS Alternative 6 and SEIS Alternative 6a (47° North)				
10%	\$39	\$84	\$126	--
25%	\$104	\$211	\$305	--
50%	\$207	\$411	\$621	--
75%	\$311	\$621	\$927	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars.

<sup>19</sup> The analysis used average, consumer expenditure data by expenditure characteristic (e.g., housing, apparel, healthcare, entertainment, etc.) from the Bureau of Labor Statistics. Data is for the “west” U.S region (2017-2018).

<sup>20</sup> For SEIS Alternative 6, the analysis included visitor groups, that are assumed to be generated from the RV sites. Determination of visitors relied on the same assumptions for occupancy and group size as the rest of the analysis.

## KITTITAS HOSPITAL DISTRICT NO. 2

Reoccurring revenues received by Kittitas Hospital District No. 2 predominately include patient service fees and property taxes. Exhibit 27 presents a summary of the District’s cumulative revenues received through their operating property tax levy. It shows that at full buildout, SEIS Alternative 5 generates more property tax revenue than SEIS Alternative 6. It also shows that the primary contributor of property tax revenue in SEIS Alternative 6 derives from its residential/RV resort component (i.e., SEIS Alternative 6a - 47° North).

Exhibit 28 presents a summary of the Hospital District’s cumulative costs. New costs derive from increased FTE of the following positions: Emergency Medical Technicians (EMTs), Paramedic, Physician, and Advanced Practice Clinicians (APCs). Refer to Section 3.12 of the SEIS for calculations of additional staff needs. The analysis shows that SEIS Alternative 5 generates slightly less cumulative staffing costs than SEIS Alternative 6 due to timing variations (i.e., when new FTE are needed). For example, based on the analysis in the Public Services section of the SEIS, Alternative 5 requires 3.5 EMT and 4.3 paramedics by 2025 whereas Alternative 6 requires 4.0 EMT and 4.9 paramedics by 2025. These slight variations affect lifecycle costs.

Although costs are higher than property tax revenues in each SEIS alternative, the District would also receive patient service fees. In 2017, patient service fees accounted for about 44 percent 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. For example, if new hires are required to accommodate increased service needs, then revenues from services fees would theoretically increase too. Patient service fees, however, are not forecast.

Exhibit 27. Hospital District Cumulative Operating Levy Revenue Summary (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Revenues</b>	\$340	\$1,150	\$2,260	\$5,550
SEIS Alternative 6				
<b>Total Revenues</b>	\$200	\$690	\$1,220	--
SEIS Alternative 6a (47° North)				
<b>Total Revenues</b>	\$200	\$620	\$1,070	--
SEIS Alternative 6b				
<b>Total Revenues</b>	\$10	\$60	\$150	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

Exhibit 28. Hospital District Cumulative Cost Summary<sup>21</sup> (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Costs</b>	\$4,194	\$13,789	\$24,666	\$54,054
SEIS Alternative 6				
<b>Total Costs</b>	\$4,891	\$16,198	\$28,654	--
SEIS Alternative 6a (47° North)				
<b>Total Costs</b>	\$4,181	\$13,844	\$24,490	--
SEIS Alternative 6b (the commercial parcel)				
<b>Total Costs</b>	\$711	\$2,354	\$4,163	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

### KITTITAS COUNTY 9-1-1

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. Exhibit 29 presents Kittitas County 9-1-1's summary of revenues received through its monthly phone tax. It shows that SEIS Alternative 5 generates slightly higher tax revenues than SEIS Alternative 6 because SEIS Alternative 5 generates more households and employees. The majority of revenues received in SEIS Alternative 6 derives from the residential component (i.e., SEIS Alternative 6a – 47° North). The analysis uses the following phone tax assumptions:

- Telephone tax rate remains unchanged at \$0.70 per line
- Lines per household is 2.0 and lines per employee is 0.2
- Household estimates are based on timing of residential units (assuming a 90 percent occupancy rate)

Employee estimates are based on timing of new development (assuming 500 employees per square feet of employment / commercial space)Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

Exhibit 30 shows a summary of cumulative costs derived from increased dispatcher FTE. It shows that SEIS Alternative 5 generates less costs than SEIS Alternative 6 due to variations in

<sup>21</sup> FTE cost assumptions are based on population growth. See the Public Service Impact chapter of this SEIS for more information.

planned development phasing and when new FTE is needed. For example, by 2030, 0.6 FTE is needed in SEIS Alternative 5 and 0.8 FTE is needed in SEIS Alternative 6. In some cases, such as for SEIS Alternative 6b (the commercial parcel), staffing costs exceeds phone tax revenues, however, the analysis does not factor in intergovernmental revenues (which would likely scale up) or subscriber fees (which could be restructured to cover additional funding needs).

Exhibit 29. Kittitas County 9-1-1 Cumulative Revenue Summary (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Revenues</b>	\$140	\$773	\$1,919	\$6,438
SEIS Alternative 6				
<b>Total Revenues</b>	\$80	\$522	\$1,227	--
SEIS Alternative 6a (47° North)				
<b>Total Revenues</b>	\$80	\$520	\$1,223	--
SEIS Alternative 6b (the commercial parcel)				
<b>Total Revenues</b>	\$0	\$12	\$41	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

Exhibit 30. Kittitas County 9-1-1 Cumulative Cost Summary (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Costs</b>	\$116	\$493	\$914	\$2,095
SEIS Alternative 6				
<b>Total Costs</b>	\$140	\$619	\$1,151	--
SEIS Alternative 6a (47° North)				
<b>Total Costs</b>	\$119	\$529	\$984	--
SEIS Alternative 6b (the commercial parcel)				
<b>Total Costs</b>	\$20	\$90	\$167	--

Source: ECONorthwest

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

CLE ELUM-ROSLYN SCHOOL DISTRICT

Exhibit 31 presents reoccurring operating levy revenues received by the Cle Elum-Roslyn School District. It shows that SEIS Alternative 5 generates higher revenues than SEIS Alternative 6 (including SEIS Alternative 6a - 47° North and 6b - the commercial parcel), due to greater amounts of built square footage in SEIS Alternative 5.

Exhibit 32 shows a summary of cumulative costs derived from increased FTE of teachers. Because SEIS Alternative 5 requires 6.9 more FTE than SEIS Alternative 6 (and SEIS Alternative 6a - 47° North), SEIS Alternative 5 also generates higher relative costs. SEIS Alternative 6b (the commercial parcel) was not included in the cost analysis as this commercial component will not directly increase student enrollment. Assumptions for increased teacher FTE derive from the Public Service section, 3.12 of this SEIS. That analysis is based on population (an assumed teacher to student ratio).<sup>22</sup>

While costs exceed revenues, the School District will also receive intergovernmental revenues, the majority through state school funding support. This source accounted for 79% of total District revenues in the 2018-2019 fiscal year. These revenues will be used to fund future expansions in service.

Exhibit 31. Cle Elum-Roslyn School District Cumulative Revenue Summary (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Revenues</b>	\$510	\$1,580	\$2,890	\$6,090
SEIS Alternative 6				
<b>Total Revenues</b>	\$310	\$940	\$1,580	--
SEIS Alternative 6a (47° North)				
<b>Total Revenues</b>	\$300	\$870	\$1,390	--
SEIS Alternative 6b (the commercial parcel)				
<b>Total Revenues</b>	\$10	\$80	\$190	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars. SEIS Alternative 6a (47° North) and 6b (the commercial parcel) may not sum to SEIS Alternative 6 due to rounding.

<sup>22</sup> Note: the ratio could change over time with changes to state policy or state/local funding.

Exhibit 32. Cle Elum-Roslyn School District Cumulative Cost Summary (2020\$ in thousands), SEIS Alternative 5, SEIS Alternative 6, SEIS Alternative 6a (47° North), and SEIS Alternative 6b (the commercial parcel)

	2025	2031	2037	2051
SEIS Alternative 5				
<b>Total Costs</b>	\$4,291	\$12,539	\$21,522	\$43,506
SEIS Alternative 6 and SEIS Alternative 6a (47° North)				
<b>Total Costs</b>	\$2,580	\$8,659	\$14,957	--

Source: ECONorthwest.

Note: Values shown in 2020 dollars.

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## 4. Mitigation Measures

This section identifies mitigation measures for the potential fiscal and economic impacts identified in the previous sections. Measures are specific to mitigating the impacts of “SEIS Alternative 6: Proposed 47° North Master Site Plan Amendment.” Any future mitigation agreements will need to differentiate measures to mitigate economic/fiscal impacts between SEIS Alternative 6a (47° North) versus SEIS Alternative 6b (the commercial parcel), since these are distinct and separate proposals.

### Measures to Mitigate Economic Impacts

The nature of the impacts identified for SEIS Alternative 6 overall would include increased employment opportunities, higher potential personal income, lower unemployment rates, a diversified workforce, and new business commerce. Impacts would be positive, and mitigation is not warranted. However, the two components of SEIS Alternative 6 – 47° North and the potential commercial development – produce differing economic impacts and may be approached differently in terms of mitigation.

### Measures to Mitigate Fiscal Impacts

This section organizes fiscal mitigation measures by taxing authority/entity to address the findings for SEIS Alternative 6, including SEIS Alternative 6a (47° North) and SEIS Alternative 6b (the commercial parcel).

#### City of Cle Elum

The analysis focused on a calculation of net fiscal impacts for the City of Cle Elum. For SEIS Alternative 6, the analysis identified a fiscal surplus: a cumulative net impact of \$1.3 million in 2028 and a cumulative net impact of \$2.9 million in 2037. Based on this analysis and considering the residential/RV and commercial elements of Alternative 6 together, mitigation for fiscal impact is not anticipated to be necessary to maintain the City’s fiscal solvency. However, when looking at SEIS Alternative 6a (47° North) and 6b (the commercial parcel) separately, the analysis finds that SEIS Alternative 6b (the commercial parcel) generates a fiscal shortfall in earlier years. However, the deficit is addressed in later years when revenues increase.

The estimates provided as part of this analysis are based on the best information available at this time but are not assured outcomes. The economy is very dynamic 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 what the City’s underlying fiscal position would be, absent the growth in the SEIS Alternatives. For example, Washington State’s tax policy favors land development for local jurisdictions by allowing for the taxation on construction activity and accounting for the amount of new construction add-on value to exceed the 1% limit on levy growth originally imposed by I-747. The result of these factors may necessitate more cost-consciousness on the part of local decision-makers or the need

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to raise taxes on existing taxpayers in order to balance city budgets in a world where new development was not taking place.

Given the distinct findings for SEIS Alternative 6a (47° North) and 6b (the commercial parcel), should future mitigation 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, or a combination of both approaches. For instance, the City of Cle Elum does not currently impose all of the funding mechanisms that cities may rely on to fund services. As an example, the City could consider implementing local option taxes (such as a levy lid lift with the consent of voters) or expanded business and occupation taxes. The City could also increase tax rates (such as their utility tax rates). These are all tools that the State of Washington has made available to city governments to tax a more diverse set of tax bases stemming from more intense use of the land within its boundaries.

Implementation of a periodic fiscal monitoring program (e.g., in two to five-year increments) may also be appropriate following buildout. Fiscal monitoring could reasonably occur during buildout as well, however, parties should be mindful that revenues may lag behind costs resulting in an incomplete picture of the impact. Fiscal monitoring may be particularly helpful as costs and revenues unassociated with SEIS Alternative 6a will impact the City's overall fiscal situation along with other development within the study area. Additionally, the SEIS assumes the city's Fire Department will move to full time employment and away from its current model of service; this may or may not occur within the time periods studied. Furthermore, future negotiations could reconsider the fiscal measures proposed in the previous development agreement of the UGA/Bullfrog Flats Master Site Plan (FEIS Alternative 5). That agreement identified several conditions to mitigate fiscal shortfalls and to ensure existing citizens and ratepayers would not suffer negative financial impacts as a result of the development. Conditions of approval stated that Trendwest (now New Suncadia) 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. As stated previously, however, the analysis does not identify a fiscal shortfall associated with the 47° North proposal; therefore, the comparison with the prior Master Site Plan and fiscal conditions in 2002 may not be appropriate.

## Kittitas Hospital District No. 2

Fiscal analysis for the hospital district found that projected costs were greater than projected property tax revenues for SEIS Alternative 6 (and in particular, SEIS Alternative 6a (47° North)). However, the District would also receive patient service fees which, in 2017, which accounted for about 44 percent of the District's total revenues and were not forecast in the analysis. It is therefore difficult to assess the underlying fiscal situation of the district over time. This analysis assumes that new FTE would be added to meet service needs, and therefore, as service needs grow so too would patient service fees.

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A future mitigation agreement could consider a fiscal monitoring program to identify costs and revenues to the district over time. For example, the Hospital District could track property tax revenues and patient fees attributed to SEIS Alternative 6a and, should revenues not cover costs of service (over a certain period of time), a periodic mitigation payment could be made to the Hospital District to avoid fiscal shortfalls.

### Kittitas County 9-1-1

Projected revenues from the Kittitas County 9-1-1 phone tax exceeded projected costs for new FTE in SEIS Alternative 6 and SEIS Alternative 6a (47° North). Accordingly, fiscal mitigation is not anticipated to be necessary for these alternatives.

Revenues did not, however, exceed costs in the analysis conducted for SEIS Alternative 6b (the commercial parcel). That said, the analysis did not factor in intergovernmental revenues or subscriber fees which may address the fiscal shortfall. It is reasonable to assume that intergovernmental revenues would scale up with growth in the city/county. Further, subscriber fees could reasonably be restructured to cover additional funding needs as underlying needs change.

### Cle Elum-Roslyn School District

The net fiscal impact for the school district is unclear. The analysis shows that cumulative costs derived from projected new teacher FTE was estimated to exceed projected property tax revenues for operations in both SEIS Alternative 6 and SEIS Alternative 6a (47° North). However, the district would receive additional intergovernmental revenues which are expected to offset fiscal shortfalls, mainly through state support for schools funded by the state property tax. In the 2018-2019 fiscal year, intergovernmental revenues accounted for nearly 80% of total District revenues. These revenues are subject to many contingencies, however, and cannot be forecast with confidence over the long-term.

As a potential mitigation measure, the School District could develop a survey to help it better understand development-related student enrollment and to determine an appropriate mitigation proposal. Previous measures attributed to FEIS Alternative 5 suggested a payment-matching system for portable classrooms and buses (that would be made by Trendwest (New Suncadia), until the development reached a pre-agreed-to assessed value ceiling.

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## Indirect and Cumulative Impacts

### Economic Considerations

Development of SEIS Alternative 6 will create residential, recreational, and commercial uses and increase demand for construction labor, followed by demand for housing, jobs, and services. Economic stimulation resulting from growth may contribute positive, localized effects in the form of increased incomes and spending which may impact quality of life and standards of living for residents in Cle Elum. These changes could catalyze additional development in Cle Elum and other areas throughout Kittitas County.

### Fiscal Considerations

Development will increase the tax base and increase the demand for services in each of the taxing jurisdictions evaluated in the SEIS. There are other entitled development projects within the city (i.e. City Heights and Cle Elum Pines) that will impact the city (and corresponding service districts) in a similar fashion to that assessed in the SEIS. Additionally, there will be development within Kittitas County (unincorporated areas and other cities within the county) that will impact the fiscal situation of the other service districts discussed in this analysis. The cumulative impact of these projects is not known. To the extent that there are economies of scale (i.e., the cost to service an incremental person is less than the revenue that person generates), then there is an opportunity for growth to help the long-term fiscal outlook of jurisdiction. However, if large, new fixed costs of growth are necessitated to serve these new persons, the outlook becomes more complex and difficult to assess.

## Significant Unavoidable Adverse Impacts

### Economic Considerations

The analysis did not identify any significant unavoidable adverse economic impacts. Economic impacts would generally be positive.

### Fiscal Considerations

A fiscal impact may be categorized as adverse in any situation where costs exceed revenues, and the extent of any fiscal shortfall (deficit) will determine the significance of the impact. However, such adverse impacts, whether or not significant, are not unavoidable. If ongoing fiscal monitoring is pursued to help determine or refine appropriate mitigation measures, then no significant adverse fiscal impacts are anticipated to be unavoidable. Taxing jurisdictions should continue to conduct typical, budget balancing exercises and use their taxing powers to ensure their fiscal solvency. Mitigation agreements with affected jurisdictions can be implemented as a condition of project approval to address any specific and/or general fiscal impact concerns that may occur. The analysis, therefore, did not identify any significant unavoidable adverse fiscal impacts.

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# Attachment A - City of Cle Elum Taxes

## City tax policies and rates used in the analysis

ECONorthwest used data for the City of Cle Elum to inform a fiscal analysis that estimates and normalizes tax revenues generated by new development, households, and businesses triggered by SEIS Alternative 5 and SEIS Alternative 6.

The following description of tax revenues is included for reference of the estimated taxes. 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.

Tax revenues are estimated in three categories:

- **One-time Revenues.** These General Fund revenues 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 Fund revenues 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.
- **Non-General Fund Capital Restricted Revenues.** These revenues are statutorily restricted to fund capital expenses. Specific revenues include the real estate excise tax.

The following operating revenues are measured as part of the analyses:

- **Property Tax.** The property tax impact is only the degree that new construction assessed value raises the add-on value to the city levy capacity above the one percent limit. Development of the site would be taxed at the City's regular levy rate. Only the regular levy is considered in this analysis (e.g., not voter-approved levies that have been dedicated to funding specific programs/projects). The current expense levy is \$2.030 per \$1,000 of taxable assessed value. The analysis lets the levy rate grow and recede with growth in new construction, assessed value, and levy collections.
- **Sales Tax.** An 8.5 percent tax is currently collected in the City on general retail purchases. It is levied on businesses in the area, and also on construction activity and some transactions related to housing and business, such as certain online purchases and the delivery of personal and commercial goods. The City currently levies the local option part of this tax and collects 0.85 percent of the rate. The City receives population driven proceeds of the criminal justice sales tax that is shared with the county and other cities in Kittitas County.

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- **Utility Taxes.** The City imposes utility taxes on gross purchases of electricity, water/wastewater, telephones, and natural gas. Current 2020 tax rates were used for this analysis. A generalized utility expenditure productivity factor was used to generate estimates of utility purchases.
    - Water: six percent
    - Wastewater: six percent
    - Electric: six percent
    - Natural Gas: six percent
    - Telephone: six percent
  - **Real Estate Excise Tax (REET).** REET revenues are placed in the capital restricted funds and are used by the City to finance capital projects. This analysis assumes that some portion of the real estate value will be sold over the span of the project consistent with observed rates in Kittitas County. There could be some variation between alternatives due to Sun Communities intent to own the multifamily housing. The City currently uses a 0.25 percent REET local rate.
  - **Special Hotel/Motel and Convention and Trade Center Tax.** A two percent hotel tax is imposed by the State and distributed to the City of Cle Elum. This tax is in addition to state and local sales taxes for businesses that provide lodging. Tax revenue is not discretionary.

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# Attachment B - Economic and Fiscal Impact Assumptions

This attachment outlines the assumptions informing the economic and fiscal impact analyses of SEIS Alternative 5 and SEIS Alternative 6.

## Time Period and Phasing

The analysis period is from 2021 to 2051, although the costs and revenues that these jurisdictions receive extends beyond this time frame. Development under SEIS Alternative 5 and Alternative 6 are assumed to be phased starting in 2021. Build out for SEIS Alternative 5 is 2051. Buildout for SEIS Alternative 6 (including 6a – 47° North, and 6b – the commercial parcel) is 2028. The assumed phasing schedule follows:

### SEIS ALTERNATIVE 5

- *Single-family homes*: 78 units per year from 2021 to 2024, 25 units per year from 2025 to 2029, 26 units per year from 2031 to 2036, and 16 units per year from 2037 to 2050.
- *Multifamily homes*: 117 units per year from 2021 to 2024 and 11 units per year from 2025 to 2029.
- *Business Park*: 17,500 sq. ft. per year from 2021 to 2024, 35,000 sq. ft. per year from 2025 to 2036, 40,833 sq. ft. per year from 2031 to 2036, and 32,833 sq. ft. from 2037 to 2051.

### SEIS ALTERNATIVE 6

- *Manufactured Housing*: 66 units per year from 2021 to 2028.
- *Multifamily*: 45 units per year from 2021 to 2024.
- *RV Sites*: 157 sites per year from 2021 to 2024.
- *Retail*: 2,125 sq. ft per year from 2021 to 2028 and 2,000 sq. ft. per year from 2028 to 2031.
- *Restaurant*: 1,625 sq. ft. per year 2021 to 2028 and 1,750 sq. ft. per year from 2028 to 2031.
- *Grocery Store*: 11,250 sq. ft. per year from 2025 to 2028.
- *Medical Office*: 15,000 sq. ft. per year from 2032 to 2035.
- *Recreation Amenity Center*: 7,750 sq. ft. per year from 2025 to 2028.
- *Adventure Center*: 1,750 sq. ft. per year from 2026 to 2027.

## Revenue Modeling and Assumptions

To model tax revenues, the analysis uses a 30-year cash flow model incorporating development over time. The model applies the appropriate tax rates and productivity base to estimate the stream of future tax revenues. New development and the spending associated with construction and new residents are a key driver of revenues. Revenue results are best understood as order-of-magnitude estimates of the revenue impacts at full build-out, rather than a specific year-by-

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year cash flow analysis. Those future revenues are discounted at rate of three percent to account for the time value of money for local governments plus some risk premium.

In addition to the City of Cle Elum tax and fee rate assumptions presented in Attachment A, the analysis relies on the following key revenue assumptions:

- *Discount Rate:* 3.0 percent
- *Inflation Rate:* 2.0 percent
- *Base Year of Analysis:* 2021
- *Property Revaluation Rate:* 2.0 percent
- *New Construction as % of Assessed Value:* 1.2 percent
- *School District operating levy rate:* \$0.624 per \$1,000 of assessed value
- *Hospital District No 2:* \$0.394 per \$1,000 of assessed value
- *Kittitas County 9-1-1:* \$0.70 per phone line fee; analysis assumes 2 phone lines per household and 0.2 phone lines per employee.

## Public Service Costs

While the project is still in the conceptual phase of development, enough information on the scale, timing, and nature of the development is available to consider how public service providers may need to respond to increases in demand of their services. Accordingly, the analysis considered the increase in *operational* costs from development of SEIS Alternative 5 and 6. Assumptions are informed, in part, by the public service cost impact portion of the SEIS analysis.

### SEIS ALTERNATIVE 5

#### CITY OF CLE ELUM

- *Parks Maintenance:* total of 42.1 acres (at buildout) with average maintenance cost of \$300 per acre; acreage is based on a target of 15 acres per 1,000 people. Park maintenance costs coincide with cumulative population growth, which matches residential unit buildout (assuming 90 percent occupancy and 2.34 people per unit).
- *Public Works Maintenance:* total of 524 acres with average, annual maintenance cost of \$125 per acre; acreage is based on land use assumptions.
- *Police Officers:* 1 FTE per year from 2021 to 2023, 0.9 FTE added in 2024, 0.9 FTE added in 2029, 0.8 FTE added in 2036, and 1.1 FTE added in 2045. Average cost per FTE is \$102,000 (with an additional, one-time cost of \$25,000 per FTE for vehicle/equipment needs); based on budget to FTE ratio.

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- *Firefighters*: cumulative FTE is based on a pro rata<sup>23</sup> share of total population to total FTE needed at buildout, where total population equals Cle Elum’s forecasted population, plus anticipated population from SEIS Alternative 5, plus anticipated population from vested development projects (City Heights and Cle Elum Pines). Average cost per FTE is \$101,400 (with an additional, one-time cost of \$25,000 per FTE for vehicle/equipment needs); based on BLS data.

#### KITTITAS COUNTY 9-1-1

- *Dispatchers*: 0.5 FTE added in 2024, 0.1 added in 2029, 0.1 FTE added in 2036, 0.2 FTE added in 2045. Average cost per FTE is \$119,000; based on budget to FTE ratio.

#### CLE ELUM-ROSLYN SCHOOL DISTRICT

- *Teachers*: 3.35 FTE added per year in 2021 through 2024, 1.0 FTE added per year in 2027 through 2029, and 2.6 FTE added in 2036. Average cost per FTE is \$93,000; based on BLS data.

#### HOSPITAL DISTRICT NO. 2

- *EMTs*: 1.0 FTE added in 2022 and in 2023, 1.5 FTE added in 2024, 0.8 FTE added in 2029, 0.7 FTE added 2036, and 1.0 FTE added in 2045. Average cost per FTE is \$74,000; based on BLS data.
- *Paramedics*: 1.0 FTE added per year in 2021 through 2023, 1.3 FTE added in 2024, 1.0 FTE added in 2029, 0.8 FTE added in 2036, and 1.3 FTE added in 2045. Average cost per FTE is \$74,000; based on BLS data.
- *Physicians*: 0.4 FTE added in 2024, 0.1 FTE added in 2029, 0.1 FTE added in 2036, and 0.1 FTE added in 2045. Average cost per FTE is \$314,000; based on BLS data.
- *APCs*: 1.0 FTE added in 2022 and 2023, 1.1 FTE added in 2024, 0.7 FTE added in 2029, 0.7 FTE added in 2036, and 0.9 FTE added in 2045. Average cost per FTE is \$171,000; based on BLS data.
- *Registered Nurses*: 1.0 FTE added in 2023, 1.3 FTE added in 2024, 0.6 FTE added in 2029, 0.4 FTE added in 2036, and 0.7 FTE added in 2045. Average cost per FTE is \$93,000; based on BLS data.

#### SEIS ALTERNATIVE 6<sup>24</sup>

##### CITY OF CLE ELUM

- *Parks Maintenance*: total of 22.3 acres (at buildout) with average maintenance cost of \$300 per acre; acreage is based on a target of 15 acres per 1,000 people. Park maintenance

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<sup>23</sup> The fire department is currently volunteer based. Adding new, permanent firefighters would benefit the entire city—including existing residents—and, therefore, those costs should not all be borne by new development in 47° North.

<sup>24</sup> The analysis apportioned FTE costs attributed to SEIS Alternative 6 to estimate costs distinctly for SEIS Alternative 6a and 6b. For the apportionment, the analysis relied on a population plus employment metric.

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costs coincide with cumulative population growth, which matches residential unit buildout (assuming 90 percent occupancy and 2.34 people per unit).

- *Public Works Maintenance*: total of 476 acres with average, annual maintenance cost of \$125 per acre; acreage is based on land use assumptions.
- *Police Officers*: 1 FTE added in 2021 and 2022; 1.5 FTE added in 2023; 1.0 FTE added in 2024; and 1.0 FTE added in 2029. Average cost per FTE is \$102,000 (with an additional, one-time cost of \$25,000 per FTE for vehicle/equipment needs); based on budget to FTE ratio.
- *Firefighters*: cumulative FTE is based on a pro rata<sup>25</sup> share of total population to total FTE needed at buildout, where total population equals Cle Elum’s forecasted population, plus anticipated population from SEIS Alternative 6, plus anticipated population from vested development projects (City Heights and Cle Elum Pines). Average cost per FTE is \$101,400 (with an additional, one-time cost of \$25,000 per FTE for vehicle/equipment needs); based on BLS data.

#### KITTITAS COUNTY 9-1-1

- *Dispatchers*: 0.6 FTE added in 2024 and 0.2 FTE added in 2029. Average cost per FTE is \$119,000; based on budget to FTE ratio.

#### CLE ELUM-ROSLYN SCHOOL DISTRICT

- *Teachers*: 2.0 FTE added per year in 2021 through 2023, 1.6 FTE added in 2024, 1.0 FTE added per year in 2025 through 2028, 0.5 FTE added in 2029. Average cost per FTE is \$93,000; based on BLS data.

#### HOSPITAL DISTRICT NO. 2

- *EMTs*: 1.0 FTE added per year in 2021 through 2024 and 1.2 FTE added in 2029. Average cost per FTE is \$74,000; based on BLS data.
- *Paramedics*: 0.7 FTE added in 2021, 1.0 FTE added in 2022, 2.0 FTE added in 2023, 1.2 FTE added in 2024, and 1.5 FTE added in 2029. Average cost per FTE is \$74,000; based on BLS data.
- *Physicians*: 0.4 FTE added in 2024 and 0.2 FTE added in 2029. Average cost per FTE is \$314,000; based on BLS data.
- *APCs*: 1.0 FTE added in 2022, 1.0 FTE added in 2023, 1.6 FTE added in 2024, and 1.0 FTE added in 2029. Average cost per FTE is \$171,000; based on BLS data.
- *Registered Nurses*: 1.5 FTE added in 2023, 1.2 FTE added in 2024, and 0.8 FTE added in 2029. Average cost per FTE is \$93,000; based on BLS data.

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<sup>25</sup> The fire department is currently volunteer based. Adding new, permanent firefighters would benefit the entire city—including existing residents—and, therefore, those costs should not all be borne by new development in 47<sup>o</sup> North.

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## Value and Activity Based Assumptions

The analysis used the following average assumptions for value and activity-based modeling:

- *Residential Occupancy Rate:* 90 percent, or 50% for RV sites
- *Commercial Occupancy Rate:* 90 percent
- *People per Residential Unit:* 2.34 people (based on ACS 2013-2017 data for Cle Elum), and 3.0 people per RV site
- *Average Construction Value:* \$225 per sq. ft. (or \$94,000-\$340,000 for residential unit and \$95,133 for an RV site)
- *Average Assessed Value:* \$293 per sq. ft. (or \$123,000-\$442,000 for residential unit and \$123,673 for an RV site)
- *Average Taxable Retail Sales:* \$2 per sq. ft. (or \$2,500-\$5,000 for residential unit)
- *Average Sq. Ft. per Employee:* 500 sq. ft.
- *Average Sq. Ft. per Residential Unit:* 800-2,000 sq. ft. and 800 sq. ft. for an RV site