City of Tacoma

LID Financing Overview
94 LIDs over the past 10 years consisting of:

- 9 2” Surface Asphalt Treatment
- 12 Sanitary Sewer
- 4 Water
- 5 Street Light
- 5 Overhead Utility Conversion
- 59 Permanent Pavement w/Storm Sewer & Gutters
LID Financing Overview

- Standard LIDs – Multiple properties, most of them improved/developed, with multiple owners.

- Non-Standard LIDs (Developer LID) – Property is normally not segregated, mostly undeveloped w/no improvements, and with few owners. Often involves multiple LIDs.
LID Financing Overview

- **Standard LIDs –**
  - Our primary interim financing is through a Bond Anticipation Note (BAN), in the form of a revolving Line of Credit (LOC).
  - Over the years our LOC limit has ranged from $4 - $12 million.
  - The LOC is renewed every three-years, w/balances rolled over to the new LOC.
Standard LID (continued)

- LIDs must be pre-approved by the bank prior to using the LOC for financing.

- LID Maps and detailed data, pertaining to the assessments and related property, are submitted for review and approval.
LID Financing Overview

- Standard LID (continued)

- Draws against LOC are made to reimburse PW construction fund(s) for LID expenses.

- Maximum borrowed per LID limited to estimated Property Owner Assessments.

- Interest on LOC paid semi-annually and allocated on a pro-rata share to each LID.
Non-Standard LIDs

- May have significant risk due to the uncertainty involved.
- Increase in property values resulting from the completed infrastructure...
- Developer’s potential to follow though in order to generate revenue from their property...?
Non-Standard LIDs (continued)

- Mutual economic benefit of success may outweigh risks of getting involved.

- Key is to *minimize the risk*.

- Individualized financing required.
LID Financing Overview

- LID Guarantee and Escrow Contract
  - Letter of Credit or other acceptable securities placed in escrow during construction.
  - Guaranty Fund or Reserve Fund backing.
  - Accelerated Foreclosure.
LID Financing Overview

- LID Guarantee and Escrow Contract (continued)
  - Additional deposits to Guaranty or Separate Reserve Fund
  - Require Escrow deposits when property value is less than six times the assessments.
LID Financing Overview

Current Case Study – Developer LID

- Prime waterfront property which help complete connection of the City’s waterfront with Point Defiance, a major park in the City.

- Former Asarco Smelter site – now a superfund property

- Property overlapping the City of Tacoma and the Town of Ruston.
LID Financing Overview

- Current Case Study – Developer LID (continued)

  - Multiple City Departments and external advisors have been involved in planning and evaluation.
  
  - Need to re-think our standard practices.
  
  - Requires a willingness to follow a different path than we are used to...
LID Financing Overview

- Current Case Study – Developer LID (continued)
  - Developer to obtain interim financing and complete a two-phased construction of the related LIDs.
  - Guaranty Fund Deposit of $500K and Reserve Fund Deposit of $1 Million required.
  - City of Tacoma will form and close the LIDs, and issue long-term bonds after completion of phase one of developer’s construction.
LID Financing Overview

- CLID Bond Issue
  - Generally combine a number of completed LIDs together.
  - Bundling several standard LIDs with a Developer LID may make for an easier bond sale.
LID Financing Overview

Questions??

- Contact Info:
  - Jerry Trujillo, Treasury Manager
  - 253 591-5830 (v)
  - 253 573-2327 (fax)
  - jtrujill@cityoftacoma.org