



City of Tacoma

LID Financing Overview



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.



LID Financing Overview

- 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.



LID Financing Overview

- 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 through in order to generate revenue from their property...?



LID Financing Overview

- 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??

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