

Re-development of Northern State Hospital Site:

Preliminary Estimate of Economic Impacts

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This report summarizes estimates of potential economic impacts following from the redevelopment of the Northern State Hospital Site located in Sedro-Woolley, Skagit County.¹ The analysis looks at three different scenarios for development:

- 1) Alternative #1 (Existing Conditions or *status quo*);
- 2) Alternative #2 (Moderate Intensity Development); and
- 3) Alternative #3 (High Intensity Development).

All three scenarios include twenty-year forecasts of potential economic impacts. As with all forecasts, and especially long-term forecasts, results will shift with changes to underlying assumptions and changes to understanding of underlying quantitative facts. Uncertainty in conclusions correlates positively with time; the farther out the estimate, the more uncertain is the forecast. Results presented in this report should be recalibrated periodically, with incorporation of material new information.

For the purpose of simplifying the impact analysis, we have assumed that impacts accrue evenly, or uniformly, over a 20-year period. In all likelihood, the construction related activities under Alternatives 2 and 3 would occur earlier, weighted earlier within the 20-year time-frame. Hence, this report shows some estimated economic impacts occurring at a more distant period in time than might be reasonably expected.

The first alternative considered (Alternative 1) considers no change to the existing use of buildings and land. The other two alternatives consider redevelopment and change of use, the second alternative being defined as “moderate intensity,” and the third option being defined as “high intensity.”

Both the Development scenarios (Alternatives 2 & 3) assume continuing provision of existing services now delivered on site, but in some cases relocated to other facilities within Skagit County, and/or to carefully selected sites and facilities within the region. The largest single user, the Cascade Jobs Corps, plan to continue operations at the present location.

The main economic outcomes presented here are anticipated changes to: a) employment; b) labor income; and c) total output. Data and model used are both IMPLAN; software is IMPLAN 3.1. Industry and government for economic impact estimates commonly use IMPLAN models.

Direct, indirect and induced impacts are estimated for the construction activities; indirect and induced impacts are estimated for the operations phase. For operations, direct jobs, both number and type (industry classification), are estimated through the planning process and rely heavily upon professional judgment.² The IMPLAN model allows for the estimation of indirect and induced economic impacts, and some tax impacts. Indirect impacts are secondary economic impacts, following from the increased business for suppliers to the new industry; induced impacts follow from personal consumption expenditures by new employees, including items like food, clothing and shelter.

¹ This report has been prepared for and at request of Maul, Foster & Alongi.

² For all three Alternative scenarios data for number of jobs, by job classification, is provided by Maul, Foster & Alongi.

State and local taxes are also estimated.³ As for jobs, new taxes are generated through direct, indirect and induced effects. At the state and county level, the two main types of taxes classified by IMPLAN are “Tax on Production and Imports” which includes items like sales tax, property tax, and “Household” taxes which include fines/fees, property taxes, motor vehicle licenses and other taxes, such as fishing and hunting licenses. In Washington State there is no income tax.

With respect to property taxes we analyze the potential impact of increased property value separately from the IMPLAN analysis. In order to avoid any double-counting of property tax impacts we remove from the IMPLAN results estimates of direct property tax impacts; that is estimated property taxes paid as a consequence of the new economic activity. This would include an amount IMPLAN allocates to direct property taxes associated with production facilities. In the IMPLAN model this is proportionate to the new income generated and the particular industry sector where it is generated. Industry sectors that have a larger assessable property requirement for operations would have a higher estimated property tax allocation. The separate analysis of potential property tax impacts is at the end of this report.

Region of Analysis

The IMPLAN estimates in this analysis reflect the impact within the combined region of Skagit, Whatcom and Snohomish Counties. Given the significant size of the proposed development, it is reasonable that economic benefits will flow through these three counties, especially for construction related activities. Some indirect, or supplier associated, impacts will likely flow beyond this three county region, however this “leakage” from model estimates should not be significant to the overall analysis. One of the objectives of the proposed research center is to have the capacity to complete most of the R&D manufacturing within the immediate region.

MODEL INPUTS

Alternative 1: No Change (*status quo*)

Operations

Alternative 1 considers the continuation of services as provided on site today. This is the “no change” or *status quo* scenario. Currently the largest tenant on site, by employment, is the Cascade Job Corps with approximately 110 full time employees. Two tenants provide inpatient health care services for behavioral health and addictions treatment. North Sound Mental Health has approximately 34 employees and Pioneer Center North Addiction Treatment Center employees approximately 70 (4 part-time). Additional users of the site include the Washington National Guard (8 employees), Sedro-Woolley School District (12 employees, 7 part-time)⁴; the Department of Natural Resources (10 employees); the

³ IMPLAN does not have the capacity to estimate taxes at the county level, or distinguish between county level and state level taxes paid.

⁴ Only the 5 full time school system employees are included in the model. These positions are possibly relocated off-site already. For purpose of the analysis, we will assume that in the Status Quo scenario, 250 employees would

Department of Enterprise Services (12 FTE employees); and Pacific Northwest Trails (4 employees). In total, there are currently approximately 250 employees on site.

Construction

As landlord, the State of Washington currently allocates a bi-annual amount for capital improvements to the site, largely maintenance and repair in nature. The allocated amount fluctuates with the biennium budgeting process. For the purpose of this report, we assume that a uniform annual amount of \$500,000 will continue to be allocated to this Alternative 1 construction activity for the next 20 years.

The breakdown of existing jobs is shown in Table 1.

Table 1: [Alternative 1] Existing Conditions

| Industry Classification | NAICS | IMPLAN | Employees |
|--|--------|--------|------------------------------|
| Operations | | | |
| <u>Existing Jobs on Campus</u> | | | |
| Residential Behavioral Health and Addictions Rehabilitation | 6232 | 484 | 102 |
| Support Activities for Forestry | 115310 | 19 | 10 |
| National Security/National Guard | 928110 | 536 | 8 |
| Elementary and Secondary Schools | 611110 | 472 | 5 |
| Other Heavy and Civil Engineering Construction | 237990 | 56 | 4 |
| Technical and Trade Schools | 61151 | 474 | 110 |
| Building Equipment Contractors | 2382 | 62 | 11 |
| | | Total | 250 |
| Construction | | | |
| <u>Existing Annual Expenditure on Maintenance and Repair</u> | | | |
| Maintenance and Repair | 2361 | 62 | Annual Expenditure \$500,000 |

Alternative 2: Moderate Intensity

In Alternative 2 we assume that all jobs from Alternative 1 continue to exist on site or are relocated within Skagit County, or within the region. Total economic activity in Alternative 2 is then economic activity identified in Alternative 1 **plus the new, or incremental, economic activity reflected by Alternative 2**. In this report, when we refer to Alternatives 2 and 3, we are generally referring to the **incremental** economic impact by Alternatives 2 and 3, with the assumption that Alternative 1 economic impacts are ongoing either on-site or the region.

Jobs in Alternative 2 phase in over 20 years. In our model we assume that construction activity generates conditions for a stable annual increase in operations activities, allowing for a steadily increasing employment base at the site. We also assume that economic impacts from operations follow construction impacts with a one-year delay. Later in the results section construction benefits are shown to occur in years 1 through 20, and operations impacts in years 2 through 21.

remain on site. The assumption here is that another five jobs in a similar industry will move into the vacated space. This reflects 2% (5/250=2%) of total job impact, so there is not much sensitivity allocated to this assumption.

In general, this results in a static or “stock” annual contribution to economic impact from construction activities, and a steadily growing contribution from operations related economic activities.

An approximate estimate of job creation on site for Alternative 2 is shown in Table 2. This reflects adding approximately 98 operations related jobs a year on site over 20 years, culminating in an aggregate of 1,950 new jobs at year 20. Associated economic activity, including indirect and induced impacts, and tax impacts, also steadily increase as more industrial capacity is developed, and new jobs are created.

Economic impacts are estimated differently for operations activities and construction activities. For operations, the primary input is the number of expected new direct jobs on site. The number of new direct jobs is an estimate based on professional judgment. The two key elements of this job estimate are: a) the industry sector the job falls within, and b) the number of jobs falling within that industry sector.

For construction related activities the primary input is expected expenditure. A total budget is generated for all construction related activities over the 20-year period. The assumption of uniform development is then applied; the single year construction amount is simply the total 20-year budget divided by 20 years.

Operations

Table 2 below shows an approximation of expected job creation at year 20. In Alternative 2 this is 1,950 jobs. In order to estimate an incremental, single year, increase in direct jobs we simply divide the 20-year projection by 20. The single year amounts are presented in the column “One Year.” Total, single year, job creation is projected to be 97.50 jobs.

For Office and Assembly & Manufacturing related jobs we have applied a set distribution of industry categories to allocate jobs to specific industry sectors. By starting with the 20 year projected job creation and working back to calculate single year direct job impacts, we generate some units that are not whole. For example, under “Engineering and related services” it is projected that 18.30 jobs will be created each year. Similarly, 1.50 jobs are created each year within “Hospitality” and 3.05 jobs are created under “Office administrative services.” While the creation of 3.05 jobs might seem implausible, for the purposes of this analysis, this does not present a problem; IMPLAN does not require round input values and all economic impacts are estimated jointly.

IMPLAN applies region and industry sector specific multipliers to generate estimates of indirect and induced impacts. Industry specific economic impacts for direct jobs are also generated; including total changes in output, labor income and local/state taxes. Results are shown in later sections.

Table 2: [Alternative 2] Moderate Intensity

| | NAICS | IMPLAN | Direct Jobs | |
|---|-------|--------|--------------|----------|
| | | | One Year | 20 Years |
| Research & Development | 5417 | 456 | 25.00 | 500 |
| Training | 6115 | 474 | 5.50 | 110 |
| Education | 6116 | 474 | 2.00 | 40 |
| Hospitality | 72111 | 499 | 1.50 | 30 |
| Restaurant | 7225 | 502 | 1.00 | 20 |
| Support | 5612 | 463 | 0.50 | 10 |
| Community Uses | 7121 | 493 | 1.50 | 30 |
| Office | | | 30.50 | 610 |
| Accounting, tax preparation, bookkeeping, and payroll | 5412 | 448 | 10% | 3.05 |
| Engineering and related services | 5413 | 449 | 60% | 18.30 |
| Environmental and other technical consulting services | 54162 | 455 | 10% | 3.05 |
| Management of companies and enterprises | 54161 | 461 | 10% | 3.05 |
| Office administrative services | 5611 | 462 | 10% | 3.05 |
| Assembly & Manufacturing | | | 30.00 | 600 |
| 20% Machine Shop | 33271 | 249 | 20% | 6.00 |
| 80% Other Industrial Machinery Manufacturing | 33241 | 243 | 80% | 24.00 |
| Total | | | 97.50 | 1,950 |

Construction

Table 3 below shows projected 20-year and single year construction expenditures for Alternative 2 (Moderate Intensity). The individual construction category line items have been placed in one of two groups according to IMPLAN construction sector categorization. These sectors are: a) construction of new commercial, nonresidential, structures (IMPLAN sector 57); and b) the construction of streets, highways and related activities (IMPLAN sector 56). Total 20-year construction activity is projected to be \$153 million. Annual spending on construction is estimated to be \$7.6 million.

Table 3: Categorization of Construction Expenditures for IMPLAN Analysis Alternative #2

| | 20 Year Total | One Year Amount |
|---|----------------------|--------------------|
| <u>Construction of New Commercial Structures (IMPLAN Sector 57)</u> | | |
| Building Renovation | \$98,000,000 | \$4,900,000 |
| New Manufacturing Buildings | \$33,600,000 | \$1,680,000 |
| New Buildings in Core | \$0 | \$0 |
| Building Demolition | \$2,520,000 | \$126,000 |
| Parking, Structured | \$9,150,000 | \$457,500 |
| Pedestrian Ways (covered) | \$1,290,000 | \$64,500 |
| Subtotal | \$144,560,000 | \$7,228,000 |
| <u>Construction of Streets and Related (IMPLAN Sector 56)</u> | | |
| Parking, Surface | \$4,590,000 | \$229,500 |
| Streets | \$300,000 | \$15,000 |
| North Loop Road | \$0.00 | \$0.00 |
| South Loop Road | \$720,000 | \$36,000 |
| Garage Access | \$600,000 | \$30,000 |
| Traffic Circle | \$300,000 | \$15,000 |
| Landscaping | \$120,000 | \$6,000 |
| Utilities (storm drainage) | \$300,000 | \$15,000 |
| Off Site: Fruitdale | \$570,000 | \$28,500 |
| Off Site: Wetland Mitigation | \$1,200,000 | \$60,000 |
| Subtotal | \$8,700,000 | \$435,000 |
| Total Construction Related Expenditures | \$153,260,000 | \$7,663,000 |

In order to estimate the impact on local and state property tax revenue due to improvements, we make an estimate of what construction expenditures might be reasonably capitalized into assessed property value.

This requires the following underlying assumptions: 1) either the buildings on the site will be privately constructed and owned; OR 2) there will be a market rate lease for the buildings after construction or renovation. If a market rate lease is charged to the private (non-exempt) tenant then Washington State leasehold tax is charged to the lease rate in lieu of property tax. The current WSLHT rate is 12.84, or 0.2552 higher than the current property tax rate.

Table 4 below shows the construction items considered most applicable to assessed property value. It is estimated that the annual increase to assessed value will be \$7.33 million. This is additive. In the next year another \$7.33 million in taxable assessed value will be added to the development site. Later in the report we show expected property tax revenue associated with higher projected assessed property value. In the analysis, we make the assumption that assessed value lags actual construction activity by a year.

Table 4: Capitalized Construction Expenditures Alternative #2

| | |
|--|----------------------|
| Building Renovation | \$98,000,000 |
| New Manufacturing Buildings | \$33,600,000 |
| New Buildings in Core | \$0 |
| Parking, Surface | \$4,590,000 |
| Parking, Structured | \$9,150,000 |
| Pedestrian Ways (covered) | \$1,290,000 |
| 20 Year Total | <u>\$146,630,000</u> |
| Single Year Increase to Capitalization | <u>\$7,331,500</u> |

Alternative 3: High Intensity

In Alternative 3 we assume that all jobs from Alternative 1 continue to exist on site or are relocated within Skagit County, or within the region. Total economic activity in Alternative 3 is then economic activity identified in Alternative 1 plus the new, or incremental, economic activity reflected by Alternative 3. In this report, when we refer to Alternatives 2 and 3, we are generally referring to the incremental economic impact by Alternatives 2 and 3, with the assumption that Alternative 1 economic impacts are ongoing.

Jobs in Alternative 3 phase in over 20 years. In our model we assume that construction activity generates conditions for a stable annual increase in operations activities, allowing for a steadily increasing employment base at the site. We also assume that economic impacts from operations follow construction impacts with a one-year delay. Later in the results section construction benefits are shown to occur in years 1 through 20, and operations impacts in years 2 through 21.

In general, this results in a static or “stock” annual contribution to economic impact from construction activities, and a steadily growing contribution from operations related economic activities.

An approximate estimate of job creation on site for Alternative 3 is shown in Table 5. This reflects adding approximately 143 operations related jobs a year on site over 20 years, culminating in an aggregate of 2,885 new jobs at year 20. Associated economic activity, including indirect and induced impacts, and tax impacts, also steadily increase as more industrial capacity is developed, and new jobs are created.

Economic impacts are estimated differently for operations activities and construction activities. For operations, the primary input is the number of expected new direct jobs on site. The number of new direct jobs is an estimate based on professional judgment. The two key elements of this job estimate are: a) the industry sector the job falls within, and b) the number of jobs falling within that industry sector.

For construction related activities the primary input is expected expenditure. A total budget is generated for all construction related activities over the 20-year period. The assumption of uniform development is then applied; the single year construction amount is simply the total 20-year budget divided by 20 years.

Operations

Table 5 below shows an approximation of expected job creation at year 20. In Alternative 3 this is 2,855 jobs. In order to estimate an incremental, single year, increase in direct jobs we simply divide the 20-year projection by 20. The single year amounts are presented in the column “One Year.” Total, single year, job creation is projected to be 142.75 jobs.

For Office and Assembly & Manufacturing related jobs we have applied a set distribution of industry categories to allocate jobs to specific industry sectors. By starting with the 20 year projected job creation and working back to calculate single year direct job impacts, we generate some units that are not whole. For example, under “Engineering and related services” it is projected that 27.90 jobs will be created each year. Similarly, 2.25 jobs are created each year within “Hospitality” and 4.65 jobs are created under “Office administrative services.” While the creation of 4.65 jobs might seem implausible, for the purposes of this analysis, this does not present a problem; IMPLAN does not require round input values and all economic impacts are estimated jointly.

IMPLAN applies region and industry sector specific multipliers to generate estimates of indirect and induced impacts. Industry specific economic impacts for direct jobs are also generated; including total changes in output, labor income and local/state taxes. Results are shown in later sections.

Table 5: [Alternative 3] High Intensity

| | NAICS | IMPLAN | Direct Jobs | |
|---|-------|--------|--------------|----------|
| | | | One Year | 20 Years |
| Research & Development | 5417 | 456 | 33.75 | 675 |
| Training | 6115 | 474 | 6.00 | 120 |
| Education | 6116 | 474 | 5.00 | 100 |
| Hospitality | 72111 | 499 | 2.25 | 45 |
| Restaurant | 7225 | 502 | 1.50 | 30 |
| Support | 5612 | 463 | 0.50 | 10 |
| Community Uses | 7121 | 493 | 1.75 | 35 |
| Office | | | 46.50 | 930 |
| Accounting, tax preparation, bookkeeping, and payroll | 5412 | 448 | 10% | 4.65 |
| Engineering and related services | 5413 | 449 | 60% | 27.90 |
| Environmental and other technical consulting services | 54162 | 455 | 10% | 4.65 |
| Management of companies and enterprises | 54161 | 461 | 10% | 4.65 |
| Office administrative services | 5611 | 462 | 10% | 4.65 |
| Assembly & Manufacturing | | | 45.50 | 910 |
| 20% Machine Shop | 33271 | 249 | 20% | 9.10 |
| 80% Other Industrial Machinery Manufacturing | 33241 | 243 | 80% | 36.40 |
| Total | | | 142.75 | 2,855 |

Construction

Table 6 below shows projected 20-year and single year construction expenditures for Alternative 3 (High Intensity). The individual construction category line items have been placed in one of two groups according to IMPLAN construction sector categorization. These sectors are: a) construction of new commercial, nonresidential, structures (IMPLAN sector 57); and b) the construction of streets, highways and related activities (IMPLAN sector 56). Total 20-year construction activity is projected to be \$263 million. Annual spending on construction is estimated to be \$13.15 million.

Compared to Alternative 2, the largest increases to construction expenditures come in the categories of:

- a) New Manufacturing Buildings [\$33.6 million increases to \$100.8 million];
- b) New Buildings in Core [\$0 increases to \$37.7 million];
- c) Parking, Surface [\$4.59 million increases to \$7.02 million]; and
- d) Off Site Wetland Mitigation [\$1.2 million increases to \$2.4 million].

Table 6: Categorization of Construction Expenditures for IMPLAN Analysis Alternative #3

| | 20 Year Total | One Year Amount |
|---|----------------------|---------------------|
| <u>Construction of New Commercial Structures (IMPLAN Sector 57)</u> | | |
| Building Renovation | \$98,000,000 | \$4,900,000 |
| New Manufacturing Buildings | \$100,800,000 | \$5,040,000 |
| New Buildings in Core | \$37,700,000 | \$1,885,000 |
| Building Demolition | \$3,240,000 | \$162,000 |
| Parking, Structured | \$9,150,000 | \$457,500 |
| Pedestrian Ways (covered) | \$1,290,000 | \$64,500 |
| Subtotal | \$250,180,000 | \$12,509,000 |
| <u>Construction of Streets and Related (IMPLAN Sector 56)</u> | | |
| Parking, Surface | \$7,020,000 | \$351,000 |
| Streets | \$300,000 | \$15,000 |
| North Loop Road | \$540,000 | \$27,000 |
| South Loop Road | \$720,000 | \$36,000 |
| Garage Access | \$600,000 | \$30,000 |
| Traffic Circle | \$300,000 | \$15,000 |
| Landscaping | \$120,000 | \$6,000 |
| Utilities (storm drainage) | \$300,000 | \$15,000 |
| Off Site: Fruitdale | \$570,000 | \$28,500 |
| Off Site: Wetland Mitigation | \$2,400,000 | \$120,000 |
| Subtotal | \$12,870,000 | \$643,500 |
| Total Construction Related Expenditures | \$263,050,000 | \$13,152,500 |

In order to estimate the impact on local and state property tax revenue due to improvements, we make an estimate of what construction expenditures might be reasonably capitalized into assessed property

value. Table 7 below shows the construction items considered most applicable to assessed property value. It is estimated that the annual increase to assessed value will be \$12.5 million. This is additive. In the next year another \$12.5 million in taxable assessed value will be added to the development site. Later in the report we show expected property tax revenue associated with higher projected assessed property value. In the analysis, we make the assumption that assessed value lags actual construction activity by a year.

Table 7: Capitalized Construction Expenditures Alternative #3

| | |
|-----------------------------|----------------------|
| Building Renovation | \$98,000,000 |
| New Manufacturing Buildings | \$100,800,000 |
| New Buildings in Core | \$33,900,000 |
| Parking, Surface | \$7,020,000 |
| Parking, Structured | \$9,150,000 |
| Pedestrian Ways (covered) | \$1,290,000 |
| 20 Year Total | <u>\$250,160,000</u> |
| One Year Amount | <u>\$12,508,000</u> |

RESULTS

Results focus on the main categories of impact: a) jobs; b) labor income; c) change in total economic output; and d) increased state & local revenues. Results for the estimates of economic impacts are described in turn. In the last section a detailed estimate of future property tax revenue is provided for Alternatives 2 & 3.

Alternative 1: Status Quo

Including induced and indirect jobs for both operations and repair/maintenance construction there are approximately 315 jobs supported from current site activities. It is estimated that 253 jobs are currently located on site. This includes an estimate of approximately 3 jobs dedicated to ongoing repair and maintenance construction. Total labor income from direct, indirect and induced effects is estimated to be \$10.9 million. Full results are shown in Table 8 below.

One adjustment to the amount of projected state/local tax under “production and imports” is that \$56,867 of property tax payments is removed. Currently no regularly assessed property tax is paid, or is waived through an exemption.

We presume that for either Alternative 2 or 3 scenarios, the Alternative 1 jobs will continue to exist within Skagit, or the region. The Alternative 2 or 3 economic impacts, including jobs, are then considered to be additional, or incremental, to economic impacts described here for Alternative 1.

Table 8: Single Year Job Impacts Alternative 1

| | Estimated Job Impacts | | | | Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|---------------------|---------------------|-------------------------|-----------------|----------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Construction | 2.7 | 1.2 | 1 | 4.8 | \$267,711 | \$777,968 | \$30,583 | \$1,421 | \$30 |
| Operations | 250 | 22.2 | 38 | 310.1 | \$10,657,493 | \$22,672,265 | \$661,673 | \$56,241 | \$1,235 |
| Total | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |

Table 9 below reflects the simplified idea that 253 jobs would continue for the next 20 years under the simple assumptions of Alternative 1, *Status Quo*. In this presentation the job impacts remain constant year over year, as do the annual income, output and tax amounts. For the outputs measured in dollars, a total sum is provided at the bottom of the table, reflecting the total expected nominal outputs aggregated over the 20 year period.

Table 9: Estimated Annual Economic Impact Operations and Maintenance Construction Alternative 1*

| | Estimated Job Impacts | | | | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|----------------------|----------------------|-------------------------|--------------------|-----------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Year 1 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 2 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 3 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 4 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 5 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 6 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 7 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 8 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 9 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 10 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 11 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 12 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 13 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 14 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 15 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 16 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 17 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 18 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 19 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Year 20 | 252.7 | 23.4 | 39 | 314.9 | \$10,925,204 | \$23,450,233 | \$692,256 | \$57,662 | \$1,265 |
| Total | 252.7 | 23.4 | 39 | 314.9 | \$218,504,080 | \$469,004,660 | \$13,845,120 | \$1,153,240 | \$25,300 |

* Assumed that inflation rate equals discount rate so figure is same in each period

The two most common jobs classifications on site fall within residential behavioral health and addictions treatment and technical or trade school. Collectively, these jobs reflect 212 of the current 253 direct jobs on site. For reference, Table 10 below shows the average economic impacts modeled by IMPLAN for a single job in each of these categories. Also included in Table 10 are the estimated impacts following from a newly created job in the engineering and architecture industry sector. On average, the economic impacts following from a new engineering job are significantly higher than for the other two job classifications in Table 10.

Table 10: Single Year Job Impacts for Selected Job Classifications

| | Estimated Job Impacts | | | | Direct Labor Income | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|---|-----------------------|-----------------|----------------|--------------|---------------------|--------------------|--------------|-------------------------|------------|--------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | | Production and Imports | Households | Corporations |
| Technical or Trade Education Residential Behavioral Health or Drug Rehabilitation Architect or Engineer | 1 | 0.1 | 0.1 | 1.2 | \$23,244 | \$30,273 | \$66,942 | \$2,011 | \$160 | \$3 |
| | 1 | 0.1 | 0.2 | 1.2 | \$37,898 | \$46,456 | \$84,560 | \$2,674 | \$244 | \$5 |
| | 1 | 0.3 | 0.3 | 1.6 | \$65,497 | \$89,818 | \$193,732 | \$5,362 | \$478 | \$6 |

Alternative 2: Moderate Intensity

In alternative 2 we assume there are approximately 97.5 jobs per year created on site. This amount of direct jobs was created through a process of research and expert opinion. The IMPLAN model was then applied to estimate indirect, induced and tax impacts. Results are shown in Table 11 below. It is estimated that a little over 50 indirect and induced jobs will be created each year through added operations. Total operations related jobs are estimated at 151. Average labor income based on total income and total job effect is \$52,796 per job.⁵

Budgeted construction expenditure was used to estimate all direct, indirect and induced economic impacts, including tax impacts. It is estimated that 47 direct jobs will be created, and an additional 22 indirect and induced jobs will be created. Average labor income based on total income and total job effect is \$62,104 per job.⁶

In this analysis we removed any contribution of property taxes from direct effects. In the last section of the report we include an analysis of expected increases in property tax as the assessed value of the property increases over time.

Table 11: Single Year Job Impacts Alternative 2

| | Estimated Job Impacts | | | | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|--------------------|--------------|-------------------------|------------|--------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Construction | 47 | 7.2 | 15.4 | 69.6 | \$4,322,478 | \$11,111,739 | \$461,503 | \$22,716 | \$364 |
| Operations | 97.5 | 24.7 | 28.3 | 150.6 | \$7,951,223 | \$24,540,509 | \$516,027 | \$41,969 | \$1,763 |
| Total | 144.5 | 31.9 | 43.7 | 220.2 | \$12,273,701 | \$35,652,248 | \$977,530 | \$64,685 | \$2,127 |

Table 12 below shows total estimated economic activity on the site, by year. Construction contribution is constant while tenant jobs steadily increase year over year. We assume that operations jobs lag construction jobs by a year, so in Year 1 only impacts from construction are considered. In year impacts from construction and operations are considered.

⁵ \$4,322,478/69.6 = \$52,796

⁶ \$7,951,223/150.6 = \$62,104

In subsequent years, the operations impacts become cumulative while the construction jobs remain in place, but are static. From years 2 through 21 the incremental increase in economic activity is then due entirely to increasing operations related economic activities.

For example, in year 10, it is expected there will be 925 jobs on site, with indirect impacts of 230 jobs and induced job impacts of 70 for a total estimated job impact of 1,425 jobs.

Table 12: Estimated Annual Economic Impact Operations and Maintenance Construction Alternative 2*

| | Estimated Job Impacts | | | | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|------------------------|------------------------|-------------------------|--------------------|------------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Year 1 | 47 | 7 | 15 | 70 | \$4,322,478 | \$11,111,739 | \$461,503 | \$22,716 | \$364 |
| Year 2 | 145 | 32 | 44 | 220 | \$12,273,701 | \$35,652,248 | \$977,530 | \$64,685 | \$2,127 |
| Year 3 | 242 | 57 | 72 | 371 | \$20,224,924 | \$60,192,757 | \$1,493,557 | \$106,654 | \$3,890 |
| Year 4 | 340 | 81 | 100 | 521 | \$28,176,147 | \$84,733,266 | \$2,009,584 | \$148,623 | \$5,653 |
| Year 5 | 437 | 106 | 129 | 672 | \$36,127,370 | \$109,273,775 | \$2,525,611 | \$190,592 | \$7,416 |
| Year 6 | 535 | 131 | 157 | 823 | \$44,078,593 | \$133,814,284 | \$3,041,638 | \$232,561 | \$9,179 |
| Year 7 | 632 | 155 | 185 | 973 | \$52,029,816 | \$158,354,793 | \$3,557,665 | \$274,530 | \$10,942 |
| Year 8 | 730 | 180 | 214 | 1,124 | \$59,981,039 | \$182,895,302 | \$4,073,692 | \$316,499 | \$12,705 |
| Year 9 | 827 | 205 | 242 | 1,274 | \$67,932,262 | \$207,435,811 | \$4,589,719 | \$358,468 | \$14,468 |
| Year 10 | 925 | 230 | 270 | 1,425 | \$75,883,485 | \$231,976,320 | \$5,105,746 | \$400,437 | \$16,231 |
| Year 11 | 1,022 | 254 | 298 | 1,576 | \$83,834,708 | \$256,516,829 | \$5,621,773 | \$442,406 | \$17,994 |
| Year 12 | 1,120 | 279 | 327 | 1,726 | \$91,785,931 | \$281,057,338 | \$6,137,800 | \$484,375 | \$19,757 |
| Year 13 | 1,217 | 304 | 355 | 1,877 | \$99,737,154 | \$305,597,847 | \$6,653,827 | \$526,344 | \$21,520 |
| Year 14 | 1,315 | 328 | 383 | 2,027 | \$107,688,377 | \$330,138,356 | \$7,169,854 | \$568,313 | \$23,283 |
| Year 15 | 1,412 | 353 | 412 | 2,178 | \$115,639,600 | \$354,678,865 | \$7,685,881 | \$610,282 | \$25,046 |
| Year 16 | 1,510 | 378 | 440 | 2,329 | \$123,590,823 | \$379,219,374 | \$8,201,908 | \$652,251 | \$26,809 |
| Year 17 | 1,607 | 402 | 468 | 2,479 | \$131,542,046 | \$403,759,883 | \$8,717,935 | \$694,220 | \$28,572 |
| Year 18 | 1,705 | 427 | 497 | 2,630 | \$139,493,269 | \$428,300,392 | \$9,233,962 | \$736,189 | \$30,335 |
| Year 19 | 1,802 | 452 | 525 | 2,780 | \$147,444,492 | \$452,840,901 | \$9,749,989 | \$778,158 | \$32,098 |
| Year 20 | 1,900 | 477 | 553 | 2,931 | \$155,395,715 | \$477,381,410 | \$10,266,016 | \$820,127 | \$33,861 |
| Year 21 | 1,950 | 494 | 566 | 3,012 | \$159,024,460 | \$490,810,180 | \$10,320,540 | \$839,380 | \$35,260 |
| Total | | | | | \$1,756,206,390 | \$5,375,741,670 | \$117,595,730 | \$9,267,810 | \$377,510 |

* Assumptions:

- a) Impacts from Operations lag construction by one year; no operations impacts in Year 1
- b) Inflation rate equals discount rate; no net change to amount in each period
- c) Construction drops out for year 21; impact from operations only

Alternative 3: High Intensity

The following two tables are interpreted in the same way as for Alternative 2.

In alternative 3 we assume there are approximately 143 jobs per year created on site. This amount of direct jobs was created through a process of research and expert opinion. The IMPLAN model was then applied to estimate indirect, induced and tax impacts. Results are shown in Table 13 below. It is estimated that a little over 76 indirect and induced jobs will be created each year through added operations. Total operations related jobs are estimated at 219. Average labor income based on total income and total job effect is \$52,796 per job.

Budgeted construction expenditure was used to estimate all direct, indirect and induced economic impacts, including tax impacts. It is estimated that 47 direct jobs will be created, and an additional 22 indirect and induced jobs will be created. Average labor income based on total income and total job effect is \$62,104 per job.

In this analysis we removed any contribution of property taxes from direct effects. In the last section of the report we include an analysis of expected increases in property tax as the assessed value of the property increases over time.

Table 13: Single Year Job Impacts Alternative 3

| | Estimated Job Impacts | | | | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|---------------------|---------------------|-------------------------|-----------------|----------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Construction | 80.9 | 12.3 | 26.5 | 119.7 | \$7,430,910 | \$19,061,240 | \$793,849 | \$39,051 | \$625 |
| Operations | 142.8 | 35.5 | 41.1 | 219.4 | \$11,545,086 | \$35,740,447 | \$747,084 | \$60,943 | \$2,555 |
| Total | 223.7 | 47.8 | 67.6 | 339.1 | \$18,975,996 | \$54,801,687 | \$1,540,933 | \$99,994 | \$3,180 |

Table 14 below shows total estimated economic activity on the site, by year. Construction contribution is constant while tenant jobs steadily increase year over year. We assume that operations jobs lag construction jobs by a year, so in Year 1 only impacts from construction are considered. In year impacts from construction and operations are considered.

For example, in year 10, it is expected there will be 1,366 jobs on site, with indirect impacts of 332 jobs and induced job impacts of 396 for a total estimated job impact of 2,094 jobs.

Table 14: Estimated Annual Economic Impact Operations and Maintenance Construction Alternative 3*

| | Estimated Job Impacts | | | | Total Labor Income | Total Output | State/Local Tax Impacts | | |
|--------------|-----------------------|-----------------|----------------|--------------|------------------------|------------------------|-------------------------|---------------------|------------------|
| | Direct Effect | Indirect Effect | Induced Effect | Total Effect | | | Production and Imports | Households | Corporations |
| Year 1 | 81 | 12 | 27 | 120 | \$7,430,910 | \$19,061,240 | \$793,849 | \$39,051 | \$625 |
| Year 2 | 224 | 48 | 68 | 339 | \$18,975,996 | \$54,801,687 | \$1,540,933 | \$99,994 | \$3,180 |
| Year 3 | 367 | 83 | 109 | 559 | \$30,521,082 | \$90,542,134 | \$2,288,017 | \$160,937 | \$5,735 |
| Year 4 | 509 | 119 | 150 | 778 | \$42,066,168 | \$126,282,581 | \$3,035,101 | \$221,880 | \$8,290 |
| Year 5 | 652 | 154 | 191 | 997 | \$53,611,254 | \$162,023,028 | \$3,782,185 | \$282,823 | \$10,845 |
| Year 6 | 795 | 190 | 232 | 1,217 | \$65,156,340 | \$197,763,475 | \$4,529,269 | \$343,766 | \$13,400 |
| Year 7 | 938 | 225 | 273 | 1,436 | \$76,701,426 | \$233,503,922 | \$5,276,353 | \$404,709 | \$15,955 |
| Year 8 | 1,081 | 261 | 314 | 1,656 | \$88,246,512 | \$269,244,369 | \$6,023,437 | \$465,652 | \$18,510 |
| Year 9 | 1,223 | 296 | 355 | 1,875 | \$99,791,598 | \$304,984,816 | \$6,770,521 | \$526,595 | \$21,065 |
| Year 10 | 1,366 | 332 | 396 | 2,094 | \$111,336,684 | \$340,725,263 | \$7,517,605 | \$587,538 | \$23,620 |
| Year 11 | 1,509 | 367 | 438 | 2,314 | \$122,881,770 | \$376,465,710 | \$8,264,689 | \$648,481 | \$26,175 |
| Year 12 | 1,652 | 403 | 479 | 2,533 | \$134,426,856 | \$412,206,157 | \$9,011,773 | \$709,424 | \$28,730 |
| Year 13 | 1,795 | 438 | 520 | 2,753 | \$145,971,942 | \$447,946,604 | \$9,758,857 | \$770,367 | \$31,285 |
| Year 14 | 1,937 | 474 | 561 | 2,972 | \$157,517,028 | \$483,687,051 | \$10,505,941 | \$831,310 | \$33,840 |
| Year 15 | 2,080 | 509 | 602 | 3,191 | \$169,062,114 | \$519,427,498 | \$11,253,025 | \$892,253 | \$36,395 |
| Year 16 | 2,223 | 545 | 643 | 3,411 | \$180,607,200 | \$555,167,945 | \$12,000,109 | \$953,196 | \$38,950 |
| Year 17 | 2,366 | 580 | 684 | 3,630 | \$192,152,286 | \$590,908,392 | \$12,747,193 | \$1,014,139 | \$41,505 |
| Year 18 | 2,509 | 616 | 725 | 3,850 | \$203,697,372 | \$626,648,839 | \$13,494,277 | \$1,075,082 | \$44,060 |
| Year 19 | 2,651 | 651 | 766 | 4,069 | \$215,242,458 | \$662,389,286 | \$14,241,361 | \$1,136,025 | \$46,615 |
| Year 20 | 2,794 | 687 | 807 | 4,288 | \$226,787,544 | \$698,129,733 | \$14,988,445 | \$1,196,968 | \$49,170 |
| Year 21 | 2,855 | 710 | 822 | 4,388 | \$230,901,720 | \$714,808,940 | \$14,941,680 | \$1,218,860 | \$51,100 |
| Total | | | | | \$2,573,086,260 | \$7,886,718,670 | \$172,764,620 | \$13,579,050 | \$549,050 |

* Assumptions:

- a) Impacts from Operations lag construction by one year; no operations impacts in Year 1
- b) Inflation rate equals discount rate; no net change to amount in each period
- c) Construction drops out for year 21; impact from operations only

State/Local Property Tax

The following two tables show anticipated property tax payments following from capital improvements to the site. Annual capitalized property value due to development is estimated at 100% of construction related to buildings and parking. **This property taxation is not accounted for in the IMPLAN modeling above, and should be considered an economic impact additional to, or incremental to, the previous estimates for each Alternative scenario.**

Alternative 1: Status Quo

Currently, total assessed market value of the property and buildings is \$12 million; however the \$159,205 in property tax is waived through an exemption.⁷ Two special assessments are currently paid: a) County drainage utility fee [\$125.00]; and b) Clean water assessment [\$8,625.58].

Alternatives 2 & 3: Moderate and High Intensity Development

Tables 4 and 7 above show the estimated annual capitalized amount related to construction. This amount is also reflected in the top row of Tables 15 and 16 below (“Capitalized Expenditures”), where assessed value aggregates over time with construction activity. This happens as you move from left to right, year by year, in the Tables. The second to bottom row of the following tables (“Annual Amount”), shows the expected amount property tax to be paid in the year. This amount steadily increases over time as more construction takes place and the market value of the site increases. The incremental increase in Alternative 2 is \$7,331,500 per year. For Alternative 3, the incremental increase is \$12,508,000.⁸ Incremental increases take place in years 2 through 21. For example, in Alternative 2, Year 10, the total increase to market value is estimated to be \$66.0 million with \$830,396 paid in property tax. The bottom row shows the cumulative amount of total tax paid. Cumulative property tax paid in by Year 10 is \$4,151,979.

Payment of the amounts shown in the Tables below rely on a number of assumptions, the principal assumption being that property tax going forward will not be exempted. As stated earlier, this requires the following specific assumptions: 1) either the buildings on the site will be privately constructed and owned; OR 2) there will be a market rate lease for the buildings after construction or renovation.

⁷ Based on Skagit County Assessor 2015 tax assessment for Parcel P38607.

⁸ Three line items included in capitalized expenditures relate to parking and pedestrian infrastructure (surface parking, structured parking and pedestrian ways). It is likely that all items will be recorded by the County Assessor as improvements to land value; however whether associated property taxes would be collected for parking/pedestrian improvements would depend on whether the underlying land is privately owned or included within a market rate lease. In this model we assume that the value is captured through private ownership or market rate lease. If all three of these itemized improvements are not included within a mechanism for property tax collection, the decrease in property tax would be \$751,500 per year in Alternative 2 (or 10.25%), resulting in \$6.58 million per year collected, instead of \$7.33 million per year. For Alternative 3 the decrease would be \$873,000 per year (6.98%) resulting in \$11.63 million per year collected, instead of \$12.51 million. The percentage impact drops in Alternative 3 as the ratio of parking/pedestrian improvements to total improvements decreases.

Further, if a market rate lease is charged to the private (non-exempt) tenant then Washington State leasehold tax is charged to the lease rate in lieu of property tax.⁹

Finally, this model presumes that tax rates do not change for 20 years, which is improbable. However, for the purpose of this analysis, which is to help establish a baseline understanding of current and future economic impacts, this simplification is reasonable.

Table 15: Annual Property Tax Estimate, Alternative #2

| Tax District | Rate | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 |
|---------------------------------|----------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Capitalized Expenditures | | \$7,331,500 | \$14,663,000 | \$21,994,500 | \$29,326,000 | \$36,657,500 | \$43,989,000 | \$51,320,500 | \$58,652,000 | \$65,983,500 | \$73,315,000 |
| Conservation Futures Fund | 0.0563 | \$413 | \$826 | \$1,238 | \$1,651 | \$2,064 | \$2,477 | \$2,889 | \$3,302 | \$3,715 | \$4,128 |
| Skagit County | 1.5909 | \$11,664 | \$23,327 | \$34,991 | \$46,655 | \$58,318 | \$69,982 | \$81,646 | \$93,309 | \$104,973 | \$116,637 |
| Sedro Woolley | 2.7802 | \$20,383 | \$40,766 | \$61,149 | \$81,532 | \$101,915 | \$122,298 | \$142,681 | \$163,064 | \$183,447 | \$203,830 |
| State Levy | 2.2967 | \$16,838 | \$33,677 | \$50,515 | \$67,353 | \$84,191 | \$101,030 | \$117,868 | \$134,706 | \$151,544 | \$168,383 |
| Medic 1 Services | 0.3750 | \$2,749 | \$5,499 | \$8,248 | \$10,997 | \$13,747 | \$16,496 | \$19,245 | \$21,995 | \$24,744 | \$27,493 |
| Hospital District 304 | 0.1796 | \$1,317 | \$2,633 | \$3,950 | \$5,267 | \$6,584 | \$7,900 | \$9,217 | \$10,534 | \$11,851 | \$13,167 |
| Port District 2 | 0.2269 | \$1,664 | \$3,327 | \$4,991 | \$6,654 | \$8,318 | \$9,981 | \$11,645 | \$13,308 | \$14,972 | \$16,635 |
| School District 101 | 5.0793 | \$37,239 | \$74,478 | \$111,717 | \$148,956 | \$186,194 | \$223,433 | \$260,672 | \$297,911 | \$335,150 | \$372,389 |
| Annual Amount | 12.5849 | \$92,266 | \$184,532 | \$276,799 | \$369,065 | \$461,331 | \$553,597 | \$645,863 | \$738,130 | \$830,396 | \$922,662 |
| Cumulative Property Taxes Paid | | \$92,266 | \$276,799 | \$553,597 | \$922,662 | \$1,383,993 | \$1,937,590 | \$2,583,453 | \$3,321,583 | \$4,151,979 | \$5,074,641 |

* Assumes one year lag on assessment increase

** Amounts not discounted or adjusted for inflation

| Tax District | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Total |
|---------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------|
| Capitalized Expenditures | \$80,646,500 | \$87,978,000 | \$95,309,500 | \$102,641,000 | \$109,972,500 | \$117,304,000 | \$124,635,500 | \$131,967,000 | \$139,298,500 | \$146,630,000 | |
| Conservation Futures Fund | \$4,540 | \$4,953 | \$5,366 | \$5,779 | \$6,191 | \$6,604 | \$7,017 | \$7,430 | \$7,843 | \$8,255 | \$86,680 |
| Skagit County | \$128,301 | \$139,964 | \$151,628 | \$163,292 | \$174,955 | \$186,619 | \$198,283 | \$209,946 | \$221,610 | \$233,274 | \$2,449,374 |
| Sedro Woolley | \$224,213 | \$244,596 | \$264,979 | \$285,363 | \$305,746 | \$326,129 | \$346,512 | \$366,895 | \$387,278 | \$407,661 | \$4,280,438 |
| State Levy | \$185,221 | \$202,059 | \$218,897 | \$235,736 | \$252,574 | \$269,412 | \$286,250 | \$303,089 | \$319,927 | \$336,765 | \$3,536,034 |
| Medic 1 Services | \$30,242 | \$32,992 | \$35,741 | \$38,490 | \$41,240 | \$43,989 | \$46,738 | \$49,488 | \$52,237 | \$54,986 | \$577,356 |
| Hospital District 304 | \$14,484 | \$15,801 | \$17,118 | \$18,434 | \$19,751 | \$21,068 | \$22,385 | \$23,701 | \$25,018 | \$26,335 | \$276,515 |
| Port District 2 | \$18,299 | \$19,962 | \$21,626 | \$23,289 | \$24,953 | \$26,616 | \$28,280 | \$29,943 | \$31,607 | \$33,270 | \$349,339 |
| School District 101 | \$409,628 | \$446,867 | \$484,106 | \$521,344 | \$558,583 | \$595,822 | \$633,061 | \$670,300 | \$707,539 | \$744,778 | \$7,820,166 |
| Annual Amount | \$1,014,928 | \$1,107,194 | \$1,199,461 | \$1,291,727 | \$1,383,993 | \$1,476,259 | \$1,568,525 | \$1,660,791 | \$1,753,058 | \$1,845,324 | |
| Cumulative Property Taxes Paid | \$6,089,569 | \$7,196,763 | \$8,396,224 | \$9,687,950 | \$11,071,943 | \$12,548,202 | \$14,116,728 | \$15,777,519 | \$17,530,577 | \$19,375,901 | |

⁹ As stated earlier, the current WSLHT rate is 12.84, or 0.2552 higher rate than the current property tax rate.

Table 16: Annual Property Tax Estimate, Alternative #3

| Tax District | Rate | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 |
|---------------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Capitalized Expenditures | | \$12,508,000 | \$25,016,000 | \$37,524,000 | \$50,032,000 | \$62,540,000 | \$75,048,000 | \$87,556,000 | \$100,064,000 | \$112,572,000 | \$125,080,000 |
| Conservation Futures Fund | 0.0563 | \$704.20 | \$1,408.40 | \$2,112.60 | \$2,816.80 | \$3,521.00 | \$4,225.20 | \$4,929.40 | \$5,633.60 | \$6,337.80 | \$7,042.00 |
| Skagit County | 1.5909 | \$19,898.98 | \$39,797.95 | \$59,696.93 | \$79,595.91 | \$99,494.89 | \$119,393.86 | \$139,292.84 | \$159,191.82 | \$179,090.79 | \$198,989.77 |
| Sedro Woolley | 2.7802 | \$34,774.74 | \$69,549.48 | \$104,324.22 | \$139,098.97 | \$173,873.71 | \$208,648.45 | \$243,423.19 | \$278,197.93 | \$312,972.67 | \$347,747.42 |
| State Levy | 2.2967 | \$28,727.12 | \$57,454.25 | \$86,181.37 | \$114,908.49 | \$143,635.62 | \$172,362.74 | \$201,089.87 | \$229,816.99 | \$258,544.11 | \$287,271.24 |
| Medic 1 Services | 0.3750 | \$4,690.50 | \$9,381.00 | \$14,071.50 | \$18,762.00 | \$23,452.50 | \$28,143.00 | \$32,833.50 | \$37,524.00 | \$42,214.50 | \$46,905.00 |
| Hospital District 304 | 0.1796 | \$2,246.44 | \$4,492.87 | \$6,739.31 | \$8,985.75 | \$11,232.18 | \$13,478.62 | \$15,725.06 | \$17,971.49 | \$20,217.93 | \$22,464.37 |
| Port District 2 | 0.2269 | \$2,838.07 | \$5,676.13 | \$8,514.20 | \$11,352.26 | \$14,190.33 | \$17,028.39 | \$19,866.46 | \$22,704.52 | \$25,542.59 | \$28,380.65 |
| School District 101 | 5.0793 | \$63,531.88 | \$127,063.77 | \$190,595.65 | \$254,127.54 | \$317,659.42 | \$381,191.31 | \$444,723.19 | \$508,255.08 | \$571,786.96 | \$635,318.84 |
| Annual Amount | 12.5849 | \$157,412 | \$314,824 | \$472,236 | \$629,648 | \$787,060 | \$944,472 | \$1,101,884 | \$1,259,295 | \$1,416,707 | \$1,574,119 |
| Cumulative Property Taxes Paid | | \$157,412 | \$472,236 | \$944,472 | \$1,574,119 | \$2,361,179 | \$3,305,651 | \$4,407,534 | \$5,666,829 | \$7,083,537 | \$8,657,656 |

* Assumes one year lag on assessment increase
 ** Amounts not discounted or adjusted for inflation
 *** Assumes tax rates remain unchanged over time

| Tax District | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Total |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| Capitalized Expenditures | \$137,588,000 | \$150,096,000 | \$162,604,000 | \$175,112,000 | \$187,620,000 | \$200,128,000 | \$212,636,000 | \$225,144,000 | \$237,652,000 | \$250,160,000 | |
| Conservation Futures Fund | \$7,746 | \$8,450 | \$9,155 | \$9,859 | \$10,563 | \$11,267 | \$11,971 | \$12,676 | \$13,380 | \$14,084 | \$147,882 |
| Skagit County | \$218,889 | \$238,788 | \$258,687 | \$278,586 | \$298,485 | \$318,384 | \$338,283 | \$358,182 | \$378,081 | \$397,980 | \$4,178,785 |
| Sedro Woolley | \$382,522 | \$417,297 | \$452,072 | \$486,846 | \$521,621 | \$556,396 | \$591,171 | \$625,945 | \$660,720 | \$695,495 | \$7,302,696 |
| State Levy | \$315,998 | \$344,725 | \$373,453 | \$402,180 | \$430,907 | \$459,634 | \$488,361 | \$517,088 | \$545,815 | \$574,542 | \$6,032,696 |
| Medic 1 Services | \$51,596 | \$56,286 | \$60,977 | \$65,667 | \$70,358 | \$75,048 | \$79,739 | \$84,429 | \$89,120 | \$93,810 | \$985,005 |
| Hospital District 304 | \$24,711 | \$26,957 | \$29,204 | \$31,450 | \$33,697 | \$35,943 | \$38,189 | \$40,436 | \$42,682 | \$44,929 | \$471,752 |
| Port District 2 | \$31,219 | \$34,057 | \$36,895 | \$39,733 | \$42,571 | \$45,409 | \$48,247 | \$51,085 | \$53,923 | \$56,761 | \$595,994 |
| School District 101 | \$698,851 | \$762,383 | \$825,914 | \$889,446 | \$952,978 | \$1,016,510 | \$1,080,042 | \$1,143,574 | \$1,207,106 | \$1,270,638 | \$13,341,696 |
| Annual Amount | \$1,731,531 | \$1,888,943 | \$2,046,355 | \$2,203,767 | \$2,361,179 | \$2,518,591 | \$2,676,003 | \$2,833,415 | \$2,990,827 | \$3,148,239 | |
| Cumulative Property Taxes Paid | \$10,389,187 | \$12,278,130 | \$14,324,486 | \$16,528,253 | \$18,889,432 | \$21,408,022 | \$24,084,025 | \$26,917,440 | \$29,908,267 | \$33,056,505 | |