

# **MOUNTLAKE TERRACE TOWN CENTER PROJECT**

## **FINANCIAL ANALYSIS OF DEVELOPMENT SCENARIOS**

**DECEMBER 2006**

### **INTRODUCTION**

Mountlake Terrace is undergoing an effort to create a town center that reflects the community's values and identity, and provides a stimulus for growth and redevelopment. The City has initiated a planning process to seek public input, evaluate information, and consider public investment in the future of its town center. In order to evaluate the impacts of alternative City investments, the City is preparing a financial model that will estimate financial returns for investment scenarios. Any net financial returns that exceed the returns from a "status quo scenario" represent a feasible investment on the part of the City. The first steps in the financial analysis are a definition of the Status Quo scenario, identification of alternative scenarios, and estimates of the associated financial impacts. This report presents a summary of the results of these steps.

The analysis and report have been prepared by Property Counselors, a real estate economic consulting firm. The report is organized in four sections.

Introduction

Development Trends

Financial Analysis

Conclusions

### **DEVELOPMENT TRENDS**

The Town Center area is one of six neighborhoods in Mountlake Terrace: Town Center, Gateway, East Terrace, and North Terrace east of I-5; and Melody Hill and Lake Ballinger west of I-5. Town Center consists of a commercial core along 56<sup>th</sup> Avenue W, and surrounding single family residential development. The commercial core is zoned BC

Downtown. That designation allows for traditional retail, service and institutional uses. Multiple household residential uses are allowed as a conditional use on sites with commercial uses. Existing non-residential uses include a grocery store, local-serving office uses, convenience retail, a gymnastics academy, and the City Hall complex.

The other neighborhoods have differing levels of commercial and industrial development. The Gateway neighborhood south of Town Center features similar types of retail development on 56<sup>th</sup>, as well as a large commercial development featuring a multiplex cinema, big box retail, regional serving office and a limited service hotel, all with access and visibility from I-5. North Terrace features a grocery store and convenience retail on 44<sup>th</sup> Avenue W. Melody Hill has the largest concentration of commercial uses with regional-serving office parks on 220<sup>th</sup> Street SW, and industrial development on 212 Street SW. Commercial developments in the Lake Ballinger area is limited to the Ballinger Park Municipal Golf course and the Nile Temple Golf course.

## **HISTORICAL NON-RESIDENTIAL DEVELOPMENT**

Table 1 summarizes the amount of non-residential development within the City boundaries according to the year the existing structure was built. We sorted property tax records for all non-single-family parcels in the City. Those parcels classified as professional or finance insurance and real estate were considered office, and commercial land uses other than finance insurance real estate were considered to be retail. The figures in the table can be considered as a measure of net office and retail space absorption. (The figures may underestimate absorption early in the period, because some buildings may have been torn down and replaced by newer facilities.)

As shown there are 2.2 million square feet of non-residential building area in the City. Over one-half of that space was built in the 1980's and 1990's. The City absorbed an average of 60,000 square feet of non-residential development per year since 1980, and 39,000 square feet per year since 1950. The pace of development has accelerated over recent decades, particularly in the Melody Hill and Gateway neighborhoods.

The lower part of the table shows building activity for the Town Center area. The total building area is only 171,000 square feet. Much of that was built in the 1950's and 1960's. The average annual increase was 3,100 since 1950, and 2,600 since 1980. Much of the development is small-scale retail and commercial services. The area has not experienced significant development since 1970.

**Table 1**

**Summary of Non-Residential Development in Mountlake Terrace  
According to Year Built**

	<b>Pre 1950</b>	<b>1950-1959</b>	<b>1960-1969</b>	<b>1970-1979</b>	<b>1980-1990</b>	<b>1990-1999</b>	<b>2000-2005</b>	<b>Not Shown</b>	<b>Total</b>	<b>Avg. 1950+</b>	<b>Avg. 1980+</b>
Retail/Service	10,737	48,058	54,712	16,612	147,434	240,467	21,589	4,860	544,469	9,616	16,380
Office		89,290	57,237	18,000	340,692	161,570	33,440	1,101	701,330	12,731	21,428
Lodging				7,072		36,611			43,683	794	1,464
Industrial	2,721	36,453	31,934	188,531	242,690	108,395	128,356		739,080	13,388	19,178
Government	4,016	46,536	54,294	3,555	21,068	21,376	7,540	46,612	204,997	2,807	1,999
<b>Subtotal</b>	<b>17,474</b>	<b>220,337</b>	<b>198,177</b>	<b>233,770</b>	<b>751,884</b>	<b>568,419</b>	<b>190,925</b>	<b>52,573</b>	<b>2,233,559</b>	<b>39,337</b>	<b>60,449</b>
<b>Town Center</b>											
	<b>Pre 1950</b>	<b>1950-1959</b>	<b>1960-1969</b>	<b>1970-1979</b>	<b>1980-1990</b>	<b>1990-1999</b>	<b>2000-2005</b>	<b>Not Shown</b>	<b>Total</b>	<b>Avg. 1950+</b>	<b>Avg. 1980+</b>
Retail/Service		43,206	6,656	252		39,592	11,661		101,367	1,843	2,050
Office		18,816	4,850		-			-	23,666	430	-
Lodging					-				-	-	-
Industrial		5,944		2,400	-				8,344	152	-
Government			24,669		12,980				37,649	685	519
<b>Subtotal</b>	<b>-</b>	<b>67,966</b>	<b>36,175</b>	<b>2,652</b>	<b>12,980</b>	<b>39,592</b>	<b>11,661</b>	<b>-</b>	<b>171,026</b>	<b>3,110</b>	<b>2,569</b>

Source: Snohomish County Assessors Office  
Property Counselors

## RESIDENTIAL DEVELOPMENT TRENDS

Residential development trends for the city are reflected in building permit activity over the past decade.

**Table 2**  
**City of Mountlake Terrace**  
**Permitted Residential Units**

	1996	1997	1998	1999	2000	2001
Single Family	31	31	33	35	34	37
Duplex	10	14	14	8	10	10
3 or 4 Plex	6	3	6	6	3	12
5 or More Units	25	40	49	41	61	49
Total	72	88	102	90	108	108

	2002	2003	2004	2005	2006	Avg 1996-2005
Single Family	7	15	16	17	8	20.1
Duplex	0	0	0	0		6.6
3 or 4 Plex	0	0	0	0		3.6
5 or More Units	0	10	10	10	5	26.5
Total	7	25	26	27	13	56.8

Source: US Bureau of Census

Building permit activity slowed dramatically since 2001. Single family residential permitted units dropped to half their previous levels, while multifamily permitted units were less than a quarter of previous levels. The Town Center neighborhood has experienced virtually no multifamily development.

These conclusions are mirrored in the population estimates for the City. The Washington State Office of Financial Management (OFM) estimates that the current population of 20,390 is only 28 persons higher than in 2000.

The 2025 Urban Population Targets adopted by Snohomish county show a population target and population capacity in Mountlake Terrace of 22,456, an increase of approximately 2000 over the next 20 years. At an average household size of 2.4, the number of increased housing units per year over the period would be approximately 42. This figure falls in a range between the average over the previous 10 years and the previous five.

## RETAIL SALES ANALYSIS

The demand for retail development is also reflected in retail sales data. Table 3 provides a summary of growth in retail sales over the past ten years. Taxable sales are reported by the Washington State Department of Revenue.

**Table 3**

### City of Mountlake Terrace Growth in Taxable Retail Sales

	1995	2000	2004
<b>Retail Trade</b>			
Building Materials/Hardware	679,918	928,520	434,168
General Merchandise	107,844	355,688	1,542,745
Food	8,893,908	15,191,796	14,782,308
Auto Dealers/Gas Stations	895,081	2,759,517	1,682,821
Apparel/Accessories	44,891	228,127	1,106,268
Furniture/Furnishings	23,629,429	26,507,050	24,034,971
Eating/Drinking Places	7,931,110	9,221,334	10,775,568
Misc. Retail	9,902,158	7,468,533	7,943,603
<b>Total Retail Trade</b>	<b>52,084,339</b>	<b>62,660,565</b>	<b>62,302,452</b>
<b>Services</b>			
Hotels/Motels	-	D	D
Personal Services	910,049	1,079,176	846,296
Business Services	5,435,447	12,084,467	10,194,941
Computer Services	927,815	3,738,505	3,494,298
Automotive Repair Services	3,734,164	5,430,503	1,649,579
Other	6,282,059	7,449,170	7,549,080
<b>Total Services</b>	<b>16,361,719</b>	<b>26,043,316</b>	<b>20,239,896</b>
<b>Contracting</b>	11,570,053	19,926,989	20,922,920
<b>Manufacturing</b>	2,276,097	2,108,372	2,686,997
<b>Transportation/Comm./Utilities</b>	6,883,469	10,773,976	13,459,398
<b>Wholesale Trade</b>	12,777,028	13,450,115	15,290,737
<b>Finance/Insur./Real Estate</b>	1,797,651	2,127,056	3,753,431
<b>Other Business</b>	718,107	1,298,391	1,573,241
<b>Total</b>	<b>104,468,463</b>	<b>138,388,780</b>	<b>140,229,072</b>

D: Not disclosed. Fewer than 3 businesses.

Source: Washington State Department of Revenue, Quarterly Business Review  
Property Counselors

Taxable sales have actually declined for retail trade and services over the period 2000 to 2005. This result is true for categories such as food and personal services, both categories where customers usually shop close to home. The retail performance is even more

dramatic when sales are compared on a per capita basis with surrounding cities and the County as a whole.

**Table 4**

**City of Mountlake Terrace Retail Sales Comparison  
Taxable Sales per Capita-2005**

	County	Edmonds	Lynnwood	Mountlake Terrace
<b>Retail Trade</b>				
Motor Vehicles & Parts	2,183	4,262	10,162	33
Furniture & Home Furnishings	303	171	2,820	37
Electronics & Appliances	423	124	3,215	1,071
Building Materials, Garden Equ	782	55	1,855	45
Food & Beverage Stores	452	575	596	619
Drug/Health Stores	193	171	779	117
Gas Stations & Convenience Sto	150	70	202	94
Apparel & Accessories	617	494	6,826	64
Sporting Goods, Toys, Books &	261	80	2,801	24
General Merchandise Stores	1,407	149	7,627	166
E-Commerce & Mail Order	54	79	126	35
Miscellaneous Retailers	625	528	2,608	373
<b>Total Retail Trade</b>	<b>7,450</b>	<b>6,759</b>	<b>39,617</b>	<b>2,677</b>
<b>Services</b>				
Professional, Scientific & Techn	183	212	744	197
Management, Education, & Hea	292	420	719	413
Arts, Entertainment & Recreati	113	181	328	140
Accommodations & Food Serv	1,213	1,408	4,721	607
Other	424	428	1,647	130
<b>Total Services</b>	<b>2,225</b>	<b>2,650</b>	<b>8,158</b>	<b>1,487</b>
 <b>Total Retail &amp; Services</b>	 <b>9,676</b>	 <b>9,409</b>	 <b>47,776</b>	 <b>4,164</b>

Source: Washington State Department of Revenue, Quarterly Business Review  
Property Counselors

The City of Lynnwood dominates the local retail market with the Alderwood Mall super-regional shopping center. But the City of Edmonds also shows significantly higher per capita sales. Much of that increase is due to auto sales, but Mountlake Terrace also is significantly lower in furniture, drug stores, apparel, sporting goods and toys.

## **STATUS QUO PROJECTIONS OF DEVELOPMENT**

Under a status quo scenario, the amount of office and retail development in the City is not likely to greatly exceed historical average levels. With household growth in the market area projected at absolute levels no greater than those in the past, the City will only increase its rate of commercial development if it increases its share of existing market area sales, or expands its market area. While there is clearly potential for the City to increase its capture, it will require a major increase in the city's competitive performance. Such a shift would require economic development efforts that are not part of any Status Quo scenario.

Within the Town Center area, the Status Quo scenario is no more optimistic. The area has lost market share to other areas of the City as well as to other cities. Assuming it maintains its current pace, the level of development under a status quo scenario is projected to be:

Town Center Retail/Service Development: 2,000 square feet per year  
Town Center Office Development: 500 square feet per year

The retail/service development will likely include small-scale convenience retail and personal service businesses. The office development is likely to be local-serving service and finance insurance and real estate businesses.

There would not be any multifamily development under this scenario. Such development would have to be part of a mixed-use commercial/residential building on developed sites; and the cost of assembling a site for redevelopment and the construction costs for such a structure would not be feasible given market conditions in the area.

The land requirements associated with this building area can be estimated by using a Floor Area Ratio (FAR), defined as the ratio of total building to total site area. A typical retail building would be a single story with a large surface parking lot. A single story building set back from the adjacent arterial, with parking at one space per 200 square feet (higher than the required one space per 333 square feet) could achieve a FAR of 0.25 (a 2,000 square foot building on an 8,000 square foot site). An office building could achieve a higher density with parking at the required level of one space per 333 feet. A one story building could achieve an FAR of .33. Applying these factors to the projected building absorption, the annual land absorption would be .1 to .2 acres per year.

## **FINANCIAL ANALYSIS**

### **OVERVIEW**

The Status Quo and three land use alternatives are subjected to an annual cash flow analysis over a 20 year period. The financial analysis addresses three categories of cash flow:

Property Leases and Sales (for any properties owned or purchased by the City and made available for development)

Fiscal Benefits (development generated revenues net of service costs)

Financial Requirements (to fund property purchase and public investment in infrastructure and amenities)

For this analysis, there are no City property sales, public investment, or financing requirements assumed. As development strategies are explored over time, these elements of the financial model can be activated.

The net cash flow is calculated on an annual basis, and a cumulative basis. A net present value is calculated to summarize the overall net benefit of each scenario.

The full cash flow analysis of each alternative is included in a spreadsheet in the attachment to the report. The assumptions and results are shown on the spreadsheets. Each spreadsheet is organized in five sections including development assumptions, and the details of the cash flow categories.

The alternative scenarios, assumptions and results are described below.

## **ALTERNATIVE DEVELOPMENT SCENARIOS**

The Status Quo scenario and two alternative scenarios are considered in this analysis. The alternatives were prepared for the City by Fregonese Calthorpe, regional and urban planners. The three scenarios are compared in the following table:

**Table 5**

### **Comparison of Land Use Scenarios**

	<b>Status Quo Trends*</b>	<b>Scenario 2 Medium Mixed</b>	<b>Scenario 3 Larger Mixed</b>
Housing (Units)		700	790
Retail (Sq. Ft.)	40,000	168,128	199,123
Office (Sq.Ft.)	10,000	74,100	259,909

\* Over 20 years

Scenario 3 and Scenario 2 are similar in the amount of residential and retail development. Scenario 3 has significantly more office development.



## **ASSUMPTIONS**

### **DEVELOPMENT ASSUMPTIONS**

Development assumptions reflect the quantities in Table 5 with a build-out over a period of approximately 25 years for Scenario 2 and 15 years for Scenario 3.

### **PROPERTY SALES AND LEASE ASSUMPTIONS**

No City property purchases, sales or leases are assumed under any of the scenarios at this time.

### **INFLATION ASSUMPTIONS**

Annual increases for price level changes in retail sales, building rents, and construction costs are assumed at 2.5 percent per year. Increases in land values are assumed at 3.0 percent per year. Assessed valuation is assumed to increase at one percent per year plus the value of new construction.

### **FISCAL ASSUMPTIONS**

The City will collect additional revenue as a result of development and incur additional expenses. Key fiscal assumptions are listed below:

Incremental Assessed Valuation: \$120 per square foot of retail/service buildings, \$150 per square foot of office buildings, \$150,000 per unit for apartments and \$240,000 per unit for condominiums.

Taxable Retail Sales: \$200 per square foot of new retail development.

Taxable Construction Value: \$120 per square foot of retail/service buildings, \$150 per square foot of office buildings, \$150,000 per unit for apartments and \$240,000 per unit for condominiums.

Real Estate Excise Tax on Land Sales for New Development and Condominium Sales: Assumed sale price of commercial sites at \$30 per square foot. While there are sites currently being marketed for \$35 per square foot in the area, actual sales over the past 18 months have been in a range of \$25 to \$30 per square foot. Condominium sales prices are assumed at \$300,000 per unit. Beginning in 2015, on average 10% of the completed condominiums will be resold.

Utility Charges: are estimated at \$2.00 per square foot for commercial development and \$2,000 per unit for residential.

Property Tax Rates: \$2.25 per \$1,000 assessed value.

Sales Tax Rate: 0.84 percent share to City.

Real Estate Excise Tax Rate: 0.50 percent.

Other Taxes and Fees: Estimated as 4% of tax revenue as derived from 2006 City Budget.

Development Fees: are estimated as 1% of construction cost.

Direct Public Services Cost: \$.64 per square foot of commercial development, an amount estimated as 60% the average direct commercial public service cost factor (reflecting the incremental impact of redevelopment), assuming commercial services cost at 20% of total, less 11% to reflect residential only services (e.g. parks and recreation), divided by 2.2 million square feet. \$560 per residential unit, an amount estimated as 60% the average direct public service cost factor (reflecting the incremental impact of redevelopment), assuming residential as 80% of total, and two residents per dwelling unit.

Support Services Cost: Calculated as 25% of direct public service costs, a factor derived from 2006 City budget.

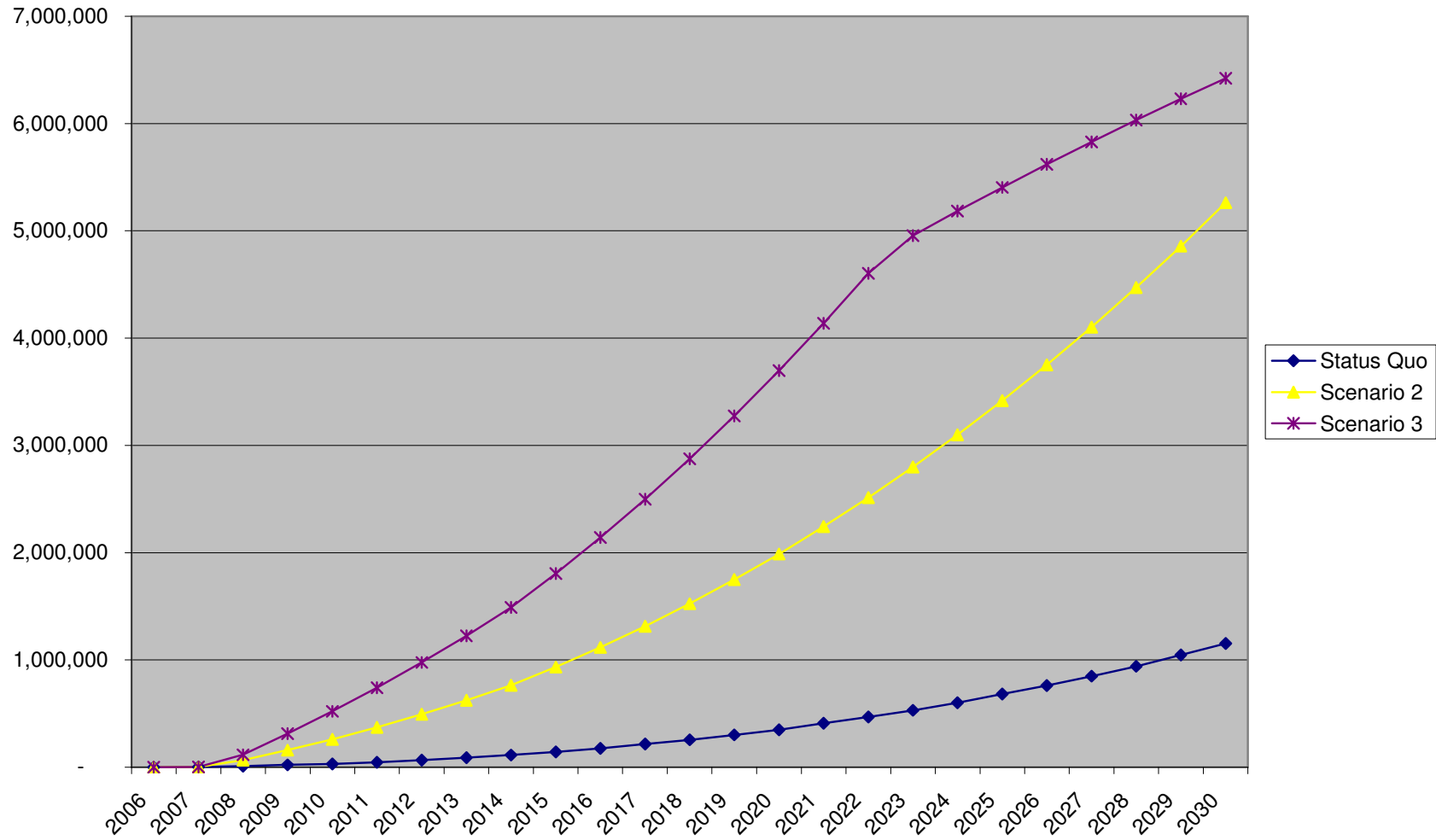
#### **INVESTMENT ASSUMPTIONS**

No City investment is assumed under this scenario.

#### **SUMMARY OF RESULTS**

The results of the cash flow analysis of the three alternatives are shown in Figure 1 and Table 6.

### Comparison of Scenarios Cumulative Cash Flow



**Table 6**  
**Comparison of Alternative Scenarios**  
**Projected Cash Flows**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Status Quo</b>														
Net Cash Flow		-	3,123	5,747	12,316	10,848	14,515	17,955	25,464	24,077	28,377	49,515	80,701	104,981
Cumulative Cash Flow		-	3,123	8,870	21,186	32,034	46,549	64,504	89,969	114,045	142,422	349,858	681,579	1,151,590
Net Present Value @	6.0%	530,339												
<b>Scenario 2</b>														
Net Cash Flow		-	3,123	61,856	93,940	101,976	111,415	121,018	130,784	140,714	169,217	239,389	317,697	404,691
Cumulative Cash Flow		-	3,123	64,979	158,919	260,895	372,310	493,328	624,112	764,826	934,043	1,987,501	3,416,006	5,261,889
Net Present Value @	6.0%	2,391,228												
<b>Scenario 3</b>														
Net Cash Flow		-	3,123	113,809	196,678	206,300	220,800	235,357	249,961	264,599	314,715	421,131	219,514	192,535
Cumulative Cash Flow		-	3,123	116,932	313,610	519,910	740,709	976,067	1,226,028	1,490,627	1,805,341	3,695,496	5,403,131	6,422,369
Net Present Value @	6.0%	3,118,687												

## CONCLUSIONS

1. The amount of development in the Town Center area under the Status Quo scenario will be modest, with 40,000 square feet of new retail/service development and 10,000 square feet of new office development over 25 year period.

Under the alternative development scenarios, the amount of development would be significantly higher, with Scenario 3 showing the largest amount of incremental development with 790 housing units, 199,000 square feet of retail development, and 260,000 square feet of office space developed over a 20 year period. The development in Scenario 2 would be developed over a 25 year period.

2. The development will generate net fiscal benefits as the incremental cost of public services will be less than the new revenues generated. Scenario 3 has the highest net benefit with a net present value of \$3.1 million.

Scenario 2 has a lower level of benefits with a net present value of \$2.4 million. It has significantly less office development, and is developed over a longer period.

The Status Quo has lower benefit levels with a net present value of \$530,000.

**ATTACHMENTS**  
**CASH FLOW PROJECTIONS**

**STATUS QUO SCENARIO**

**SCENARIO 2: MEDIUM MIXED USE**

**SCENARIO 3: LARGER MIXED USE**

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Status Quo Scenario**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Development Assumptions</b>														
<b>Land Developed</b>	Acres	-	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1
<b>Buildings Developed</b>														
<b>Residential</b>														
Apartment	Units													
Condominium	Units													
<b>Retail</b>														
Supermarket	Sq. Ft.													
Specialty Stores	Sq. Ft.													
Misc. Stores	Sq. Ft.		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Office</b>	Sq. Ft.		-	-	2,000	-	-	-	2,000	-	-	-	2,000	-
<b>Hotel</b>	Rooms													
<b>Parking</b>														
<b>City Hall</b>														
<b>Library</b>														
<b>Cumulative Completed Development</b>														
<b>Residential</b>														
Apartment			-	-	-	-	-	-	-	-	-	-	-	-
Condominium			-	-	-	-	-	-	-	-	-	-	-	-
<b>Retail</b>														
Supermarket			-	-	-	-	-	-	-	-	-	-	-	-
Specialty Stores			-	-	-	-	-	-	-	-	-	-	-	-
Misc. Stores			-	2,000	4,000	6,000	8,000	10,000	12,000	14,000	16,000	26,000	36,000	46,000
<b>Office</b>			-	-	-	2,000	2,000	2,000	2,000	4,000	4,000	6,000	8,000	12,000
<b>Hotel</b>			-	-	-	-	-	-	-	-	-	-	-	-
<b>Parking</b>			-	-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Status Quo Scenario**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Property Analysis</b>														
City Ownership	Acres		-	-	-	-	-	-	-	-	-	-	-	-
<b>Property Sales</b>														
Site Area	Acres													
Avg Sale Price	\$/Sq. Ft.	30.00	30.90	31.83	32.78	33.77	34.78	35.82	36.90	38.00	39.14	45.38	52.61	60.98
Sales Price		-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds (Net of 5% Costs)		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rental Income</b>														
<b>Lease Revenue</b>														
<b>Total Property Revenue</b>			-	-	-	-	-	-	-	-	-	-	-	-
<b>Inflation Assumptions</b>														
Cost of Goods and Services			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rents/Prices			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Construction Cost			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Property Value			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Lease of City Property			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Land Price			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Assessed Valuation			1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%



**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Status Quo Scenario**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Fiscal Analysis</b>														
<b>Revenue Factors</b>														
Property Tax (Incremental)														
Commercial														
Retail	AV/Sq. Ft.	120	123	126	129	132	136	139	143	146	150	170	192	217
Office	AV/Sq. Ft.	150	154	158	162	166	170	174	178	183	187	212	240	271
Residential														
Apartment	AV/Unit	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665	105,973	119,899	135,654
Condominium	AV/Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798	271,309
Hotel	AV/Room	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933	90,436
Retail Sales Tax-Ongoing														
Supermarket	Tx Sales/Sq. Ft.													
Specialty Stores	Tx Sales/Sq. Ft.													
Misc. Stores	Tx Sales/Sq. Ft.	200	205	210	215	221	226	232	238	244	250	283	320	362
Retail Sales Tax-Construction														
Commercial-Retail	Constr. /Sq. Ft.	120	123	126	129	132	136	139	143	146	150	170	192	217
Commercial-Office	Constr. /Sq. Ft.	150	154	158	162	166	170	174	178	183	187	212	240	271
Residential-Apartment	Constr. /Unit	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665	105,973	119,899	135,654
Residential-Condominium	Constr. /Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798	271,309
Hotel	Constr. /Room.	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933	90,436
Parking	Constr. /Space	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	21,195	23,980	27,131
Public	Lump Sum													
Condomium Sales Price	Price/Unit	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606	365,521	374,659	423,892	479,595	542,618
Utility Tax														
Residential	\$/unit	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,826	3,197	3,617
Commercial	\$/Sq. Ft.	2.00	2.05	2.10	2.15	2.21	2.26	2.32	2.38	2.44	2.50	2.83	3.20	3.62
State Shared Revenue	\$/Dwelling Uni	72.00	73.80	75.65	77.54	79.47	81.46	83.50	85.59	87.73	89.92	101.73	115.10	130.23
Other Taxes/Fees	% of Taxes	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Hotel Tax	Receipts/Room	19,163	19,642	20,133	20,636	21,152	21,681	22,223	22,778	23,348	23,931	27,076	30,634	34,660
Development Fees	% of Constructi	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Impact Fees														
<b>Increased Tax Base</b>														
Property Tax	Assessed Valuation	-	-	123,000	373,305	793,874	1,225,030	1,505,507	1,795,494	2,273,558	2,763,447	4,890,870	7,381,234	10,550,418
Retail Sales Tax	Taxable Sales	-	-	420,250	861,513	1,324,575	1,810,253	2,319,387	2,852,846	3,411,528	3,996,362	7,347,464	11,510,281	16,640,279
Retail Sales Tax on Construction	Construction Value	246,000	252,150	258,150	264,915	271,538	278,326	285,190	292,147	299,277	306,477	313,744	321,067	328,446
State Shared Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes/Fees		-	120	286	606	689	906	1,119	1,491	1,601	1,860	3,296	5,268	7,266
Hotel Tax	Room Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	Lease Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	Sales Value	-	187,273	192,891	335,269	204,638	210,777	217,100	377,348	230,322	237,231	275,016	538,008	369,599
Utility Tax	Utility Charges	-	-	4,203	8,615	17,661	22,628	27,833	33,283	43,863	49,955	90,430	140,681	209,812
<b>Tax Rates</b>														
Property Tax		2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Retail Sales Tax		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Retail Sales Tax on Construction		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Other Taxes/Fees														
Hotel Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Leasehold Excise Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Real Estate Excise Tax		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Utility Tax		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Expense Factors</b>														
Direct Public Services-Residential	\$/Unit	560	574	588	603	618	634	649	666	682	699	791	895	1,013
Direct Public Services-Commercial	\$/Sq. Ft.	0.64	0.66	0.67	0.69	0.71	0.72	0.74	0.76	0.78	0.80	0.90	1.02	1.16
Support Services	% of Direct	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Garage Operation	\$/Stall	-	-	-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Status Quo Scenario**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Projected Revenue</b>													
Property Tax	-	-	277	841	1,789	2,761	3,393	4,047	5,124	6,228	11,023	16,636	23,779
Retail Sales Tax	-	-	3,530	7,237	11,126	15,206	19,483	23,964	28,657	33,569	61,719	96,686	139,778
Retail Sales Tax on Construction	-	2,066	2,118	4,885	2,225	2,281	2,338	5,392	2,456	2,518	2,849	7,251	3,646
State-Shared Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Taxes/Fees	-	120	286	606	689	906	1,119	1,491	1,601	1,860	3,296	5,268	7,266
Hotel Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	-	936	964	1,676	1,023	1,054	1,086	1,887	1,152	1,186	1,375	2,690	1,848
Utility Tax	-	-	252	517	1,060	1,358	1,670	1,997	2,632	2,997	5,426	8,441	12,589
Development Fees	-	2,460	2,522	5,815	2,649	2,715	2,783	6,419	2,924	2,997	3,391	8,633	4,341
Impact Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	5,583	9,949	21,578	20,562	26,281	31,871	45,197	44,546	51,356	89,078	145,606	193,247
<b>Expenses</b>													
Direct Public Services	-	-	1,345	2,757	5,652	7,241	8,906	10,651	14,036	15,985	28,938	45,018	67,140
Support Services	-	-	336	689	1,413	1,810	2,227	2,663	3,509	3,996	7,234	11,254	16,785
Development-Related Services	-	2,460	2,522	5,815	2,649	2,715	2,783	6,419	2,924	2,997	3,391	8,633	4,341
Garage Operation	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	2,460	4,203	9,261	9,714	11,767	13,916	19,732	20,469	22,979	39,563	64,905	88,266
<b>Net Revenue</b>	-	3,123	5,747	12,316	10,848	14,515	17,955	25,464	24,077	28,377	49,515	80,701	104,981

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Status Quo Scenario**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Financing Requirements</b>													
<b>Capital Cost</b>													
Land Acquisition													
Business Relocation													
Parking Garage													
East Road/Amenities													
City Hall													
Total	-	-											
<b>Amount Financed</b>	-	-											
<b>Financing Fees</b>	2%	-	-										
<b>Equity Investment</b>	-	-											
<b>Amount Borrowed</b>	-	-											
<b>Interest Only Payment</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial Terms-Permanent Financing</b>													
Rate													
Term													
<b>Debt Service-Permanent Financing</b>													
				-	-	-	-	-	-	-	-	-	-
<b>Financial Requirements</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Loan Balance		-	-	-	-	-	-	-	-	-	-	-	-
<b>Summary</b>													
Property Sale or Lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Fiscal Benefit	-	3,123	5,747	12,316	10,848	14,515	17,955	25,464	24,077	28,377	49,515	80,701	104,981
Financial Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	3,123	5,747	12,316	10,848	14,515	17,955	25,464	24,077	28,377	49,515	80,701	104,981
Cumulative Cash Flow	-	3,123	8,870	21,186	32,034	46,549	64,504	89,969	114,045	142,422	349,858	681,579	1,151,590
Net Present Value @	6.0%	530,339											

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 2**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Development Assumptions</b>														
<b>Land Developed</b>	Acres	-	0.1	1.2	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
<b>Buildings Developed</b>														
<b>Residential</b>														
Apartment	Units			14	14	14	14	14	14	14	14	14	14	14
Condominium	Units			14	14	14	14	14	14	14	14	14	14	14
<b>Retail</b>														
Supermarket	Sq. Ft.													
Specialty Stores	Sq. Ft.													
Misc. Stores	Sq. Ft.		2,000	2,000	6,725	6,725	6,725	6,725	6,725	6,725	6,725	6,725	6,725	6,725
<b>Office</b>	Sq. Ft.		-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>Hotel</b>	Rooms													
<b>Parking</b>														
<b>City Hall</b>														
<b>Library</b>														
<b>Performing Arts</b>														
<b>Cumulative Completed Development</b>														
<b>Residential</b>														
Apartment		-	-	14	27	41	54	68	81	95	162	230	297	297
Condominium		-	-	14	27	41	54	68	81	95	162	230	297	297
<b>Retail</b>														
Supermarket		-	-	-	-	-	-	-	-	-	-	-	-	-
Specialty Stores		-	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Stores		-	2,000	4,000	10,725	17,450	24,175	30,900	37,625	44,350	77,975	111,600	145,225	145,225
<b>Office</b>		-	-	-	3,000	6,000	9,000	12,000	15,000	18,000	33,000	48,000	63,000	63,000
<b>Hotel</b>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Parking</b>		-	-	-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 2**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Property Analysis</b>														
City Ownership	Acres		-	-	-	-	-	-	-	-	-	-	-	-
<b>Property Sales</b>														
Site Area	Acres													
Avg Sale Price	\$/Sq. Ft.	30.00	30.90	31.83	32.78	33.77	34.78	35.82	36.90	38.00	39.14	45.38	52.61	60.98
Sales Price		-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds (Net of 5% Costs)		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rental Income</b>														
Lease Revenue														
<b>Total Property Revenue</b>														
<b>Inflation Assumptions</b>														
Cost of Goods and Services			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rents/Prices			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Construction Cost			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Property Value			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Lease of City Property			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Land Price			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Assessed Valuation			1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 2**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Fiscal Analysis</b>													
<b>Revenue Factors</b>													
Property Tax (Incremental)													
Commercial													
Retail	AV/Sq. Ft.	120	123	126	129	132	136	139	143	146	150	170	192
Office	AV/Sq. Ft.	150	154	158	162	166	170	174	178	183	187	212	240
Residential													
Apartment	AV/Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798
Condominium	AV/Unit	240,000	246,000	252,150	258,454	264,915	271,538	278,326	285,285	292,417	299,727	339,114	383,676
Hotel	AV/Room	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933
Retail Sales Tax-Ongoing													
Supermarket	Tx Sales/Sq. Ft.												
Specialty Stores	Tx Sales/Sq. Ft.												
Misc. Stores	Tx Sales/Sq. Ft.	200	205	210	215	221	226	232	238	244	250	283	320
Retail Sales Tax-Construction													
Commercial-Retail	Constr. /Sq. Ft.	120	123	126	129	132	136	139	143	146	150	170	192
Commercial-Office	Constr. /Sq. Ft.	150	154	158	162	166	170	174	178	183	187	212	240
Residential-Apartment	Constr. /Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798
Residential-Condominium	Constr. /Unit	240,000	246,000	252,150	258,454	264,915	271,538	278,326	285,285	292,417	299,727	339,114	383,676
Hotel	Constr. /Room.	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933
Parking	Constr. /Space	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	21,195	23,980
Public	Lump Sum												
Condomium Sales Price	Price/Unit	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606	365,521	374,659	423,892	479,595
Utility Tax													
Residential	\$/unit	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,826	3,197
Commercial	\$/Sq. Ft.	2.00	2.05	2.10	2.15	2.21	2.26	2.32	2.38	2.44	2.50	2.83	3.20
State Shared Revenue	\$/Dwelling Uni	72.00	73.80	75.65	77.54	79.47	81.46	83.50	85.59	87.73	89.92	101.73	115.10
Other Taxes/Fees	% of Taxes	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Hotel Tax	Receipts/Room	19,163	19,642	20,133	20,636	21,152	21,681	22,223	22,778	23,348	23,931	27,076	30,634
Development Fees	% of Construct	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Impact Fees													
<b>Increased Tax Base</b>													
Property Tax	Assessed Valuation	-	-	123,000	3,139,075	9,574,052	16,781,066	24,237,933	31,951,595	39,929,175	48,177,983	93,759,800	147,333,630
Retail Sales Tax	Taxable Sales	-	-	420,250	861,513	2,367,679	3,948,615	5,607,118	7,346,078	9,168,482	11,077,415	22,035,327	35,681,872
Retail Sales Tax on Construction	Construction Value	246,000	5,783,691	7,023,481	7,199,068	7,379,044	7,563,520	7,752,608	7,946,424	8,145,084	9,215,415	10,426,397	
State Shared Revenue		-	-	2,093	4,292	6,598	9,018	11,554	14,211	16,995	32,962	52,832	
Other Taxes/Fees		-	120	2,444	4,448	5,828	7,315	8,864	10,475	12,152	14,605	25,090	37,793
Hotel Tax	Room Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	Lease Payments	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	Sales Value	-	187,273	1,690,186	6,776,561	6,958,050	7,144,440	7,335,862	7,532,454	7,734,357	11,482,241	15,932,734	21,356,852
Utility Tax	Utility Charges	-	-	4,203	66,767	149,511	236,351	327,439	422,934	522,999	627,803	1,229,217	1,977,850
<b>Tax Rates</b>													
Property Tax		2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Retail Sales Tax		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Retail Sales Tax on Construction		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Other Taxes/Fees													
Hotel Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Leasehold Excise Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Real Estate Excise Tax		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Utility Tax		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Expense Factors</b>													
Direct Public Services-Residential	\$/Unit	560	574	588	603	618	634	649	666	682	699	791	895
Direct Public Services-Commercial	\$/Sq. Ft.	0.64	0.66	0.67	0.69	0.71	0.72	0.74	0.76	0.78	0.80	0.90	1.02
Support Services	% of Direct	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Garage Operation	\$/Stall	-	-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Projected Revenue</b>													
Property Tax	-	-	277	7,075	21,579	37,822	54,629	72,014	89,995	108,586	211,321	332,069	473,427
Retail Sales Tax	-	-	3,530	7,237	19,889	33,168	47,100	61,707	77,015	93,050	185,097	299,728	441,289
Retail Sales Tax on Construction	-	2,066	48,583	58,997	60,472	61,984	63,534	65,122	66,750	68,419	77,409	87,582	99,091
Other Taxes/Fees	-	120	2,444	4,448	5,828	7,315	8,864	10,475	12,152	14,605	25,090	37,793	53,104
State-Shared Revenues	-	-	-	2,093	4,292	6,598	9,018	11,554	14,211	16,995	32,962	52,832	77,356
Hotel Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	-	936	8,451	33,883	34,790	35,722	36,679	37,662	38,672	57,411	79,664	106,784	139,670
Utility Tax	-	-	252	4,006	8,971	14,181	19,646	25,376	31,380	37,668	73,753	118,671	174,121
Development Fees	-	2,460	57,837	70,235	71,991	73,790	75,635	77,526	79,464	81,451	92,154	104,264	117,965
Impact Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	5,583	121,374	187,974	227,810	270,582	315,104	361,437	409,640	478,185	777,450	1,139,723	1,576,022
<b>Expenses</b>													
Direct Public Services	-	-	1,345	19,039	43,075	68,301	94,761	122,501	151,569	182,014	356,725	574,210	842,693
Support Services	-	-	336	4,760	10,769	17,075	23,690	30,625	37,892	45,504	89,181	143,552	210,673
Development-Related Services	-	2,460	57,837	70,235	71,991	73,790	75,635	77,526	79,464	81,451	92,154	104,264	117,965
Garage Operation	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	2,460	59,518	94,034	125,835	159,167	194,086	230,653	268,926	308,969	538,060	822,026	1,171,331
<b>Net Revenue</b>	-	3,123	61,856	93,940	101,976	111,415	121,018	130,784	140,714	169,217	239,389	317,697	404,691

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
<b>Financing Requirements</b>													
<b>Capital Cost</b>													
Land Acquisition													
Business Relocation													
Parking Garage													
East Road/Amenities													
City Hall													
Total													
<b>Amount Financed</b>	-	-											
<b>Financing Fees</b>	2%	-	-										
<b>Equity Investment</b>	-	-											
<b>Amount Borrowed</b>	-	-											
<b>Interest Only Payment</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial Terms-Permanent Financing</b>													
Rate													
Term													
<b>Debt Service-Permanent Financing</b>				1	2	3	4	5	6	7	12	17	22
<b>Financial Requirements</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Oustinging Loan Balance		-	-	-	-	-	-	-	-	-	-	-	-
<b>Summary</b>													
Property Sale or Lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Fiscal Benefit	-	3,123	61,856	93,940	101,976	111,415	121,018	130,784	140,714	169,217	239,389	317,697	404,691
Financial Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	3,123	61,856	93,940	101,976	111,415	121,018	130,784	140,714	169,217	239,389	317,697	404,691
Cumulative Cash Flow	-	3,123	64,979	158,919	260,895	372,310	493,328	624,112	764,826	934,043	1,987,501	3,416,006	5,261,889
Net Present Value @	6.0%	2,391,228											



**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 3**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Development Assumptions</b>													
<b>Land Developed</b>	Acres	-	0.1	2.2	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	-
<b>Buildings Developed</b>													
<b>Residential</b>													
Apartment	Units			26	26	26	26	26	26	26	26	26	26
Condominium	Units			26	26	26	26	26	26	26	26	26	26
<b>Retail</b>													
Supermarket	Sq. Ft.												
Specialty Stores	Sq. Ft.												
Misc. Stores	Sq. Ft.		2,000	2,000	13,250	13,250	13,250	13,250	13,250	13,250	13,250	13,250	13,250
<b>Office</b>	Sq. Ft.		-	-	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300
<b>Hotel</b>	Rooms												
<b>Parking</b>													
<b>City Hall</b>													
<b>Library</b>													
<b>Performing Arts</b>													
<b>Cumulative Completed Development</b>													
<b>Residential</b>													
Apartment			-	-	26	52	78	104	130	156	182	312	395
Condominium			-	-	26	52	78	104	130	156	182	312	395
<b>Retail</b>													
Supermarket			-	-	-	-	-	-	-	-	-	-	-
Specialty Stores			-	-	-	-	-	-	-	-	-	-	-
Misc. Stores			-	2,000	4,000	17,250	30,500	43,750	57,000	70,250	83,500	149,750	199,123
<b>Office</b>			-	-	-	17,300	34,600	51,900	69,200	86,500	103,800	190,300	259,909
<b>Hotel</b>			-	-	-	-	-	-	-	-	-	-	-
<b>Parking</b>			-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 3**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Property Analysis</b>													
City Ownership	Acres		-	-	-	-	-	-	-	-	-	-	-
<b>Property Sales</b>													
Site Area	Acres												
Avg Sale Price	\$/Sq. Ft.	30.00	30.90	31.83	32.78	33.77	34.78	35.82	36.90	38.00	39.14	45.38	52.61
Sales Price		-	-	-	-	-	-	-	-	-	-	-	-
Proceeds (Net of 5% Costs)		-	-	-	-	-	-	-	-	-	-	-	-
<b>Rental Income</b>													
Lease Revenue													
<b>Total Property Revenue</b>													
<b>Inflation Assumptions</b>													
Cost of Goods and Services			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rents/Prices			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Construction Cost			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Property Value			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Lease of City Property			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Land Price			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Assessed Valuation			1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 3**

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Fiscal Analysis</b>													
<b>Revenue Factors</b>													
Property Tax (Incremental)													
Commercial													
Retail	AV/Sq. Ft.	120	123	126	129	132	136	139	143	146	150	170	192
Office	AV/Sq. Ft.	150	154	158	162	166	170	174	178	183	187	212	240
Residential													
Apartment	AV/Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798
Condominium	AV/Unit	240,000	246,000	252,150	258,454	264,915	271,538	278,326	285,285	292,417	299,727	339,114	383,676
Hotel	AV/Room	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933
Retail Sales Tax-Ongoing													
Supermarket	Tx Sales/Sq. Ft.												
Specialty Stores	Tx Sales/Sq. Ft.												
Misc. Stores	Tx Sales/Sq. Ft.	200	205	210	215	221	226	232	238	244	250	283	320
Retail Sales Tax-Construction													
Commercial-Retail	Constr. /Sq. F	120	123	126	129	132	136	139	143	146	150	170	192
Commercial-Office	Constr. /Sq. F	150	154	158	162	166	170	174	178	183	187	212	240
Residential-Apartment	Constr. /Unit	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,303	182,760	187,329	211,946	239,798
Residential-Condominium	Constr. /Unit	240,000	246,000	252,150	258,454	264,915	271,538	278,326	285,285	292,417	299,727	339,114	383,676
Hotel	Constr. /Room	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	70,649	79,933
Parking	Constr. /Space	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	21,195	23,980
Public	Lump Sum												
Condominium Sales Price	Price/Unit	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606	365,521	374,659	423,892	479,595
Utility Tax													
Residential	\$/unit	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498	2,826	3,197
Commercial	\$/Sq. Ft.	2.00	2.05	2.10	2.15	2.21	2.26	2.32	2.38	2.44	2.50	2.83	3.20
State Shared Revenue	\$/Dwelling Unit	72.00	73.80	75.65	77.54	79.47	81.46	83.50	85.59	87.73	89.92	101.73	115.10
Other Taxes/Fees	% of Taxes	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Hotel Tax	Receipts/Room	19,163	19,642	20,133	20,636	21,152	21,681	22,223	22,778	23,348	23,931	27,076	30,634
Development Fees	% of Construct	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Impact Fees													
<b>Increased Tax Base</b>													
Property Tax	Assessed Valuation	-	-	123,000	5,699,974	18,922,946	34,731,465	51,088,551	68,009,451	85,509,812	103,605,682	203,609,253	296,847,660
Retail Sales Tax	Taxable Sales	-	-	420,250	861,513	3,808,154	6,901,590	10,147,317	13,551,018	17,118,561	20,856,012	42,318,566	63,665,604
Retail Sales Tax on Construction	Construction Value	246,000	10,905,488	15,426,458	15,812,120	16,207,423	16,612,608	17,027,923	17,453,622	17,889,962	20,240,850	-	-
State-Shared Revenue		-	-	4,032	8,265	12,708	17,368	22,252	27,370	32,730	32,730	63,482	90,931
Other Taxes/Fees		-	120	4,442	9,050	11,881	15,022	18,292	21,695	25,235	30,282	52,278	61,527
Hotel Tax	Room Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	Lease Payments	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	Sales Value	-	187,273	3,076,570	13,867,687	14,241,718	14,625,921	15,020,574	15,425,963	15,842,383	23,088,929	31,815,538	18,944,005
Utility Tax	Utility Charge:	-	-	4,203	120,612	305,867	500,309	704,282	918,141	1,142,253	1,376,996	2,724,355	3,993,530
<b>Tax Rates</b>													
Property Tax		2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Retail Sales Tax		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Retail Sales Tax on Construction		0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Other Taxes/Fees													
Hotel Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Leasehold Excise Tax		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Real Estate Excise Tax		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Utility Tax		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Expense Factors</b>													
Direct Public Services-Residential	\$/Unit	560	574	588	603	618	634	649	666	682	699	791	895
Direct Public Services-Commercial	\$/Sq. Ft.	0.64	0.66	0.67	0.69	0.71	0.72	0.74	0.76	0.78	0.80	0.90	1.02
Support Services	% of Direct	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Garage Operation	\$/Stall	-	-	-	-	-	-	-	-	-	-	-	-

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 3**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Projected Revenue</b>												
Property Tax	-	-	277	12,847	42,650	78,280	115,146	153,284	192,727	233,512	458,906	669,052
Retail Sales Tax	-	-	3,530	7,237	31,988	57,973	85,237	113,829	143,796	175,190	355,476	534,791
Retail Sales Tax on Construction	-	2,066	91,606	129,582	132,822	136,142	139,546	143,035	146,610	150,276	170,023	-
State-Shared Revenues	-	-	-	4,032	8,265	12,708	17,368	22,252	27,370	32,730	63,482	90,931
Other Taxes/Fees	-	120	4,442	9,050	11,881	15,022	18,292	21,695	25,235	30,282	52,278	61,527
Hotel Tax	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Excise Tax	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Excise Tax	-	936	15,383	69,338	71,209	73,130	75,103	77,130	79,212	115,445	159,078	94,720
Utility Tax	-	-	252	7,237	18,352	30,019	42,257	55,088	68,535	82,620	163,461	239,612
Development Fees	-	2,460	109,055	154,265	158,121	162,074	166,126	170,279	174,536	178,900	202,408	-
Impact Fees	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	5,583	224,545	393,587	475,288	565,347	659,075	756,591	858,022	998,954	1,625,112	1,690,633
<b>Expenses</b>												
Direct Public Services	-	-	1,345	34,116	88,694	145,979	206,073	269,080	335,110	404,272	801,258	1,176,895
Support Services	-	-	336	8,529	22,173	36,495	51,518	67,270	83,777	101,068	200,314	294,224
Development-Related Services	-	2,460	109,055	154,265	158,121	162,074	166,126	170,279	174,536	178,900	202,408	-
Garage Operation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	2,460	110,736	196,909	268,988	344,548	423,717	506,630	593,423	684,240	1,203,981	1,471,119
<b>Net Revenue</b>	-	3,123	113,809	196,678	206,300	220,800	235,357	249,961	264,599	314,715	421,131	219,514

**City of Mountlake Terrace  
Town Center Project Financial Analysis  
Scenario 3**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025
<b>Financing Requirements</b>												
<b>Capital Cost</b>												
Land Acquisition												
Business Relocation												
Parking Garage												
East Road/Amenities												
City Hall												
Total	-	-										
<b>Amount Financed</b>	-	-										
<b>Financing Fees</b>	2%	-										
<b>Equity Investment</b>	-	-										
<b>Amount Borrowed</b>	-	-										
<b>Interest Only Payment</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Financial Terms-Permanent Financing</b>												
Rate												
Term												
<b>Debt Service-Permanent Financing</b>				1	2	3	4	5	6	7	12	17
				-	-	-	-	-	-	-	-	-
<b>Financial Requirements</b>	-	-	-	-	-	-	-	-	-	-	-	-
Ousting Loan Balance		-	-	-	-	-	-	-	-	-	-	-
<b>Summary</b>												
Property Sale or Lease	-	-	-	-	-	-	-	-	-	-	-	-
Net Fiscal Benefit	-	3,123	113,809	196,678	206,300	220,800	235,357	249,961	264,599	314,715	421,131	219,514
Financial Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	-	3,123	113,809	196,678	206,300	220,800	235,357	249,961	264,599	314,715	421,131	219,514
Cumulative Cash Flow	-	3,123	116,932	313,610	519,910	740,709	976,067	1,226,028	1,490,627	1,805,341	3,695,496	5,403,131
Net Present Value @	6.0%	3,118,687										