

DATE: April 16, 2021
TO: Gretchen Brunner, EA Engineering
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SUBJECT: Updated 47° North SEIS Fiscal Analysis Memorandum

ECONorthwest is working with EA Engineering on a Supplemental Environmental Impact Statement (SEIS) for the 47° North Project in Cle Elum. ECONorthwest previously prepared the Fiscal and Economic portion of the DSEIS. This memorandum serves as an updated analysis for the Fiscal DSEIS to address agency and public comments on the DSEIS. The economic analysis in the DSEIS remains unchanged.

Updated Fiscal Analysis in the DSEIS

The purpose of the updated fiscal DSEIS is to incorporate new information provided by the City of Cle Elum (staffing costs), and the Cle Elum Police Department (staffing numbers based on the ICMA method).

The update is organized into two components:

- **Component 1:** Update Exhibit 23¹ of the “Discussion Draft: 47° North Fiscal and Economic SEIS” memorandum prepared by ECONorthwest. ECONorthwest updated this exhibit to reflect updated police officer staffing costs provided by the City of Cle Elum and to reflect a modified amortized payment for equipment, training, vehicles, and other operational needs for police and fire.
- **Component 2:** Conduct an additional analysis to inform the net fiscal impact of SEIS Alternative 5 and 6 for the City of Cle Elum using staffing numbers based on the Cle Elum Police Department’s ICMA method.

Component 1

Table 1 below shows the results of an analysis estimating reoccurring, future revenues and costs for the City of Cle Elum for SEIS Alternative 5, 6, 6a (47° North), and 6b (the commercial parcel). It is an update of Exhibit 23 of the “Discussion Draft: 47° North Fiscal and Economic SEIS” memorandum prepared by ECONorthwest. In summary, Table 1 presents the revised summary of revenues and costs, to inform the net fiscal impact of all four SEIS Alternatives.

The revised summary in Table 1 reflects a modification of the original police officer salary/benefits assumption in the DSEIS (\$86,000). The \$86,000 represented a police officer mean wage across Washington State per the Bureau of Labor Statistics Services plus an allotment for benefits relative to wages (also from the Bureau of Labor Statistics). The updated police officer salary/benefits assumption is \$97,016. The \$97,016 reflects a per FTE salary based on the City’s

¹ 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)

Salary and Wage Plan for the 48+ months step (Ordinance No. 1595) and benefits determined using a benefits multiplier from the Bureau of Labor Statistics. All other assumptions from the FSEIS analysis are retained.

In addition, the revised summary in Table 1 reflects a modification of the cost for equipment, training, vehicles, and other operational needs for police and fire. The original assumption was a lump sum \$25,000 per FTE cost. This was adjusted to a \$15,000 per FTE *per year* assumption to reflect an annual amortized payment for equipment, training, vehicles, and other operational needs. This assumption is derived from previous research by the authors (unpublished) and grounded in comparable contract police service costs charged to contract cities. For example, the 2020 cost of equipment, vehicle, training, cell phone, radio, and other purchased services for the King County Sheriff's Office contracts with cities is approximately \$25,000 per deputy per year or about 15% of compensation (wages and benefits). The 15% estimate is used to derive a reasonable estimate of similar costs in the Cle Elum staffing equating to \$15,000 per FTE per year.

The previous analysis showed that SEIS Alternatives 5, 6, 6a (47° North), and 6b (the commercial parcel) generate fiscal surpluses at build out. When looking at the residential/RV resort component (47° North) 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.

The updated analysis shows that SEIS Alternatives 5, 6, 6a, and 6b (the commercial parcel) generate fiscal surpluses at build out. When looking at the residential/RV resort component (47° North) separately from the commercial component of SEIS Alternative 6, the analysis finds that SEIS Alternative 6a shows a fiscal shortfall post-buildout and SEIS Alternative 6b shows a small fiscal shortfall in earlier years. The fiscal shortfall in the SEIS Alternative 6a in the 2037 time period is a timing issue and the result of three factors: 1) the one-time nature of the sales tax coming off construction has ended with the project reaching buildout and 2) the escalation (e.g., inflation adjusted growth) of on-going public service costs begins to outpace on-going tax revenues, and 3) the allocation of police FTE costs in 6a versus 6b relative to tax revenues. The situation in SEIS Alternative 6b mostly reflects the timing of additional public safety costs before much of the buildout is achieved.

TABLE 1
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				
Total Revenues	\$3,950	\$8,890	\$14,700	\$28,200
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
Total Costs	\$2,184	\$6,030	\$10,312	\$21,595
Police	\$1,565	\$4,452	\$7,719	\$16,525
Fire	\$261	\$778	\$1,357	\$2,845
Parks	\$26	\$79	\$138	\$289
Public Works	\$332	\$721	\$1,098	\$1,936
Net Fiscal Impact	\$1,766	\$2,860	\$4,388	\$6,605
SEIS Alternative 6				
Total Revenues	\$2,976	\$7,306	\$11,576	–
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	--
Total Costs	\$2,237	\$6,333	\$10,670	–
Police	\$1,757	\$5,076	\$8,624	--
Fire	\$163	\$550	\$958	--
Parks	\$15	\$52	\$91	--
Public Works	\$302	\$655	\$997	--
Net Fiscal Impact	\$739	\$973	\$906	–
SEIS Alternative 6a (47° North)				

	2025	2031	2037	2051
Total Revenues	\$2,686	\$5,756	\$8,506	–
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	--
Total Costs	\$1,942	\$5,480	\$9,225	–
Police	\$1,502	\$4,338	\$7,371	--
Fire	\$139	\$470	\$818	--
Parks	\$15	\$52	\$91	--
Public Works	\$286	\$620	\$945	--
Net Fiscal Impact	\$744	\$276	(\$719)	–
SEIS Alternative 6b (the commercial parcel)				
Total Revenues	\$290	\$1,540	\$3,070	–
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	--
Total Costs	\$295	\$852	\$1,444	–
Police	\$255	\$738	\$1,253	--
Fire	\$24	\$80	\$139	--
Parks	\$0	\$0	\$0	--
Public Works	\$16	\$34	\$52	--
Net Fiscal Impact	(\$5)	\$688	\$1,626	–

Component 2

ECONorthwest conducted new analysis to address comments from the City of Cle Elum Police Department. The analysis compares the police staffing costs using the full-time equivalents (FTE) officer estimates based on the officer/population method (in the DSEIS) with the FTE based on the ICMA model. The FTE assumptions for the SEIS Alternatives are described below. As shown, the Police Department's staffing model would result in approximately double the FTE staff than the officer/population method used in the DSEIS under both SEIS Alternative 5 and 6 at buildout (assumed to be 2051 for SEIS Alternative 5 and 2028 for residential an RV components, and 2037 for the possible commercial component of SEIS Alternative 6). This information is based on calculations provided by the Police Department and were not replicated or proofed by the consultant.

- **FTE using Officer/Population Method (DSEIS Analysis):**
 - *SEIS Alternative 5:* 6.7 FTE total (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)
 - *SEIS Alternative 6:* 5.5 FTE Total (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)
- **FTE using City of Cle Elum Police Department's Calculation (ICMA Model):**
 - *SEIS Alternative 5:* 12 FTE total (4 FTE added in 2021, 4 FTE added in 2032, and 4 FTE added in 2044)
 - *SEIS Alternative 6:* 8 FTE staff (4 FTE added in 2021 and 4 FTE added in 2030)

Note that the updated staffing information provided by the Police Department and used in this fiscal analysis is based on the ICMA method, which is not the City's adopted police LOS standard (the City has no adopted standard), nor the typical method used in SEPA review. In addition, it is not clear what incremental growth assumption is used to derive the staffing estimates and whether those assumptions are consistent with the growth assumed in the SEIS alternatives. The common approach in SEPA documentation is the officer per population method used in the DSEIS to estimate police staffing. This analysis does not supplant the DSEIS fiscal analysis, rather it is provided for comparison.

Table 2 presents the results of an analysis to study the cost differences of SEIS Alternative 5 and 6 based on the FTE demand estimates bulleted above. This analysis also incorporates the updated police officer salary, benefits, and amortized payment cost information (as described above in Component 1 of the update).

Table 2 shows that the additional FTE using the Police Department ICMA method would result in greater costs to the City in each analysis year (2025, 2031, 2037, and 2051). The ICMA method results in greater cost to the City as police FTE demand is greater (5.3 FTE greater in SEIS Alternative 5 and 1.3 FTE greater in SEIS Alternative 6).

Table 2
CITY OF CLE ELUM CUMULATIVE POLICE COST COMPARISON (2020\$ IN THOUSANDS) – SEIS
ALTERNATIVE 5 AND SEIS ALTERNATIVE 6

	2025	2031	2037	2051
SEIS Alternative 5				
Alternative Cost Comparison				
Police Costs <i>Using FTE assumptions from DSEIS Analysis</i>	\$1,565	\$4,452	\$7,719	\$16,525
Police Costs <i>Using FTE assumptions from Police Dept's Staffing Model</i>	\$2,274	\$4,931	\$10,092	\$24,794
SEIS Alternative 6				
Alternative Cost Comparison				
Police Costs <i>Using FTE assumptions from DSEIS Analysis</i>	\$1,757	\$5,076	\$8,624	--
Police Costs <i>Using FTE assumptions from Police Dept's Staffing Model</i>	\$2,274	\$5,808	\$10,969	--