

Pasco Aquatic Center – Sales Tax Generation Analysis

Summary Report

Scope of Work

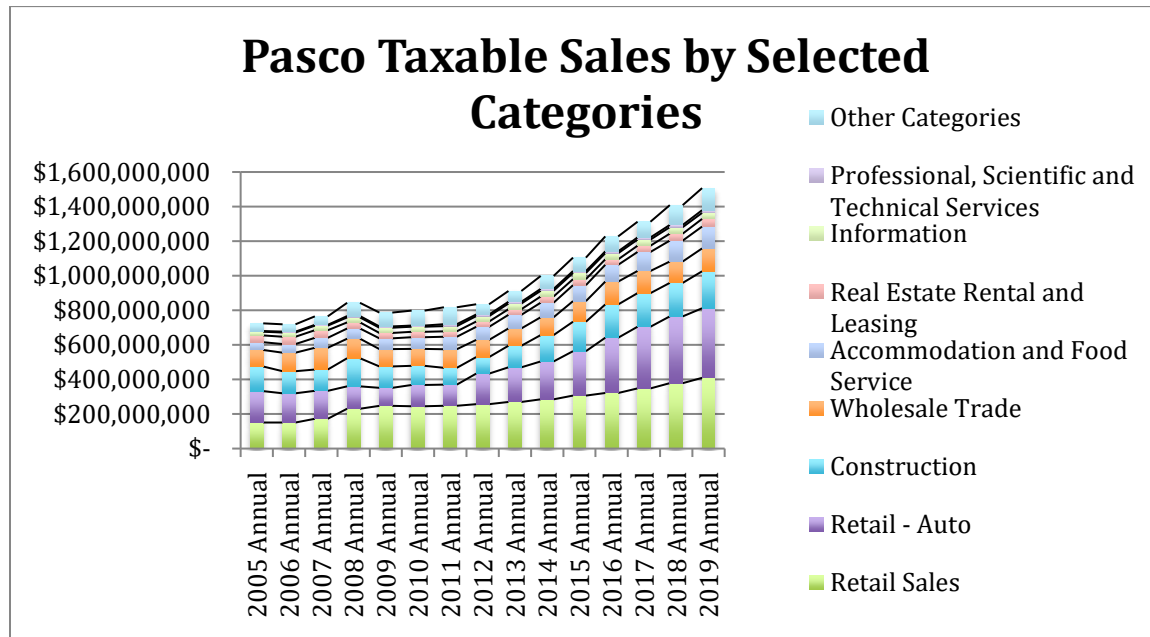
- ❖ Project the sales tax that would be likely to be generated by .2% sales tax in the City of Pasco, by projecting trends within subcategories of historical sales tax generation (2005-2019).
- ❖ Compare calculated potential sales tax generation with estimated facility revenues and costs for land purchase, annual debt service, operations, and administration.
 - *Goal is to forecast the sufficiency of dedicated 0.2% sales tax to fund the portion of debt service and operations that are not be expected to be recovered by user fees.*

Documents/Data	Data Source
Review and analyze 2005-2019 Pasco taxable sales data and other relevant financial, planning, demographic, data in order to project future taxable sales growth	City
Review and incorporate estimates of construction, administrative and operational costs	BallardKing Study City
Obtain and Incorporate financing cost estimates	City / MRSC / WA DOR
Review Construction and land development permitting history and land capacity data	City
Obtain growth rates for projecting operational and administrative costs and facility revenues	City
RCW 35.57 (Statute providing for .2% sales tax for Public Facility Districts)	Revised Statutes of Washington

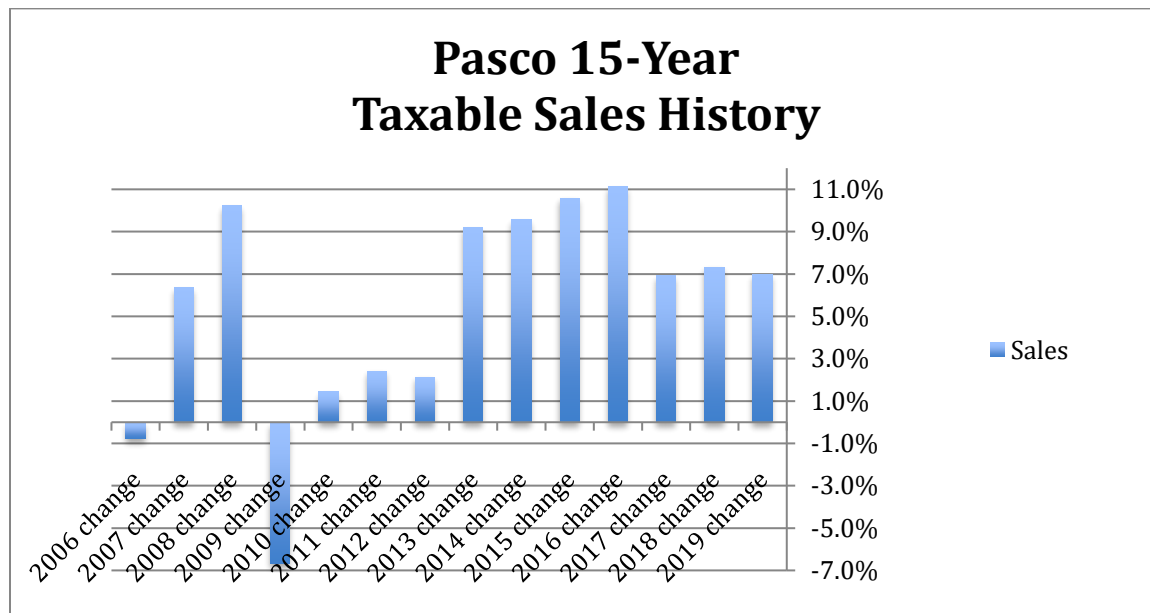
Taxable Sales Summary

Pasco taxable sales Increased at average rate of approximately 5% per year during the period

- 4.9% average annual rate of increase would have yielded the same amount of revenue generated over the period.



- ❖ Taxable sales varied from -6.7% to +11.1% annual change
 - 2005 to 2009 = +2.3% 2009 to 2014 = +4.9% 2014 to 2019 = +8.1%



Revenue/Expense Analysis

- ❖ Projected taxable sales to estimate future collections of potential .2% sales tax
 - Three scenarios for tax growth:
 - 4.9% Annual Growth
 - 2.9% Annual Growth
 - Replicate 2005-2019 Actual Annual Change in Pasco Retail Sales
- ❖ City estimated one-time and ongoing costs
 - Applied growth factors for facility revenues and costs of operations and administration
 - Bond Parameters: \$40 million bond at 5% annual interest
 - Bond payoff periods of 20, 25 and 30 years were compared.

Summary Findings

- ❖ All scenarios analyzed generated sufficient funding over time
- ❖ 20-year bond showed a potential dip in fund balance (temporary shortage in funding) should a downturn similar to the 2008 recession occur in the first few years.
- ❖ The 25-year and 30-year bonds showed positive, increasing fund balance each year.